

REPORT OF PROCEEDINGS BEFORE

**SELECT COMMITTEE ON SOCIAL, PUBLIC AND
AFFORDABLE HOUSING**

**INQUIRY INTO SOCIAL, PUBLIC AND AFFORDABLE
HOUSING**

At Dubbo on Wednesday 21 May 2014

The Committee met at 12 noon

PRESENT

The Hon. P. Green (Chair)

Ms J. Barham (Deputy Chair)

The Hon. R. H. Colless

The Hon. G. S. Pearce

The Hon. P. T. Primrose

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CHAIR: Welcome to the sixth public hearing of the Select Committee on Social, Public and Affordable Housing. The inquiry is examining issues of significance regarding social, public and affordable housing in New South Wales. I acknowledge and pay respect to the Tubba-Gah people of the Wiradjuri nation, who are the traditional owners of the land on which we meet. I also pay my respects to the elders past and present of the Tubba-Gah people and extend that respect to Aboriginal people who may be here with us today.

Today we will hear from Dubbo City Council and Compass Housing. Before we commence I will make some brief comments about the procedures for today's hearing. In accordance with the broadcasting guidelines, while members of the media may film or record Committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. I also remind media representatives that they must take responsibility for what they publish about the Committee's proceedings.

It is important to remember that parliamentary privilege does not apply to what witnesses may say outside of their evidence at the hearing. I urge witnesses to be careful about any comments they make to the media or to others after completing their evidence as such comments would not be protected by parliamentary privilege if another person decided to take an action for defamation. The guidelines for the broadcast of proceedings are available from the secretariat.

There may be some questions that witnesses could only answer if they had some more time with certain documents to hand. In these circumstances witnesses are advised that they can take the question on notice and provide an answer within 21 days. Audience members are advised that any messages should be delivered to the Committee through the Committee staff.

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MELISSA WATKINS, Director Environmental Services, Dubbo City Council,

MATHEW DICKERSON, Mayor, Dubbo City Council,

TONY AIKINS, Manager, City Strategy, Dubbo City Council, and

STEVE JENNINGS, Strategic Planning Supervisor, Dubbo City Council, sworn and examined:

CHAIR: Would anyone like to make an opening statement?

Mr DICKERSON: Affordable housing, public housing and social housing have been issues that have been at the forefront of Dubbo City Council's mind for some time. There are a whole range of reasons for that. Firstly, in terms of investment in terms of people moving to Dubbo, evidence suggests that the growth of Dubbo is being inhibited by the lack of affordable housing and, in fact, a lack of overall housing as evidenced by some of the data that is coming through. For example, our median house price is \$291,000, which may sound like a reasonable house price, but when you put that in context with the average household income of \$56,368 then \$291,000 is rather difficult for many people to afford in the first instance. The median unit price is \$220,000. That has been on a steady increase from an investment perspective, which is fantastic, but for people trying to live in Dubbo and move to Dubbo it has inhibited growth. Over the last 10 years, for example, we have had 5.2 per cent annual growth in the median house price.

In terms of rental, you get increases there. As a simple example, a four-bedroom house has increased in price 7.6 per cent over the last year. What we are hearing from businesses and government departments in Dubbo is that they are having trouble finding employees to come to Dubbo because they simply cannot find somewhere to live. That is across all levels of the spectrum. We are planning and we had some work done by Bernard Salt. We had a plan and the upper level of that work done by Bernard said that our population will be 56,420 by the year 2036. We are currently at 40,975. Obviously, for that growth to be achieved those people need someone to live. That is one component of it.

In terms of the rental market we have, we hover at just below 20 per cent for a private rental market. We hover around the 5.5 to 6 per cent for government public housing. Then when you look at the private providers it is a very small component of that. We sit around the 0.7 to 0.8 per cent. That has been consistent from about the 2006 through to the 2011 census. There is scope there for some of the private providers to provide additional housing.

On the flip side of all of that we have had some issues with some of the public housing that the government of New South Wales and Housing NSW has provided. We had the issue going back to around 2006 where the Gordon Estate, which has now been renamed Rosewood Grove, had some major issues. Unfortunately, Dubbo featured in the national media because of that. That was the classic example where a government put a huge amount of public housing in one area and the low socio-economic groups that were in that area obviously fed on themselves and essentially you ended up with a ghetto-style arrangement. That has been broken up and that has been very successful.

We have got a smaller area called Apollo Estate now where you have got a much smaller number of houses but similar incidents that are starting to occur. That is being addressed. Pru Goward, when she was community services Minister, and our local member, Troy Grant, put a lot of emphasis on that. That is in the process of being addressed but, again, it would be disappointing to see any government come along and provide a huge swathe of government housing in one chunk. That gives you an overall snapshot of us. You have got a submission that goes into a lot more detail than I have given you there, but that is the overall snapshot. I am happy to see from Mr Aikins, Mr Jennings or Ms Watkins if there is anything essential that I have missed in the summary.

Mr AIKINS: No, Mr Mayor, I think you have covered the core issues.

CHAIR: What are the hindrances in terms of the State government planning reforms?

Mr DICKERSON: There are probably two main areas that I would see where some issues could be addressed. The stamp duty from the initial purchase perspective certainly seems like an inhibitor. The Henry Tax Review talked about 28 per cent of the initial cost of people getting into housing came from stamp duty.

That seems to be an inhibitor to people moving into areas or moving into new housing. Some of the government incentives that have been offered in the past—things like the new home owners scheme or somewhere where people might move and might get some incentive for a professional moving to an area such as Dubbo—I do not think they seem to have been overly successful to the point where when I talk to people who have moved to Dubbo at new resident nights about some of those incentives on offer they are not immediately aware that those incentives are actually on offer. They have made the move and sometimes they will apply for those incentives after they have made the move but it certainly was not a driver for them moving.

If you go further from a planning perspective, there could be some flexibility perhaps in the way section 94 contributions may be gathered. Again, this is just talking about ideas out loud. For example, you may have a scheme that you could put in place where if a developer was to provide an area of housing, not one large chunk but I would see segments in a large development so that it was not an area that became a ghetto, where they provided affordable housing below the median house price in Dubbo, they could put a caveat on it, the same as Housing NSW has done, where you may have to live in that house for, say, two years after you buy that house so it is being provided for people that want to live and move into Dubbo. With that there could be some flexibility in how section 94 contributions were gathered or how those section 94 contributions were applied, given the fact that a discount in section 94 would result in a discount of housing.

CHAIR: In your experience are developers saying the section 94 fees are burdensome in trying to deliver affordable housing?

Mr DICKERSON: In my experience developers want to pay less for everything. But the cost of development seems to have gone up at a higher rate than the consumer price index [CPI] for a whole range of reasons. Some of those are in workplace practices, which are eminently sensible, but it just seems to me that when you listen to developers, once you take the violin away from them, you seem to see that there are a number of costs in development. It almost seems like the last cost, the one they feel the most and talk about the most, are the charges that council charge them. There are some other costs involved in their development as well but to get a block of land up out of the ground is difficult.

We have got one example in Dubbo where the developers have gone through the process, have basically got the whole development ready to go, they have got development application [DA] approval for it and they are not going to develop it. They are at the point now where they just want to sell the entire development because they will see it as just such a long and tough road to do the development and an expensive process. It will be a long time before they see that they will get a return on their investment. We are seeing that where development is not happening at the same rate.

Council owns a large chunk in Dubbo at an estate called Keswick Estate. We do not want to go out there and develop and compete with developers head on. We typically use that development as a place to fill in the market where there is not enough other development happening. That has been good for us over the last 20 or 30 years. We are doing some development there at the moment because we just feel that there needs to be some development in Dubbo, but we have also got to make sure that is on a level playing field. We do not want to come in dramatically under the market and undercut the market, which then makes it difficult for any other developer to come to Dubbo. It is a tricky one that we have got to try to balance with that particular one.

CHAIR: Do you have an affordable housing policy?

Mr DICKERSON: Not a policy as such.

CHAIR: Do you rely on the affordable housing State environmental planning policy [SEPP]?

Mr DICKERSON: In the last development that occurred in the Keswick Estate we actually offered some houses at a discounted rate through a ballot system. We have done that before to try to encourage small pockets of affordable housing. I would turn to Ms Watkins to talk about things like the SEPP.

Ms WATKINS: Essentially, there is not a huge take-up rate of affordable housing under the SEPP provisions. I think it is a little unknown in our development industry in particular with the opportunities that would present. Of course, there are the restrictions that may come with the implementation of the SEPP for the on-selling of those developments. Anecdotally probably the bigger issue we are hearing from developers is that the cost of finance is the thing that is really prohibitive after, obviously, council's development costs. In relation to the cost of finance, the banks are now requiring 100 per cent up-front and they are just simply not able to

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bankroll major developments. So we are getting smaller developments in stages, which does not really keep pace with the demand at the moment.

Mr AIKINS: On the affordable housing SEPP, in places like Dubbo and regional centres the affordable housing SEPP is built around the mixed use within 400 metres of this and 800 square metres of that. In practical terms there are not that many areas it actually covers that are not already zoned for residential flat buildings in Dubbo. Its practical impact is limited in a place like Dubbo.

