

**REPORT OF PROCEEDINGS BEFORE**

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

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

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**At Sydney on Monday 12 May 2014**

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**The Committee met at 9.15 a.m.**

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**PRESENT**

The Hon. P. Green (Chair)

The Hon. J. Barham (Deputy Chair)

The Hon. R. H. Colless

The Hon. S. Cotsis

The Hon. G. S. Pearce

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**CHAIR:** Welcome to the fourth public hearing of the Select Committee on Social, Public and Affordable Housing inquiry into examining issues of significance regarding social, public and affordable housing into New South Wales. Before we commence I acknowledge the Gadigal people, who are the traditional custodians of this land, and I also pay my respects to the elders past and present of the Eora nature and extend that respect to any Aboriginals who may be present at this hearing. Today the Committee will hear from organisations, including the Planning Institute of Australia, Unions NSW, Housing Industry Association, Tenants' Union of New South Wales, Homelessness New South Wales, St George Community Housing, two advocacy groups: Women's Electoral Lobby of New South Wales and the Older Women's Network, Legal Aid NSW and City of Sydney Council.

Before we commence, I make some brief comments about procedural matters. In accordance with the Legislative Council's *Guidelines for the Broadcast of Proceedings*, only Committee members and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photographs. In reporting the proceedings of this Committee, you must take responsibility for what you publish or the interpretation you place on anything that is said before the Committee. It is important to remember that parliamentary privilege does not apply to what a witness may say outside of his or her evidence at this hearing. I urge witnesses to be careful about any comments they may make to the media or to others after completing their evidence as such comments will not be protected by parliamentary privilege if another person decides to take an action for defamation.

The *Guidelines for the Broadcast of Proceedings* are available from the secretariat. Questions may be asked that a witness could only answer if they had more time or with certain documents to hand, in those circumstances witnesses are advised that they can take such questions on notice and provide answers within 21 days. I remind everyone that Committee hearings are not intended to provide a forum for people to make adverse reflections about others under the protection of parliamentary privilege. I therefore request that witnesses focus on the issues raised by the Committee's terms of reference and avoid naming individuals unnecessarily. Any messages from attendees in the public gallery should be delivered through the Chamber and support staff.

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**JENNY RUDOLPH**, Director, Elton Consulting, Planning Institute of Australia,

**SARAH HILL**, Director, Hill PDA, Planning Institute of Australia, and

**STEPHEN BARR**, Director, Monteath and Powys, Planning Institute of Australia, sworn and examined:

**CHAIR:** Would any of you like to make a brief opening statement?

**Ms RUDOLPH:** I would like to give a broad overview or a more strategic briefing on the matters made in our submission, I will deal with five matters in particular. Sarah will then make a few comments in relation to her time and experience on the Affordable Housing Task Force, representing the Planning Institute of Australia [PIA]. Stephen will then make some comments about the inquiry and key issues in relation to regional New South Wales. The Planning Institute of Australia welcomes this opportunity to brief and discuss the inquiry with the Committee. We believe that affordable housing is absolutely critical to the Planning Institute, all our members and the Government. We believe that a coherent national housing policy should be delivered but, more importantly, the New South Wales Government should deliver a housing policy that is sound with evidence and clearly identifies the demand and supply aspects across affordable housing in New South Wales.

If the inquiry results in a new policy framework in New South Wales—we believe a new one is required, linked to policy and planning reforms—we would like the policy to focus on linkages, not just on affordable housing and social housing but also access to local jobs and services, as well as to public transport. PIA believes that policy issues should also focus on good, integrated, affordable housing design, which will assist us in overcoming any social stigmas, in particular how they look and are dispersed across the community so that a liveable and sustainable community can be created. The policy framework should be facilitated by government, and in that policy framework we believe there should be locational-based criteria for each of the areas or subregions.

Associated with that criteria there should also be targets within each of those regions and embedded in a planning framework, which is supported by planning incentives, whether they are floor-space ratio or value uplift benefits. We believe this kind of approach in a policy will address the inequalities across New South Wales. The policy framework should also be considered as part of the planning reforms and include planning and engineering requirements because we want to seek to modernise the engineering and planning requirements but at the same time consider how they impact on affordable and social housing in terms of cost. We do not necessarily want to increase the cost of developers but, rather, we want it to be an offset so that we can benefit and obtain more social and affordable housing.

Lastly, PIA believes that there needs to be a short commitment by government to funding for the infrastructure to support community development, affordable housing and social housing in order that there is broad diversity of housing for the middle- and lower-income communities. Those are five key points that we would like the Committee to consider at a broader level. I will now ask Sarah to give more detail.

**Ms HILL:** I was the PIA representative on the Affordable Housing Task Force established by the New South Wales Government a few years ago. I thought it would be quite useful just to bring some of the lessons, engagement and outcomes from that task force to this inquiry. Importantly, we would say it is more than just about planning legislation. Planning legislation is the icing on the cake; it is certainly not all of the ingredients in the cake. There is a host of elements that need to come together to enable affordable and social housing outcomes. We also need continuity and consistency. This is not a quick fix. This is a long-term program and we need to recognise that and have policies and approaches that are built on that rather than have a quick turnaround. We need some good strong governance in this space and we also need to give our local councils and local government the teeth they need to be able to secure affordable housing contributions.

We certainly need to leverage and better utilise our government assets. I understand another submission will talk about air rights. However, there is existing government land and there are air rights and a whole host of things that we will be able to make better use of if we are clever about them and if we are geared up correctly. Education and a better understanding of what affordable housing is and how it differs from social housing is a key point. We are challenged daily by a misunderstanding in that space. Lastly, the sad truth is that the cost of land and the cost of building will mean that not everyone will be able to purchase housing in their lifetime. We will always have to subsidise housing for some on very low and low incomes. That is a sad truth. However, we

need to design mechanisms that can cross subsidise that. That is a little more detail. I will pass on to my colleague who will make comments on a regional basis.

**Mr BARR:** Thank you for the opportunity to make a presentation today. The best thing we have seen around Newcastle has been the transfer of housing stock to social housing providers. Where that has been leveraged we have seen an increase in housing being transferred to the social housing providers and them being able to leverage that income to purchase more homes. It has led to an increase in the availability of houses for people on lower incomes. Not only does it provide housing but it also then provides them with support through the social housing providers.

It is important that none of this stuff is looked at in isolation. Each part of the housing system—regardless of whether it is in the open market or social housing—cascades into the other. With regard to a no-cost gain for government, the reduction in timeframes for approvals is important. We have done other work in the Hunter on a development site. It takes about five years to bring a lot to the market between rezoning and doing a development application. If you can get that down to two years, which is still a significant amount of time to get the assessment, it has the potential to reduce the final lot price by \$20,000. That is significant, particularly in the Hunter or a regional area.

We should also have better information and evidence that supports delivery of land supply in areas that are well serviced and feasible. There is a distinct lack of evidence on the ground in terms of where housing needs to go and what is feasible when land is being zoned in the Hunter. Sarah Hill mentioned the review of engineering standards. A lot of them are at an unnecessary level for local development. Very large infrastructure levels are being applied to local level roads in regional areas and things like that, which increases the costs. Flexibility around lot sizes and the delivery of housing is an issue. For instance, in Newcastle the minimum lot size is 450 square metres. If you want to create a lot smaller than that you have to put a dwelling on it as well. To do that you pay stamp duty on both the house and the land in the package, so it increases the cost.

The developer needs to borrow money for the land and the house to be delivered, which adds costs as well. Having flexibility to create a lot and sell it and then to allow that purchaser to put a house on it will significantly reduce that cost. We are just starting to see the beginning of that, but it is only on individual developments such as the Huntlee development at Branxton. It is a very large development that has had the opportunity to achieve those outcomes. There also needs to be more flexibility in dwelling size and design and in some of the policy settings.

**CHAIR:** Your submission talks about projections of future social, public and affordable housing supply and demand. The second paragraph contains a recommendation that transparent information be provided as the evidence base for future policies and legislative reform with regard to social, public and affordable housing. Are you suggesting that the information is not transparent now?

**Ms RUDOLPH:** It is not clear or easy to find. When you do find it you never know the assumption behind it. We need the evidence behind it so we can find the information more easily and use it to monitor how we are progressing against it. That is what we meant.

**Ms HILL:** In some cases the evidence has not been prepared or insufficient time has been allowed to gather the data to build a strong case.