CHAIR: Do you have a comment about whether minimum lot sizes can be abolished to deal with some of the affordable housing?

Ms WATKINS: Some councils across New South Wales have removed minimum allotment sizes in their residential areas. Certainly in the bulk of our lower density you are talking 300 square metres so they are potentially very small. I am not sure that is the solution. The product still comes on the market. Even in areas where, for instance, we have 600 square metres minimum they are still putting them on at 800 or 1200 because that is what the perceived demand in the market is, from our development industry anyway.

Ms JAN BARHAM: The other aspect of the affordable housing SEPP from a regional area to our big take-up was with secondary dwellings. Do you like them?

Mr DICKERSON: It has not quite finished yet. The council meeting next Monday will put that one to bed. There was a well-established area of Dubbo where the proposal was put forward to make that R1 zoning so that it allowed for flexibility. Some of the lot sizes in there are quite large—1600 square-metre lot sizes, for example. It is a very old, traditional area of Dubbo but it had unprecedented opposition in Dubbo to the point where we held a public meeting; 400 people turned up to the public meeting and hundreds of people turned up to council meetings involving that with very strong opposition. We received 436 submissions of which only about 20 were in favour of it and obviously over 400 were against the R1 zoning.

Ms JAN BARHAM: Do you mean the R1 zoning utilising secondary dwellings?

Ms WATKINS: No, the R1 was going to a medium density zoning. In terms of secondary dwellings, even though we have always permitted under our previous local environmental plan [LEP] before it became a standard instrument, the granny flats there has been a recent take-up of secondary dwellings—we are seeing an increase—but they are scattered. Block sizes in Dubbo lend themselves to secondary dwellings but they are not solving our problem really.

Ms JAN BARHAM: Are you allowing them in rural areas?

Ms WATKINS: Yes.

Ms JAN BARHAM: And you have a new standard instrument LEP?

Ms WATKINS: That is right, LEP 2011.

Ms JAN BARHAM: And that has been allowed by the State?

Ms WATKINS: Yes.

Ms JAN BARHAM: We have been out to see the Rosewood Grove and Apollo estates. I am particularly interested to know the whereabouts of the people who used to live there? Do you know that?

Ms WATKINS: We can only talk anecdotally about that.

Ms JAN BARHAM: That would be of help.

Ms WATKINS: The Department of Housing would be best placed.

The Hon. GREG PEARCE: That is why we are asking you.

Ms JAN BARHAM: That is why we are asking you; we have asked them. Council is really the level of government that is in touch with the people. Everyone can tap you on the shoulder when you are doing your shopping.

Mr DICKERSON: One of the things I often talk about when there is a problem tenant in an area—and typically everyone in that area knows about the problem tenant or two and they tell council and everyone about it—is when you talk to Housing NSW, they say, "Good news. We have finally got a conviction for Billy Bloggs." The first question I ask is, "Where does he go now. Where does that family go now?" Because obviously they have gone to the bottom rung of housing, now they have been evicted and where do they go? From a purely Dubbo perspective, people in Dubbo say, "Well, that is good. They are not living next-door to me and causing a range of trouble." But they are still human beings.

That certainly is an issue I have identified with Housing NSW and essentially the answer is that they will go somewhere else, live with some relatives; they are still somewhere but we do not necessarily know where. All we are informed of is that they are not in Dubbo anymore; it is not our problem to worry about and isn't it great that they are not in Dubbo. That is the general type of response we receive. We might find anecdotally that they might go out to Bourke, Brewarrina or places further west of Dubbo. Again that does not help those communities if you take people who are known problems and put them in other areas because they are going to cause problems there.

Ms JAN BARHAM: In areas that are already pressured?

Mr DICKERSON: Yes.

The Hon. PETER PRIMROSE: I would like to follow up on that point. You referred in paragraph E of your submission about government partnerships. Can I ask how you respond to a comment that the State Government has increased the availability of affordable housing in Dubbo but in fact decreased availability of social housing by what it has done at the Rosewood Grove and Apollo estates?

Mr DICKERSON: Gordon Estate was obviously a major issue with having a ghetto-style arrangement where there was a concentration. Back then Cherie Burton was the housing Minister. She came to Dubbo and said the answer was to break up Gordon Estate and effectively to take a salt-and-pepper approach. We were fully supportive of that because again all the evidence across the world showed that if you put all of those people from low socioeconomic backgrounds together you will create more trouble in that area rather than having them spread throughout the overall community.

Some people in Dubbo were not necessarily totally in favour of that because everyone was worried about nimbby—who would move in next-door to me—but in general people were spread throughout all of Dubbo and that did not seem to create any major problems or major hassles throughout Dubbo with someone moving in next-door to someone in particular, again because they were isolated. That certainly kept, probably not quite the same level but a similar level of Housing NSW stock; it probably reduced it slightly.

The Hon. PETER PRIMROSE: The question we may need to ask the Department of Housing is: what is the overall level of public housing stock in Dubbo now compared to what it was, but certainly there seems to have been an increase in affordable housing—

Mr DICKERSON: Margins.

The Hon. PETER PRIMROSE: —because of what we have seen this morning?

Mr DICKERSON: The increase you are talking about is 0.2 or 0.3 per cent. The amount of public housing in the 2006 census was 19.08 per cent, the amount of public housing in the 2011 census—

Mr AIKINS: No.

Mr DICKERSON: My apologies, wrong figure, it was 5.48 per cent in 2006; in 2011 it was 6.03 per cent. It has gone up marginally but obviously Dubbo's population has increased over that time as well, so there has only been a marginal increase.

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Mr AIKINS: But the social housing community providers have gone down slightly—the stock. We have very small stock. We had 87 cooperative-style residences in 2006 and we have 89 now so it is very small. That is an issue. There is an opportunity to grow the non-government sector.

Ms WATKINS: In answer to your question, I think we would be saying it is not factual that it has gone down. In concert with the transformation strategy for Gordon Estate at the time the Department of Housing did a bit of an audit around the rest of the city's Department of Housing properties. They converted a lot of their old housing stock from single dwellings to two to three to five-unit developments and that was before the SEPP actually came in. That really took up some of the balance, in our market anyway. Similarly, with the amount of stock they still have in the city, the residents that came out of, say, Gordon Estate were able to be accommodated in Dubbo if they so wished or they were given a choice to go wherever they wanted to.

Mr AIKINS: To assist with that in terms of the statistics, we know that even though those overall percentages are not significant, within that there has been a lot of movement because flats, units and apartments in the stock have increased by 36 per cent and semi-detached housing stock has increased by 58 per cent so I think you can see where the strategy of Housing NSW has been effectively removed from detached dwellings to semi-detached and residential flats.

Ms JAN BARHAM: Without having a proper strategy do you have an understanding of the level of homelessness you have here?

Mr DICKERSON: I do not think we have any data on actual homelessness.

Ms JAN BARHAM: Do you have any anecdotal references? Do you have crisis centres, refuges or places that deal with people in need? Do you have any trending around who is in need?

Ms WATKINS: We do, however we are not monitoring the trending; it would all be anecdotal. There is an issue for Dubbo with homelessness that is being managed. We do have crisis centres and we also have a refuge. It is not as apparent, I guess as it would be in metropolitan areas but it certainly is an issue for us.

Ms JAN BARHAM: So they are not council-sponsored or funded?

Ms WATKINS: No.

Ms JAN BARHAM: They are State-funded?

Ms WATKINS: That is right or private—church.

Ms JAN BARHAM: The church pays for them.

Mr DICKERSON: Anecdotally, what you tend to find is people tell stories about homelessness but living under a roof. A common scenario across the country is where people do not have a home but they are not living under a bridge. We drive down and under the L. H. Ford Bridge we see campsites and people sleeping there. There are people who do not have a home of their own but they are sleeping on couches and floors; it is a common scenario.

Ms JAN BARHAM: Overcrowding?

Mr AIKINS: Overcrowding.

Ms WATKINS: Or indeed are being accommodated by the Department of Housing in motels, for instance. That is a common occurrence.

Ms JAN BARHAM: The other issue is the lack of integration and the working relationship. We heard from the land and housing officer that sometimes it is difficult to come together to develop a plan for some housing because an LEP will put constraints on someone saying, "No, you can't go there". Has there been an opportunity to work closely with the Government about where additional social housing might be possible?

Mr DICKERSON: I do not think we get much of a say, do we?

Ms WATKINS: No, not really. We did work very closely—

Ms JAN BARHAM: They are saying they are constrained by the LEP when they want to apply to some places. We hear one thing from the department, apart from the SEPP or the Federal funding that allows them just to drop medium density in where ever they want but do you feel collaboration is possible to address some of the social issues?

Ms WATKINS: We certainly worked very closely with Housing NSW with the transformation strategy and also in the development of the new housing stock across the city. That was before the affordable housing SEPP. They were required to lodge development applications and we certainly assisted them in that process in facilitating getting them on the ground quicker. There are opportunities but we have the flexibility in our local environmental plan where we have not really come up with those restrictions or we have not been advised of those restrictions from the department or social housing providers.

Ms JAN BARHAM: It is interesting because my experience is that local government is always willing to sit down and talk about trying to do those things.

Ms WATKINS: Always happy to talk.

Ms JAN BARHAM: As to the issue with the Gordon and Apollo estates, does council provide other services to Aboriginal people? Is there a need for additional social services?

Mr DICKERSON: We have an Aboriginal liaison officer. We have an Aboriginal community working party which is auspiced under the council as such, so we try to work obviously with the Aboriginal community but when it gets to things like the Apollo Estate, we really do not have the power to go in and make changes in there so, as Ms Watkins said, we try to work with the Housing NSW authority to try to get good outcomes. We have the Dubbo Management Group of which I am the chair that was part of the process when Pru Goward came along to try to set up some changes.

The Dubbo Management Group is about getting all of the different departments talking. That is something we saw back in 2006, trying to get different government departments to remove the silos. Everyone in those individual silos had certain information that would have helped the overall solution but there was a lack of sharing. The Dubbo Management Group met monthly and is working with every government department—Education, Juvenile Justice, Police—to try to address communication amongst those departments, which includes communication about what issues there may be from an Aboriginal perspective.

Ms JAN BARHAM: And you are the chair?

Mr DICKERSON: Yes.

Ms JAN BARHAM: From your perspective is that going well?

Mr DICKERSON: Well, it is only in its second month.

Ms JAN BARHAM: It is interesting that some of the regional communities are calling to have everyone at the table.

Mr DICKERSON: There are still some issues with confidentiality. When you are sitting around the table one department might know certain information about certain individuals but are not really at liberty to share that because it is confidential to their department. That still creates a bit of an issue but so far it has been helpful in just being able to share information, for example, from the police knowing activities that might be occurring because certain people might have just come out of jail so there might be some increased activity that might alert the Juvenile Justice Department about people who might be breaking their parole, which then alerts the schools about kids who may not be turning up because their cousins or family are involved in certain other activities. There is some of that general information that still can be shared but it would be nice to see government departments sharing more of that information.

Ms JAN BARHAM: It sounds good. Do you have priorities for addressing the needs of an ageing population or people with disabilities?

Ms WATKINS: Certainly. We have an ageing population that is ageing rapidly but again when we leave the solutions to our local development industry there is not a great take-up rate of, for instance, accommodation for older people and people with disabilities because of the restrictions that are on those sorts of developments. The SEPP will set standards and requirements and then developers feel like they are trapped within a very specific development type and it is very hard to market and to sell on. We still have a great demand for, particularly, aged accommodation. Disability is more a State issue for us. We work with them collaboratively through Premier and Cabinet, but not specifically. We have social claim but that is about it.

Mr DICKERSON: To give you an idea the average age of our population has gone up from about 33 to 36 in the last few censuses. We have had that, as Melissa said, fast ageing population in those. In one census period the average age has gone up by three years. This is certainly something that we need to keep looking at and addressing. There is a potential market there for developers at the moment but it probably has not been addressed fully.

The Hon. PETER PRIMROSE: Are there any residential caravan parks in the Dubbo City Council area?

Mr DICKERSON: Yes, we have a number of them. We have got about five or six caravan parks in Dubbo—one is council owned and a number of private-owned developments. They seem to be quite well frequented. There is a range of quality from the very high end to the very low end. Certainly when you drive past some of those low-end ones you do see people who are obviously living there in fairly poor conditions when you see the state of the caravans, what is inside the caravans when the doors are open and what is around the caravans. There are some people who you may well put in the homeless category but I suppose they think they have got somewhere to live. You see also some people who do not take advantage of the caravan parks. They want to come to Dubbo but they park their caravans on riverbanks, in parks and that type of thing. Yes, we certainly do have caravan parks here in Dubbo.

Ms WATKINS: But we only have two residential ones.

The Hon. PETER PRIMROSE: It has been put to the Committee as one option in the housing mix that may particularly assist older people would be an expansion of the availability of residential parks. Can you comment if you think that should be part of the mix for Dubbo?

Mr DICKERSON: Diversely everything is part of the mix and I think that is the secret. The thing I have seen in the development area is that if you decide one type of development is the only type of development then that is flawed. Having a range of developments and having options for people and diversity is relevant. Everyone is unique. Different people choose different ways in which to live.

Ms WATKINS: But again in terms of manufactured home estates, the standards and the regulations that apply to those estates are quite prohibitive. They are quite expensive to set-up and then there are the ongoing management costs associated with setting them up. You see that occurring more in coastal areas where you actually see manufactured home estates for seniors living, seniors villages if you like, but we have not had the demand for that. We had some inquiry, which would probably have been 10 years ago, where there was a bit of interest but nothing in recent times. We have not seen demand increasing in our local government area for that type of accommodation.

CHAIR: When you talk about manufactured home estates is that outside your residential parks or is that inclusive?

Ms WATKINS: We do not have any manufactured home estates in Dubbo. But in terms of the two caravan parks that do permit residential accommodation, they are long, well established parks that may have manufactured homes or they may have adapted caravan parks.

The Hon. RICK COLLESS: Your submission includes a table of rents. How do those rents compare with some of the villages that are within striking distance, if I can use that expression, of Dubbo—villages such as Wongarbon, Narromine and those sorts of places? Are there people living in those towns who commute to Dubbo for work?

Mr DICKERSON: Commuting definitely. We have done studies about where people commute to Dubbo from, and certainly people in Wellington, Narromine, Gilgandra and places as far away as will regularly

commute to Dubbo and, vice versa, sometimes there is a small number who might commute in the other direction. These statistics are for Dubbo and the villages are part of Dubbo. I understand that this table includes those villages overall. Having said that, there are obviously a very small number of houses in those villages and the majority would probably be owned. Again I do not have data to back this up, but anecdotally if people were to move to those places they might choose some slightly lower priced real estate there. They move there because they want the overall lifestyle. So there would be less people who would be investing in those areas rather than investing in the city of Dubbo itself. You would find they would be a very small component of these figures that would include our villages.

Mr AIKINS: The stock at least in the villages in the Dubbo LGA is not that significant for rental accommodation so the impact upon the overall figures is very limited, but definitely we do have data that indicates it is quite a significant dormitory population in our neighbouring LGAs.

The Hon. RICK COLLESS: What other villages are there besides Wongarbron?

Mr AIKINS: In the Dubbo LGA?

The Hon. RICK COLLESS: Yes.

Ms WATKINS: Wongarbron, Eumungerie and Ballimore, the others are localities.

The Hon. RICK COLLESS: Is the total number of residents who live in those villages significant?

Mr AIKINS: I have not got the exact statistic but of the 40,000-odd in the Dubbo area it is in the region of 2,000 or 3,000. That would be distributed across the whole of what we call the rural area of Dubbo, which includes those villages.

Mr DICKERSON: That would include localities, that would include rural population—

Mr AIKINS: That would obviously include regional homesteads and all that sort of stuff.

Mr DICKERSON: Wongarbron would be the largest area outside of Dubbo, with a population of 400, and the others are smaller than that obviously.

The Hon. RICK COLLESS: I turn now to the issue of section 94 contributions. What is the proportion of section 94 in your land costs?

Ms WATKINS: For a residential block you are looking in the order of about \$20,000 to \$30,000 in contributions.

The Hon. RICK COLLESS: Per block?

Ms WATKINS: Yes.

Ms JAN BARHAM: Do you get the \$20,000 cap?

Ms WATKINS: That is the total. If we had a contribution that came to \$20,000 then we would be caught by the cap. We are actually a water and sewer authority as well, so that includes water, sewer, stormwater, urban roads and open space.

Mr AIKINS: To give some perspective, I suppose the average value of blocks in Dubbo would be about \$150,000 in new estates so it is a reasonable—

The Hon. RICK COLLESS: Do you know if the people who moved from the old Gordon Estate were forcibly evicted or did they move voluntarily?

Mr DICKERSON: Ultimately they were forcibly evicted because it got to the point where Housing NSW said it would not retain stock in the Gordon Estate. I do not think they went in there and dragged them out by the ear but they were told they could no longer have that place to live in. They were offered alternatives within Dubbo or alternatives outside of Dubbo if they chose. Again I do not have the data to back this up, but

the majority of people stayed within Dubbo. There was a reasonable percentage that left Dubbo as well. Let me say that I think the change was highly successful because of what was happening. As I said before, Dubbo was in the national newspapers for all the wrong reasons. There were some people who had been living in those houses for a large number of years—they might even have been born and lived all their lives there—but that was a very small component of it. Those people were unhappy about that process but from the overall benefit to Dubbo it has certainly been a positive move.

The Hon. RICK COLLESS: Is there movement backwards and forwards from other western towns such as Gilgandra, Coonamble and places like that in the Aboriginal population?

Mr DICKERSON: Definitely, and further west than that such as Brewarrina, Bourke, and some areas much further west such as Nyngan, Cobar. In school holidays you will see some Aboriginal migration into Dubbo. It is almost a fluid movement. Again you would not be able to track that with any data from Housing NSW; it is more from evidence the police have given us. They will know families or groups who live in certain areas typically who might come to Dubbo. There might be a bit of a crime spike while they are in Dubbo and then they will move off to somewhere else. But you do see that fairly fluid movement.