**CHAIR:** How would you do that? If you were going to set it up, what would it look like?

**Ms RUDOLPH:** There should be information with a supporting document behind it to show the supply and demand, the housing prices or the income level for that local government area. You could see what you were working with in terms of the affordability. There would be a background document that explains information that can be used for other purposes. There might also be a summary document that is clear and easy to find.

**Ms HILL:** A number of things are in train at the moment that the Government is doing to improve that. We have been advocating for some time that planning and many government policies should be very much based on evidence. The Department of Planning and Infrastructure is setting up a team of demographers and economists to address that issue. There should also be a portal which creates that high-level document that is easy for the general public to read but which also has real rigor behind it for professionals to interrogate.

**CHAIR:** You talk about air rights. I gather you are referring to air space over parks.

**Ms HILL:** Absolutely. Council car parks are a great opportunity, as are rail lines and those sorts of projects.

**CHAIR:** Can you elaborate on what you see as the possibilities?

**Ms HILL:** Please do not quote me on this—

**CHAIR:** I will not.

**Ms HILL:** Very good.

**The Hon. RICK COLLESS:** It will be on the public record.

**Ms HILL:** I understand that the Land and Housing Corporation is one of if not the largest land owners in the southern hemisphere. It is phenomenal and the opportunities there are fantastic. There is existing government land and a huge amount of council-owned land. I have conducted a number of studies looking at how to free up these assets. There is land above railway stations where we are focusing a lot of these urban activation precincts. There are some great opportunities to build greater density in those spaces. Part of the challenge is the communication to the community about the trade-offs and the benefits, and also the broader infrastructure aspects. That is very much picking up on our policy submission about the need to subsidise infrastructure around those spaces.

However, we need some very clever minds to manage and balance those opportunities. There is certainly a multitude of them. It is really about gearing up the State to take better advantage of that, and then to be able to funnel any additional funds back into other opportunities. My work in the United Kingdom was very much about building housing opportunities above railway stations and new infrastructure. In planning terms above railway stations is the best location to place additional housing. However, that cannot be done if all the layers and elements are not all together in one place. It takes an organisation to bring that together.

**CHAIR:** Did you write a paper on that?

**Ms HILL:** No. A great deal has been written about it, but not by me.

**CHAIR:** The Committee would appreciate anything you can provide relating to that issue.

**Ms HILL:** I am very happy to do that. I will take that on notice.

**Ms JAN BARHAM:** Thank you for your very good submission, which raises many important issues. Are you saying that it is vital that we have national standards about how we define all of these things?

**Ms RUDOLPH:** Absolutely. The Planning Institute of Australia is a national body and it is important to have a common understanding. As Sarah Hill said, if we have that we can educate the community about the definitions and manage expectations. In the profession as a whole, if we have a common understanding of the definitions across the country it is easier to do an assessment and to monitor across the different States.

**Ms JAN BARHAM:** I appreciate that. You refer to the education and training that is required. In my experience the situation has changed and planners seem to be educated in a more development focused rather than strategic planning focused. The need for better social planning in this State is obvious, as is the communication of the benefits and opportunities. Are you seeing an important part of that as being able to understand people's needs rather than just structural issues?

**Ms HILL:** Absolutely, and regrettably our profession has had to become more development focussed as the legislation and the culture of the system has really become more reactionary. We very strongly advocated for a transition back to a strategic focus and back to first principles about what does our State need to grow and thrive. So as an institute we are really encouraging a focus back to that and a really honest discussion about what we need. The fact is that there will be trade-offs. There will be trade-offs and there will be a need to balance these things. But we need to have a mature discussion around that rather than a back-end, ad hoc approach to development.

**Ms JAN BARHAM:** I think communities often feel hijacked rather than understanding why these need to be included in a concept.

**Ms RUDOLPH:** The other part is that we all work with councils as planners and in the industry and we all work with residents. Part of it is about education of not only the planners but also the community so that they can understand what is social housing, what is affordable housing and what is a diversity of housing. Those concepts might be known about and understood by you as politicians and by us as the industry but if we are going to try to increase and enhance it and provide more across New South Wales then I think education of the general public and the community is really important.