Ms WATKINS: The courts also bail people from out west to reside in Dubbo and not to go back to the town where they actually committed the crime. So they are living in Dubbo while they are waiting for their hearing.

Mr AIKINS: This can be some time.

Ms WATKINS: Can be.

The Hon. GREG PEARCE: The Committee is interested in affordable housing. Looking at the whole state one has to say that your housing is affordable.

Mr DICKERSON: I disagree. I said in my opening statement that if you said to someone living in Mosman that \$291,000 was a tough buy they would probably laugh at you. But when you compare that with our \$56,368 average household income then it still does make it a tough purchase for the average person in Dubbo.

The Hon. GREG PEARCE: Perversely, your problem seems to be that developers are not developing because they cannot get enough return. At \$291,000 there is not a big market thrust.

Mr AIKINS: We do not have any shortage of land available for development: there are more than 7,000 blocks available. It is a problem that we are having. We are struggling to find ways to incentivise developers to develop those areas.

The Hon. GREG PEARCE: Really the only thing in your control is planning and anything you can change in the planning process. In your submission you have helpfully given the Committee some information about Hill PDA. You have mentioned some of those items already but for the record would you give us your comments on those options?

Mr DICKERSON: Are you talking about the core findings?

The Hon. GREG PEARCE: The part of your submission that refers to initiatives and actions. For example, it talks about zoning further land for medium density. I think in your earlier commentary you said there was no necessity for that. I am wondering which of those things you see as options, rather than being a consultant's list of options.

Mr AIKINS: The council commissioned this report from Hill PDA because of concerns about affordability of residential housing and the mix, particularly the mix of housing options available to people. Hill PDA found that Dubbo has plenty of land and that it has a particular category or type of housing: the detached dwelling on a fairly large block—800 square metres. It has quite a reasonable supply line but it has a very significant gap in other areas of what you would regard as the normal residential mix, including dual occupancy, semidetached and residential flat buildings. Dubbo City Council last year identified a range of initiatives. We are doing structure plans to try and define more medium housing across all our new residential areas and to define initiatives associated with that to encourage development and construction and bring them on a bit quicker. We are looking at the overall mix of lot sizes because, as Melissa said earlier, the issue in Dubbo is that

there is a perception about anything below 600 square metres being basically a dogbox. There is an issue with people being prepared to take that up in some sense or certainly developers thinking that it is an option to pursue. Melissa, is there anything else?

The Hon. GREG PEARCE: Stopping you there. There does not seem to be anything in that bundle that you cannot already do. Indeed, there is nothing in there that you need the State Government to change policies about but you might need to convince your residents.

Mr AIKINS: To be fair the whole thing was written in the context of, "Hill PDA, tell us what we can do." There could be a whole range of things that could be pursued but we obviously said, "There is no point telling us what we can't do." They only focused on what things were within council's planning purview. There is a broader question about the whole structure, as Mel previously stated, of the zoning arrangements for residential zonings, the nature of those arrangements and their restrictiveness in certain areas, which I know the planning reform process was looking at. That is where it is at the moment. Those sort of changes could make a significant difference to the landscape of Dubbo in terms of opportunities available and the breadth of those opportunities.

Mr WATKINS: I certainly think that the planning reforms in the bill that was presented provided some opportunities for the development industry and I think some of the delays in following through on the new legislation has resulted in people delaying their decisions to make major investments because they are waiting in case something changes. They just do not know. There is too much uncertainty. So I think the biggest thing that would assist development across New South Wales would be to resolve the issue of the legislation.

The Hon. GREG PEARCE: That is a very interesting comment.

CHAIR: As for initiatives to bring people out, do you have a comment on the \$7,000 relocation grant, perhaps on how that can be improved? Are you suggesting that people are not aware it is available?

Mr DICKERSON: Certainly awareness is one thing. To me, it is probably not well known enough and probably not enough as well. When people are moving—again, we have a new residents night every six months so there will be 60, 70 people at a new residents night. I like to walk around and ask why they came and what difficulties they encountered. Typically a bid will come for a job is the number one reason that people move. They make the decision they want to go to somewhere beautiful like Dubbo so they go down that path. Then they set about trying to find a job. After they have found a job the next difficult thing for them is to find a house that is within their bracket.

These are typically often young professionals so they are not selling a \$1 million house in Sydney and then coming out and buying a \$500,000 mansion in Dubbo. These are people who are starting out so they are still trying to get a deposit together. They have often been renters in Sydney. If that amount was increased to the point where they could almost get the full deposit for a house they can afford to repay a home. They are typically earning enough income so they can afford to repay it, but a bank would like typically to see that 20 per cent deposit. So if the amount was increased to a level it might get them much closer to that 20 per cent deposit. We are talking about \$60,000, which is like 20 per cent of a \$200,000 house, but getting up a bit closer when they can only contribute a small amount themselves. That certainly would be helpful without a doubt, and that is not just bringing out people from Sydney to Dubbo. Certainly there are people trying to get into that housing market in the first place. So awareness is one thing.

I think there is the potential for some government leaders there so people could, from a leadership perspective, in government they could take some examples where they have said, "We are encouraging people to move into areas and we know that there are some areas there where people can move into" and then provide some incentives from either a local development perspective, knowing there will be people moving into those areas. So if there was a way that a housing estate could be developed, provide some incentives like the section 94 in Sydney so that there is a known area where people could move into.

I suppose NRAS is one of those things that almost leads into that. I think the concept for NRAS is fantastic. We seem to have been unsuccessful for whatever reason in being able to secure many licences for Dubbo. We have very few licences. I think there are only two that I am aware of but there may be a few extras there. The process for NRAS seems to be incredibly complicated but again if that was an incentive where government employees could come, they knew they had a discounted rental amount they could pay, as in the

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NRAS scheme, and development would occur based on that, that seems like an eminently sensible idea. I know that is half State Government and half Federal Government but a scheme like that certainly seems sensible.

CHAIR: Thank you for that. It is very helpful. Once again, a little different from the groups we saw in Tamworth, which is an indication that we are on the right track. We just have to ensure that there are different rules and flexibility across New South Wales. I note that you have taken some questions on notice. Members may put some questions on notice. You have 21 days to answer them. The secretariat will be more than glad to help you if you need assistance. Thank you for what you do here in Dubbo and for your city and New South Wales. We look forward to coming out hopefully with some recommendations that can help all of our regional friends.

Mr DICKERSON: Thank you for making Dubbo one of the stops along your tour.

(The witnesses withdrew)

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REBECCA BARNES, Executive Manager, Partnerships and Support, Compass Housing, sworn and examined, and

PAUL JOHNSON, Chairman, Compass Housing, affirmed and examined:

CHAIR: Would either of you like to make an opening statement?

Mr JOHNSON: I would. I have about three or four minutes. I hope that is not too long. It refers back to our submission.

CHAIR: That will be fine.

Mr JOHNSON: Excuse me for reading it. I am not used to these types of things. In my opening statement I wish to highlight two of the recommendations made by Compass Housing on page 32 of its submission to this inquiry. Those recommendations relate to State reform options that may increase social, public and affordable housing supply, improve social service integration and encourage more effective management of existing stock. The recommendations made were: First, consideration be further given to reinvigorating the previous Government's property transfer program, which aimed to transfer up to 35 per cent of the existing public housing dwellings to community housing in line with the Commonwealth and States' National Affordable Housing Agreement; secondly, that the transfer of title be considered in line with the ability to source private finance at a suitable price, but if the transfer of title not be deemed appropriate, then consideration should be given to longer-term leases of up to 20 years so that longer-term assets management plans and security of income for the purposes of leveraging to gain suitable finance occur.

The vesting of title in these cases allows leveraging of the property value by the community housing provider to borrow additional funds from the private sector to build additional suitable dwellings. A similar outcome can be achieved by the giving of longer-term leases over the subject housing assets. The vesting approach is of particular interest to Compass as it was vested with title to 571 properties by the New South Wales Government in 2011. This was out of 1,028 properties awarded by the Government to Compass after a successful tender. This leaves a balance of 447 more properties that could be transferred to complete the tender process. This allowed Compass to source funds of up to \$50 million—\$22 million of which have been used—to increase the housing supply by an additional 80 properties as at May 2014. Compass believes that the New South Wales Government should vest the balance of the suggested properties which would allow another 85 properties to be added to the housing supply.

Another matter discussed in the Compass submission on how to provide increased housing stock and provide maintenance with no cost to the New South Wales Government was outlined in the Newcastle Proposal—a model for all of New South Wales, on page 28. The Newcastle Proposal was submitted as an unsolicited proposal to Tim Owen, MP, the State member for Newcastle, on 31 July 2013. This proposal showed how it would provide sufficient funds to do \$12 million worth of maintenance on existing Newcastle public housing properties and provide an additional 613 units for affordable and social housing in Newcastle. By utilising these approaches Compass believes that the New South Wales State can make better use of lazy assets on the State balance sheet, the value of which can be partially unlocked by community housing providers if either of the two options recommended were pursued.

Compass has a concern that it is difficult to make long-term plans using the current housing policy of the New South Wales Government, which seems to lack long-term vision. It appears that the unstated policy is to sell off some of the existing housing stock, which in our opinion is for short-term gain. Compass understands the difficult task of the Committee but is ready to help in any way it can and commends its submission and the many ideas contained within it to the Committee. The recommendations are not hollow suggestions as Compass has already successfully undertaken the types of work involved.

CHAIR: The previous council was not as aware as you probably are, but would you have a comment about homelessness in the area?

Ms BARNES: Yes, certainly. From speaking to our local staff members in Dubbo, they see up to 10 people every day who pose in their office as potentially homeless. That could be people who are couch surfing or even people who are living under the bridge or out near the weir. They see them on a regular basis. They said to me just yesterday that that is increasing at a rapid rate, especially for the elderly clients whose families are

kicking them out of their current properties, no longer needing them to reside with them and asking them to leave. So that is increasing quite rapidly. They also said that it is quite hard to get any other accommodation for these people. The refuge that currently resides in Dubbo is always full, and the temporary accommodation that is provided by Housing NSW is sub-standard. So it is difficult to know what to do with some of these clients when they come into the office.

Ms JAN BARHAM: Do you have an assessment of what impact there might be from the Federal budget with a cut in some of the funding relating to homelessness? How will it affect a regional area that obviously has a bit of a struggle?

Mr JOHNSON: Ms Barnes might have some comment. My main concern is the NRAS round 5 cancelling or putting on hold, whatever. We have had a lot of success with the NRAS projects.

Ms JAN BARHAM: How much would have come to this region?

Ms BARNES: Overall for Compass Housing in the NRAS 5B we had 1,200 submissions, 1,200 properties submitted. Of those, I am pretty sure the figure was about 30 to 40 out here in this actual western region for us. So there is quite a considerable change for us in the way we have to focus our business now.

Ms JAN BARHAM: That is a huge change in terms of what you can deliver and whether or not you will start going backwards.

Ms BARNES: Absolutely. Yes, definitely.

Ms JAN BARHAM: We do not have a State budget yet, whether or not there will be some ability to plug. But if you are saying it is increasing by 10 per cent—is that what you said?

Ms BARNES: We get 10 people every day posing as homeless.

Ms JAN BARHAM: My interest in asking the council about it was whether or not there was a cross-relationship going on where you are working with them.

Mr JOHNSON: Certainly not working with the council but Ms Barnes has some idea in relation to what our office is doing.

Ms BARNES: We work a lot obviously with Housing NSW because they offer other forms of housing product that Compass does not offer, such as temporary accommodation. The other thing that we try to do is we work with a lot of providers in the area. We have some close working relationships with agencies such as Burnside, CareWest, Mission Australia, those types of people and we try to do a lot of work together so that we are capturing the right person that needs that urgent housing. We are strengthening our relationships out there and the hardest part for us at the moment is waiting to see who will be left at the end of the Going Home, Staying Home process as well. A lot of balls are up in the air at the moment and we are waiting for everything to fall to see what happens.

Ms JAN BARHAM: That was going to be my next question. How can people like yourselves who are working in this area and doing great work plan when things change or there are so many intangibles? That is my interest.

Mr JOHNSON: It is very difficult from a long-term planning point of view with five- and 10-year budgets, which we have. In the most recent planning session only three weeks ago, we brought that back to four years because there is simply not much point looking beyond that—you can look beyond it but it is difficult to plan in monetary terms, certainly when you are dealing with the financiers in relation to their requirements and so on.

Ms JAN BARHAM: In the Going Home, Staying Home or some of your other programs how much do you think the integration and the wraparound service model has for improving people's opportunity to resettle or to uplift or whatever we want to call it?

Ms BARNES: Without a doubt, wraparound services are one of the only ways that people are going to succeed. We have got some fantastic statistics, not from here in Dubbo but certainly in Newcastle where we

have a project that is aimed just for homeless clients, called This Way Home. We have seven partner agencies sitting at the table on that project and those partner agencies nominate the client into that particular project. There are 33 units there ranging from one- and two-bedroom units and we take all walks of life—single men, single women, women with children, couples with children, a lot of different demographics, and they also come with other scenarios in their life, and that support partner will work with them. So not only do we provide the stable housing for them but the wraparound services work on all the other issues that are going on. We have had some fantastic success.

One case that comes to mind is a couple with one child. They came to us from living in their car. We provided them the accommodation; probably six to eight months they lived there and the gentleman got himself full-time employment. That worked so well for them that we offered them one of our affordable housing properties, which they moved into. Since then they have had another member of the family and they have now moved on to private rental. So we have been able to show that that transition can occur because the support services were there to help them through the other issues going on in their life. We were able to resolve the homelessness and the other services worked on everything else.

Ms JAN BARHAM: Is this premise like a boarding house type model or—

Ms BARNES: No, it is not. The Newcastle City Council provided some funds to upgrade a Housing NSW site that was quite well-known for issues in the area and they upgraded the site by changing it from bedsit complexes to one- and two-bedroom units. We do run a temporary accommodation component of nine bedrooms from there and the other 24 are made up of medium-term, which we provide temporary leases on for those people. But we found that once we can provide that housing everything else just falls into place for people and they can work on their other issues.

Ms JAN BARHAM: We heard at the Apollo Estate that there is an opportunity for people to buy but it did not make sense to me how you can offer people something that you know they cannot do. I was wondering whether or not there were any other programs in place to say here is an opportunity to buy into where you have always lived, but there is also an apprenticeship or some training or some way to make that a reality. I would have thought it is a bit of a double-whammy to say you buy in or you move.

Mr JOHNSON: Obviously Compass is not offering that. We do have some properties in the Apollo Estate.

Ms JAN BARHAM: I am just interested in your take on whether or not that is a role for another provider to support what the Government is doing. For me, it is about services; you have got to give people the lift.

Ms BARNES: I agree. I think the more services you can provide someone the better off they are going to be. If someone can get that leg-up to get the apprenticeship or the training that they need then so many things are going to work for them. It will not necessarily stop the antisocial behaviour but it will certainly reduce that attitude that goes on in the Apollo Estate. Compass only has eight houses in the Apollo Estate and eight over in West Dubbo, which are two of the main issues at the moment, but we are already doing some work with a number of agencies that I mentioned before on going out and speaking to the community, seeing what they want. We have one Indigenous staff member in our Dubbo office who on a Saturday goes out and obtains bread from bakeries, and pies and cakes and things like that, and she delivers those to the people that she knows are in desperate need on a weekend, and in her own time.

Ms JAN BARHAM: Is that a community centre, the Apollo centre? Is that a council facility?

Ms BARNES: Yes. It is certainly not one of our facilities. I think it might be a Housing NSW hub.

Ms JAN BARHAM: The issues I asked about previously—ageing and disability—do you have any product that is specifically designated for those needs?

Ms BARNES: We have properties that are only for over-55 clients. So we do look at only those clientele for those particular properties. As for disabilities, some of the new properties that we build we always try and ensure there is at least one or two adaptable units within those dwellings so that we can offer those to people with a disability.

Mr JOHNSON: We are currently going through a full review of our ageing in place process and there is a new policy to come out on that. I will not say exactly when because I am not sure, but within the next six months, I would suggest. That is being done by an outside consultant. We also have a person on staff in relation to the NDIS and we have applied to become a registered provider for the NDIS, which has been agreed upon. So we are moving on that area of the operations in relation to housing.

Ms JAN BARHAM: In relation to the NDIS and the housing options, do you have any indication of whether there will be funding made available to deliver some of those housing options?

Ms BARNES: In Newcastle and on the Central Coast we won some funding under the SAIF, the Supported Accommodation Innovation Funds program. We are soon to deliver some of those; we won 20 properties. I have been assisting Ability Options to allocate clients into those particular properties and of those 20 properties I know of at least 10 that are getting NDIS funding that are going to be residing in those homes and a component of their funding does relate to accommodation.

The Hon. PETER PRIMROSE: I have two questions, one indirect and one direct. The indirect one that I have asked a number of people is that we have heard some evidence in relation to the role of residential parks and the value or otherwise as part of the solution in all of this. Do you have any comments about the role of residential parks, particularly as it has been put to us in relation to older people?

Mr JOHNSON: Compass has no position on it at this point. I live on the Central Coast and there are a number of residential parks there. I heard the council refer to most of them being on the coast. A lot of them are related to over-55s and seniors, which I fall into that category. I cannot quite see how it can work in relation to housing, as a personal opinion. Other than that I cannot offer any help.

Ms BARNES: I think the concern for community housing providers is around the strict legislation that goes with the parks themselves. We have looked into it in the past but it is not something that we have tried to get into, basically because of all the ramifications around park ownership and management and fees and all those type of things that come with it.

The Hon. PETER PRIMROSE: If that was something that this Committee could make a recommendation in relation to—and it has not been something we have even considered yet—would that be something it may be worthwhile to look at?

Mr JOHNSON: Obviously, if the properties are provided Compass would be interested in managing them and doing those things with them. It is hard to see, from the financial perspective, they can be provided at a cost where social and affordable housing can fit into the structure, but there is obviously availability of places. I talk to people that pay \$300,000 to buy properties in the parks. My neighbour across the road moved into one a few weeks ago. I think from the financial perspective it would be quite difficult, but you have got more information than I have, obviously.

The Hon. PETER PRIMROSE: We are gathering it, thank you.

Ms BARNES: There is certainly not a lack of people on the wait list, if that helps. We can fill them.

The Hon. PETER PRIMROSE: Whatever recommendations we make, the Government will be asked to respond. What do you believe should be the one, two or three most important recommendations we could make in relation to Compass and your activities?

Mr JOHNSON: Basically what I said in my opening statement. I think the community housing providers can provide additional properties to assist the Government and housing departments if we have tenure of lease for 20 years or probably at least that long to get the banks interested. Title is a difficult topic, I understand that, but either of those two things allows us to do a lot more than I think the Government can do because of budget constraints or whatever—there are a lot of things—and Housing has so many properties so it is a difficulty for them. I think that is the key component. Of course, the other one is the Federal aspects with the endless style of development and the style of funding, which of course is up in the air.

Ms BARNES: I think the other component for me would be a lot more collaborative work with other housing departments. I have been looking into the strategy around housing older people and the one thing that popped out for me was an initiative in Queensland with Brisbane Housing Company where they were provided a

large lot by Housing Queensland where they were able to build over 100 one-bedroom dwellings for over-55s people. What they did in conjunction with Housing Queensland was they worked out from where the lot was within that radius how many people were residing in Housing Queensland properties under-occupying those dwellings, and they approached those people initially to try and bring them into these brand new units. They were able to choose colours and fittings and those types of things—they made it very personal for them. But it then freed up the accommodation that Housing Queensland had that they could then offer to larger families. So those types of initiatives work, I believe, and it is a lot more work around collaborative work together with other agencies and other support partners that have got a lot to offer.

The Hon. PETER PRIMROSE: Could you, on notice, forward us some details?

Ms BARNES: Certainly. I have got that information. It is no problem.

The Hon. RICK COLLESS: Just following on from the issue of tenure of the lease and title and so on, those 3,245 properties you mention in your submission that you have management of, how many of those does Compass actually own?

Mr JOHNSON: I am not sure of the exact number. I might have to take that on notice. I think it is something like 600.

The Hon. RICK COLLESS: So the rest of them have been vested in you by the housing authority?

Mr JOHNSON: We had 571 vested by the New South Wales Government, we have a number—approaching 100, I think—that we have built and purchased with money that we have won on tender and we manage about 2,800 on behalf of the Department of Housing. But if I could put that on notice and come back with the exact numbers for you?

The Hon. RICK COLLESS: When we talk about the title to those houses that you own, that is freehold title?

Mr JOHNSON: The ones that came from the Department of Housing and the New South Wales State Government in April 2011, LAHC still have a caveat on the title so we cannot do as we choose with them, but we have mortgaged those properties and Westpac have provided us with a \$22 million fund that we are using to do the other things with. They are happy with that caveat which, of course, the State always has to have there, clearly. So they are not freehold in that context, but the banks appreciate them as freehold.

The Hon. RICK COLLESS: The tenure of the leases, I guess that refers to the 570 that have been vested in you?

Mr JOHNSON: Yes.

The Hon. RICK COLLESS: What is the current tenure of lease that you have on those?

Mr JOHNSON: They are granted to us and the title is vested so they stay with us until the State wants them back, I believe.

The Hon. RICK COLLESS: It is more or less like an annual lease and hand back on demand sort of thing?

Mr JOHNSON: I do not think it is annual in the paperwork, which was extensive, but we will get that on notice too.

The Hon. RICK COLLESS: The 2,800 that you manage on behalf of the housing authority, what are the arrangements for that management?

Mr JOHNSON: Rebecca might have some more idea, but in a number of cases the Department of Housing—Muswellbrook is an example—handed all their properties in Muswellbrook to Compass; their staff, their office, everything came with that. So it is now Compass staff that manage them, but those houses were Department of Housing properties before. There is another place we have had a whole lot of transfers.

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Ms BARNES: Broken Hill and also KBT, which is Killarney Vale, Bateau Bay, Tumbi Umbi, but we have not got Bateau Bay so we have to say "KT". We only got a component of that as well on the Central Coast. It was called stock transfer, basically, but there has been quite a halt on any other stock transfers happening. The biggest concern for us is that the clients within those properties actually got to choose whether they transferred or not.

We have been left with some dwellings of maybe 16 units where only one or two people still remain tenants of Housing NSW whereas we manage the remainder of the block. That has become quite difficult to manage. Certainly, as Mr Johnson mentioned, in Muswellbrook Housing NSW closed their office down completely and we are the only provider in that area. For them to still service the current 15 properties that they have that did not come over to us in the stock transfer they have to travel from Maitland, which is nearly an hour's drive for them.

The Hon. RICK COLLESS: Does Compass get paid by the housing authority to manage those properties? How does it work?

Ms BARNES: No, we get paid a \$1,200 fee for the upgrade work on the property once we sign it over. The rent itself comes to us from the tenant. The tenant is also able to claim Commonwealth rent assistance that they were not able to with Housing NSW. We get 100 per cent of the rent assistance, 25 per cent of the income coming into the household and we get paid this fee to upgrade the property, which in most cases the bill was more than what we were paid for the upgrade work but Compass forked out the money for that one.

The Hon. RICK COLLESS: I notice in your submission that you also have properties in central Murray-Darling local government area. I am interested in how that is managed in terms of the remote area that it is, how many properties you have and what sort of arrangements are in place?

Mr JOHNSON: They are the local Aboriginal Lands Council at Wilcannia.

Ms BARNES: We actually have an office in Broken Hill and the Broken Hill office services those clients. They are required to do two visits every 12 months on those properties and we provide that information back to the Aboriginal land councils as well.

The Hon. RICK COLLESS: How many properties are there in Wilcannia that you hold?

Ms BARNES: I honestly cannot tell you. I can get you that number.

The Hon. RICK COLLESS: A small number?

Ms BARNES: It is a very small number but I can get you those figures.

Mr JOHNSON: That area did change recently where a number of them were handed back to the Aboriginal land councils through changes to the legislation.

The Hon. GREG PEARCE: Thank you for coming along today. Just to be clear, the \$80 million you have from Westpac, does that produce the—

Mr JOHNSON: There is \$50 million.

The Hon. GREG PEARCE: Does that produce 80?

Mr JOHNSON: It will produce 165. It was based around the whole number of properties being vested and Westpac provided a \$50 million line of credit. We have only used a small portion of that.

The Hon. GREG PEARCE: That is based on the ones that have already been transferred to you?

Mr JOHNSON: Yes.

The Hon. GREG PEARCE: One of the things that concerned me was a bit of disappointment at the leverage that was being achieved?

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Mr JOHNSON: The level?

The Hon. GREG PEARCE: The expectation had been 30 per cent and yours looks like 13 or 14 per cent.

Mr JOHNSON: Can I make a comment? I was on the board when those were transferred. The board had taken a position that they do not want to use any more than 25 per cent of the loan to valuation ratio [LVR]. From a caution point of view—clearly my background is in finance—we could have gone higher than that and that would have achieved a greater percentage than the 14. That is where that came from.

The Hon. GREG PEARCE: We have all learnt quite a bit from the exercise and expectations have been reduced. One of the things we have had quite a bit of evidence on is the possibility of making the management leases longer term, as you have indicated, and that seems to be a much more attractive proposition for everybody.

Mr JOHNSON: Yes.

The Hon. GREG PEARCE: Do Compass think that is a good idea?

Mr JOHNSON: Yes, it is.

The Hon. GREG PEARCE: That is something as a Committee we will be looking at. Switching to Dubbo itself: I was curious why there seems to be only a small community housing presence in Dubbo, council said there is only 87 or 89 properties, have you any idea why that would be the case? Is it a simple matter of Housing NSW has not transferred management over?

Ms BARNES: That pretty much sums it up. The properties we do have we took over from far west community housing.

Mr JOHNSON: Western Plains.

Ms BARNES: The properties we took over from Western Plains Community Housing when they shut up shop. We have not received any others. We do get quite a number of leasehold properties from private owners and real estates that we are able to utilise. When we do use those and they have been quite successful the owners and the real estate agents are offering us more and we are taking more on whenever they are on offer. We want to increase our properties out here that is for sure.

The Hon. GREG PEARCE: I think that is probably a good idea too.

CHAIR: In terms of maintenance how are you finding dealing with maintenance across the property portfolio?

Mr JOHNSON: It is a classic question, every board meeting has that question.

Ms BARNES: It is certainly a difficult one to manage. One way we are trying to combat that is through our community development workers. We are sending them out on the ground quite a lot and they are visiting the properties that are known to have some ongoing issues. We try and work with those people in the properties right from the start so the bill does not become outstanding and their rent arrears do not become so high that they are never going to be able to pay them off. We also try to work out what other issues are going on in that household that are causing these things to happen so that we can put other things in place rather than just letting the place fall apart and by the time they move out we are up for quite a substantial bill.

Certainly in the office we try to encourage the client—if there is damage we speak to them up front about it, we take the matter through to NSW Civil and Administrative Tribunal [NCAT], or the old Consumer, Trader and Tenancy Tribunal [CTTT], to make sure it is formalised. We make sure that the client can afford something on a repayment plan but we do make sure they pay any damage back to us. We ask them to report it within 24 hours of it occurring. If we do find anything we are happy to have those conversations with the clients. Maintenance is always an ongoing issue.

CHAIR: Do you have a backlog?

Ms BARNES: We do not have a backlog. We have things on a plan maintenance cycle that we are required to do within a timeframe with our dwellings but any with issues we must deal with within a specific timeframe and we tell the clients that and they book it in.

Mr JOHNSON: There is a fairly large portion of our submission relating to maintenance, covering that, there is quite a significant amount of money involved. There are suggestions in there of what options might be available. The dilemma at the moment is that stock has aged so much that to bring it back to a current level would be horrendously expensive.

The Hon. RICK COLLESS: Do you have any idea what the average age of the stock you are managing is?

Mr JOHNSON: No, we can get that for you, we can take it on notice.

The Hon. RICK COLLESS: It is a pretty important point.

Mr JOHNSON: It is. A lot of the properties that were stock transferred to us were the older variety.

The Hon. RICK COLLESS: More than 40 years?

Ms BARNES: Certainly 30-plus years.

Mr JOHNSON: We also were fortunate enough under the Nation Building Economic Stimulus Plan [NBESP] to get a lot of new properties. It is one of the few things that is keeping our maintenance program manageable at the moment because we have a lot of properties that are one, two and three years old and are the Nation Building programs.

The Hon. RICK COLLESS: Do you have any sort of a planned process for replacement or redevelopment of those older properties?

Mr JOHNSON: We have a 20-year maintenance program which has been put together by Donald Proctor, who is an ex-Housing NSW consultant. I have not met him.

Ms BARNES: He was an ex-employee.

Mr JOHNSON: He has only been with Compass for six months. It is a 20-year program.

The Hon. RICK COLLESS: When you say a 20-year program.

Mr JOHNSON: Bathrooms, the whole thing.

The Hon. RICK COLLESS: They are fully refurbished after 20 years?

Mr JOHNSON: It is a rolling 20-year program, extending 20 years.

The Hon. RICK COLLESS: There is no program in place where you would look at demolishing them and redeveloping the site itself?

Mr JOHNSON: No. We have handed some back to Housing NSW that cannot be rectified in our opinion. They agree. There is a negotiation with the staff. We have been successful in selling some of them and we have rebuilt on some, made them units and more dwellings on the one block. That is all in negotiation with Housing NSW, we cannot do it of our own accord.

CHAIR: Given you are into finance.

Mr JOHNSON: I should not have said that.

CORRECTED

CHAIR: Could you go through your submission on page 40 where you say, "better use of State expenditure", and walk us through the bonds and billions of dollars and how you see that working? I am sure Mr Pearce will be very interested in the break down.

Mr JOHNSON: It was more put together by the chief executive officer. I signed it.

Ms BARNES: We will blame him.

The Hon. GREG PEARCE: You have to be careful of that. Just do not sign a thank you note.

Mr JOHNSON: I do not drink. I read that when it was endorsed by the board. I do not have the financial information behind it. We would have to take that on notice.

The Hon. GREG PEARCE: That is fine.

Ms JAN BARHAM: I hark back to the caravan park issue because the comment I was looking for was the recommendation on page 26 where you refer to the type of management permissible for a residential park to expand to include homeless persons and to encourage—

Mr JOHNSON: —that was our suggestion to the Committee.

Ms JAN BARHAM: I am interested in that because we have heard that caravan parks are being used particularly for emergency housing in some areas but the management is not around their needs and there are issues of impacting other people. With the transfer of Crown caravan parks, particularly on the coast, are you saying you would be interested to manage them and would you accept the dual roles of tourism and residential or just the residential?

Mr JOHNSON: Obviously it would have to be looked at when we understand the rules around it. When I say we would be interested in managing them, I would not see them as different to any other property we manage outside the park.

Ms JAN BARHAM: Except for the fact that it is tourism, that most of the Crown coastal ones particularly have predominantly tourism and only a small part is residential that is being squeezed out.

Ms BARNES: Mixed management tends to work a bit better because you are engaging different demographics of person within that. That would be my thoughts, that mixed management would be a better idea where you do work with tourism to get the right mix, not only the long-term tenants but visitors to the park as well.

Ms JAN BARHAM: Around maintenance we have heard from one of the South Coast housing providers and note that this is happening in Western Australia, the idea that some of the community development building being around maintenance, teaching people some skills. The one in Wollongong was Barb the Builder, fixing taps, changing washers, those things that give people a sense of well-being.

Ms BARNES: We are about to launch a social enterprise agreement where we are going to employ our own tenants to go around to some of our dwellings and do some minor things like changing washers on taps, light globes for elderly people that we do not want climbing on chairs and things like that. We are not going to be paying them in cash but providing them with Bunnings vouchers, vouchers for Coles and Woolworths as well as repaying them for any cost involved in fixing the properties.

Ms JAN BARHAM: When is that starting?

Ms BARNES: Probably within the next three months.

Mr JOHNSON: It is called Handy Manny, from the television show. The name did not come from the board.

Ms JAN BARHAM: I do not know the television show.

CORRECTED

Ms BARNES: It is a little kid's television show where a Spanish little gentleman goes around and fixes stuff.

Ms JAN BARHAM: Do you have something that you have prepared?

Ms BARNES: There is certainly a paper we can provide.

Ms JAN BARHAM: I am interested in that model of engagement.

Ms BARNES: We will be trialling it on the Central Coast. We have had quite a number of tenants that have expressed an interest on the Central Coast so that is where we want to pilot it to ensure it works right and get all of the kinks out first and then we will roll it out to the rest of our branches.

The Hon. RICK COLLESS: Are you looking for any qualifications?

Ms BARNES: We certainly are. We are asking for people with qualifications initially, if they do not then we are going to provide them some safety training, some work health and safety skills and those types of things as well as some basic training around what they can do. Obviously some of them will be able to do a lot more than others. We will base the jobs on what their skill level is.

Mr JOHNSON: That came through our community development group that work with a product called Compass Connect where we connect with the tenants and do all the things that are involved. What drove it, from the board perspective, was the cost of getting an electrician to change a light bulb because it might be up five foot high and the tenants cannot do it. They should not be expected to do it, but you have to pay a fee to go and it is \$100 to do that, or \$50, or whatever it is. It came out of that and wanting to connect with the tenants and we have a volunteer program where they wanted to volunteer to do things. It is up to 20 per cent of the people volunteer whereas before it was 10 per cent.

Ms JAN BARHAM: Would that include doing gardening?

Mr JOHNSON: Yes, maintaining things.

Ms BARNES: Yes, lots of different things; even coming to fold our tenant newsletters and things like that. They will come in and do some office work for us as well.

Mr JOHNSON: Do you want to mention the program we have where they put tenders in to do stuff?

Ms BARNES: Certainly. There was a Compass Housing connect program where our community development workers in each particular branch went out to speak with certain people in the community who were interested in having a community garden or building a pergola they could host barbecues under and those sorts of things. The tenants were required to, off their own bat, go and get quotes and work out for us how much those type of things would cost, and also work out a schedule of how this would work for them as tenants to get them involved together as a community to get this project off the ground. The community development workers then submitted that project to a board. The board made decisions as to what people would get and provided funding based on the submissions.

We have had some great success out in the community. One project in Muswellbrook stands out. A particular park there was not being frequented at all. There was lots of graffiti there. The community who lived around the area wanted to use the park. So we came up with a community garden. They developed a great mosaic table in the middle of it as well. They now make sure that they host monthly meetings there. They speak to each other, work out that everyone is okay and look after their neighbours, basically. That is one of the particularly successful projects that we have just rolled out.

Ms JAN BARHAM: Just quickly, do you do art projects like that as well?

Ms BARNES: We actually have our own art space in Newcastle. We actually host art exhibitions there for some of our tenants who express an interest in art. We send out invitations to the general community to come along and view that artwork, and even purchase pieces if they wish.

Ms JAN BARHAM: I would like to invite you to provide some more information about that on notice.

CORRECTED

Ms BARNES: Okay, no problem.

CHAIR: I am sure Ms Jan Barham would like an invitation to come and have a look.

Ms BARNES: Perhaps Ms Jan Barham would like to come and work for Compass Housing?

Mr JOHNSON: I have not written anything down so I hope someone is keeping a list of all of these questions we are taking on notice.

CHAIR: Yes. Once again, thank you for your presence here today. I am sure that while ever there are providers like yourselves, working with innovation and positivity, there is a way through this massive issue of social, public and affordable housing. Thank you for your presentation today. You have taken some questions on notice. The Committee secretariat will make you familiar with those if you have not written them down. They can also provide further assistance. Some members may have further questions, which will be forwarded to you. Other than that, once again I thank you for what you do. I sure there is a way through for some of these issues.

Ms BARNES: We hope so.

CHAIR: We appreciate your very detailed submission as well. It is very helpful.

Mr JOHNSON: Thank you for the invitation.

Ms BARNES: Thank you.

(The witnesses withdrew)

(The Committee adjourned at 1.33 p.m.)

(Public Forum commenced at 1.34 p.m.)

PUBLIC FORUM PROCEEDINGS BEFORE

**SELECT COMMITTEE ON SOCIAL, PUBLIC AND
AFFORDABLE HOUSING**

**INQUIRY INTO SOCIAL, PUBLIC AND AFFORDABLE
HOUSING**

At Dubbo on Wednesday 21 May 2014

The Committee met at 1.34 p.m.

PRESENT

The Hon. P. Green (Chair)

Ms J. Barham (Deputy Chair)

The Hon. R. H. Colless

The Hon. G. S. Pearce

The Hon. P. T. Primrose

ROD CROWFOOT, representing the Chairman of the Orana Division of the Real Estate Institute of New South Wales, before the Committee:

CHAIR: Welcome to the public forum part of the hearing of the Select Committee on Social, Public and Affordable Housing. This part of the Committee proceedings is to get some local knowledge so we appreciated Mr Crowfoot being here to give us that local insight. We do not need witnesses to give sworn evidence as these are not formal proceedings of the Committee. If there is anyone else in the public gallery who would like to contribute, they should contact the secretariat. Mr Crowfoot, I invite you to present to the Committee. We will ring a bell at the five-minute mark. You may take an extra minute or two to conclude your remarks. There may be questions arising from the information you present.

Mr CROWFOOT: Thank you for the opportunity to appear before you today. Property in our marketplace has been quite a topical issue in the last two or three years. Certainly the last local government election was very much fought on a platform about property. I have been involved with the Real Estate Institute of New South Wales for quite some time. I was chairman for about seven years until I decided it was time to hang up my cap and let someone have a go a couple of years ago. I still maintain a lot of interest in the organisation. One of the things that we have been assisting council with is the direction of housing, how it is travelling, where are the niches, where are the opportunities and where is it heading. We have been trying to help give them some perspective, I suppose. So instead of council being the outsider looking in we have tried to tell them where the rubber meets the road in terms of where the real issues are.

We have seen some very good growth in our housing market in the private sector both in sales and rents. It has been organic growth; it has not been born out of mining or any other activity like that. I have some statistics for you. The cost of rent for two-bedroom dwellings in Dubbo has increased by 22 per cent over the last three years. So typically two-bedroom homes in Dubbo are units not houses. They are typically older style units that could be 30, 40 or 50 years old. A lot of those occupants are on fixed incomes—either some sort of pension or some small fixed income. It is difficult for them to absorb a 22 per cent increase in rent when they are on a fixed income. It raises the question: Where does the money come from? That gets into other areas. We have offered a lot of commentary in the press around the opportunities from the growth we have seen in the sector. But we also have to look at the balance. It is all very well to look at the high-end stuff but how is the lower end of the market going?

Certainly for us one of the biggest concerns is that there has been lots of construction in this city, probably now over about 10 years. There has been evidence of keeping up with the Joneses—the big house, the big car and all that sort of stuff in the price range of \$400,000 to \$500,000. It has become very apparent in our market that the entry level to buy a brand-new home is \$350,000 and upwards. So if someone wants a new home, they are looking at paying upwards of \$350,000. That is out of the price range of first home buyers. About 10 to 15 years ago we had a lot of good construction, based on council land and privately owned land, of the nice smaller cottages. Those were 10, 11 or 12 square cottages. They were affordable for not only the homeowner but also the investor. That part of the market left us about 10 years ago now. Without anybody realising it, it has created a big void in the marketplace. We have seen lots of high-end construction and accommodation at the higher end but we have seen very little accommodation built at the smaller end.

From 1998 when the Dubbo Local Environmental Plan [LEP] was gazetted through to 2011 when the next one was done, we basically saw no construction activity on units. So council took away the high-density zone in the city and we saw no activity in that part of the market. That part of the market has its own demographics that it serves. So we basically cut that element out. We have lobbied for quite some time to say that we need to have accommodation in our city that suits all demographics. We should not be offering accommodation that suits just one price point; we need to have accommodation for the whole city. Unfortunately, this has been very much realised in the last few months.

There has been a review of the local environmental plan and a rezoning of south Dubbo. We were trying to suggest that as part of the strategy around trying to improve affordability in our city more opportunities be provided for high-density housing. We achieved some success in the 2011 local environmental plan. There were small sections that were rezoned to allow for that. But our marketplace is very competitive and there has not been the stock come onto the market to be redeveloped to do that. So we have not seen a transition to high-density housing being built. We were hopeful that this new proposal might have given us some opportunities but it appears that it will not get up. So we are looking very much at where is the market going to head not in the

immediate short term but in five years' time, in 10 years' time or in 20 years' time. Where is our market going to sit in comparison with a lot of the other regional cities that we are comparing ourselves to?

We work fairly closely with some of the council niches. We get calls regularly, particularly from the visitors information centre. They are talking to new residents. We have certainly identified, as previous speakers have as well, the new element of homelessness as being professionals who are relocating here for work. They just cannot find accommodation even though they are fully employed and have good qualifications. There is just not the accommodation to provide for them. Part of our concern is that we are not currently providing the right accommodation to suit the general person who can afford to pay their rents in the normal private sector. Those who then need some sort of assistance are not able to access any of that in our marketplace because we just do not have the stock.

At our lowest point last year, in about the second quarter, our vacancy rate in real terms came down to 44 properties in the market for lease. We have a population in our local government area of 40,000. So to have only 44 properties available in the market—and that was one- or two-bedroom flats and three- or four-bedroom houses right across the whole city—is just not good enough. We saw huge increases in our rents, hence the statistics on the rents for two-bedroom units. The only way we can fix that issue is to add more stock to the market.

We are trying to suggest various changes—for example, we are working with council on zoning issues—to accommodate that. Certainly we realise that those in the lower end of the market, where it is very much about those who are on fixed income—for example, families that are on benefits or some sort of government assistance—are the ones who have been hardest hit as a result of our property market increases. If we look at the evo cities, we are the most affordable town to be in. But this sort of growth has caught a lot of people by surprise, and no doubt that is creating some trouble.

There was a great story that was in the local paper and received television coverage in the last couple of weeks about homelessness. A member of our gallery was in that story. It was a great story because it reinforced what we in our industry have been saying—that is, this is a real issue that we are facing. It proved that this part of the market in our city is something that has been underdeveloped. There has not really been any activity on it. So when you guys are struggling with stresses in your market to try to provide more stock, it is only going to get worse because the rest of the market is going so well. None of the private sector accommodation is able to support what you guys are trying to do as well.

I have been an advocate of trying to do partnership work with the likes of Compass Housing. I believed that it was a good idea to try to help them and that, given the right terms, it could help us at the same time. We have been burnt too many times as a result of those negotiations, particularly with tenants vacating and that sort of thing. So we in our office do not wish to engage with that into the future. We have such a high occupancy rate and we have seen good growth in our rents. We do not want to be in a position where we have to deal with tenants who are creating trouble on vacate, arrears and everything else. It is just not in our best interests, and our landlords' best interests, to head down that path. We will continue to work in the other parts of the market where we do not have to face those issues.

If we choose to help them and there is some benefit in it, such as providing social benefits, then that is great. But for us there are financial issues and other practical issues that we have to deal with. I could sit here for an hour and talk to you about what is going on. Certainly there are some real issues within our sector. I do not know if it is just with us here but certainly our market has been very strong. Unfortunately the Government housing sector is going to have a lot of trouble here.

The Hon. RICK COLLESS: Are the owners of the properties you are renting out mostly local people or are they city investors? Where are they from? And what is the trend? Are people still investing in Dubbo?

Mr CROWFOOT: There is a good local representation of owners. About three years ago we started to see inquiries from the city markets. They saw Dubbo as an area which gave them the opportunity of achieving capital gains value. They got a reasonable return on their investment. It was not flash but it was a reasonable return. They saw opportunities moving forward. We have seen a lot more of that coming through. A number of property commentators have talked about the opportunities that Dubbo presents. For example, Margaret Lomas came to town. She said that one of the really important things that Dubbo has is that we have 16 industry bases. She said that when she refers people to an area to invest in she looks at the economic side of things because that underpins everything else. Dubbo has 16 industry bases and mining is not one of them. So she said that Dubbo

CORRECTED

is a good place to look at for investment. We have seen good growth in our capital values and we have seen good growth in our rents, and that is continuing even without the impact of mining.

CHAIR: Thank you. I am sure you could sit here and talk for literally an hour. If you have any further information to present then do let us know. I see that you have made some notes there so if you want to table them then we would be quite happy to accept them as evidence. This sort of grassroots information about what is happening in a market is so helpful, especially on the back of evidence from councils and community housing organisations. I thank you for presenting today.

(The public forum concluded at 1.45 p.m.)