**Ms HILL:** That is an excellent point. There is a great misconception about affordable housing—that it is really housing that is affordable to your own family to live within your suburb. That messaging is something that is being lost. So as planners when we are trying to encourage additional affordable housing supply we are met with a lot of angst that it will create social unrest and devalue the neighbourhood when really we are just trying to build housing that is affordable for the next generation coming through.

**Mr BARR:** I think also, just in relation to an example identifying who affordable housing is for, under the current National Rental Affordability Scheme guidelines that are out there a schoolteacher with a wife and three kids would be classed as falling within that affordable housing criteria. So there is a misconception, I suppose, out there in the community about just who is being targeted for affordable housing.

**The Hon. SOPHIE COTSIS:** Thank you very much for appearing before us today. I have a couple of questions, and I am very grateful for the regional and rural aspect of your submission. It is quite interestingly that you note places like Cessnock and Maitland. You could think perhaps that those places might be someone affordable but in fact they are unaffordable for a couple with a young family. Can you provide further details about how we can get that right, particularly in towns like Maitland or Cessnock which are growing at a rapid rate?

**Mr BARR:** I think there are two key areas that could be addressed to do that. The first is to have much better coordination of infrastructure. At the moment Sydney enjoys something called a Metropolitan Development Program (MDP). That helps to not only coordinate development but also see where the demand is. The Hunter does not have anything like that?

**The Hon. SOPHIE COTSIS:** So you are saying that there should be a regional coordination housing plan?

**Mr BARR:** Yes, or even just better strategic planning that aligns, say, sewer and water infrastructure with road infrastructure and electricity infrastructure so that those things, which are being funded by those organisations, are being delivered to the key areas that have been identified for growth. I think that will help to deliver more feasible and affordable outcomes. The other thing is to allow flexibility in how we put lots on the ground. So what I talked about in terms of being able to deliver a smaller lot with a dwelling subsequent to that would also help to provide more affordable housing.

There is a lot of demand that developers are looking at at the moment. For instance, one of the developers in Hunter has tried to release small-lot housing. To do that they have to build houses on it as well, not just sell the lots. They were sold off the plan. So there is a lot of evidence that, even though it is a regional area, people are demanding 600, 700 or 800 square metre lots. They are very happy to live in smaller lots. They do need to be serviced, but those areas of Kurri Kurri and Maitland which have existing services in them do provide those opportunities.

**Ms RUDOLPH:** To speak not with my Planning Institute of Australia hat on but rather as a planner, our company has recently done work for Maitland City Council to put together some principles, policies and actions which could actually apply to many regional areas. If you would like a copy, I could ask them their permission to provide you with a copy. It is about exactly what Stephen is saying—local government and State Government facilitating. There are a whole lot of actions which the council can take, and there are a whole lot of actions that the community can take, so that it is coordinated. It does have to do with cost and locational criteria.

**The Hon. SOPHIE COTSIS:** That would be great. We were down in the Illawarra and the Shoalhaven the week before last. Again we heard about a lack of coordination. Perhaps there needs to be a unit coordinating

what you guys are doing with what is needed down in some of the other regional areas. I am not saying that there is a one size fits all approach here, because there is not. But I am talking in terms of information sharing. One of the issues I have raised, and it has come up a lot in the submissions, is about getting targets—mandating targets and providing that certainty for the various developers and builders. What is your view in terms of mandating targets?

**Ms RUDOLPH:** The policy view of the Planning Institute of Australia is to give targets whether it is at the sub regional or the local government level. We think that is really important. But targets alone will not do it. You need more than just a target. You will need facilitation, you will need policy and you will need the planning mechanisms to go with it in order to be able to facilitate and to achieve those targets.

**Ms HILL:** Targets are a tricky issue in the industry. Certainly it needs to be carefully managed. It would need to be stepped and introduced over time. I was a planner in London when they introduced a 50 per cent target for all new schemes. We very much were open in our approach to that and addressed what the scheme could bear. So we were very careful not to kill a development on the basis of the target. Rather we actually sought to look at what was economically viable and what would still return a profit for the developer but also facilitate affordable housing. There is a very different system there in terms of subsidised funding.

Here we have a target in a strategy, which is very much a target, and we would support that from an affordable housing point of view. But, along with that, we need layers of other things to support the viability of development—because the last thing we want to do is to decrease the supply of housing. So it is a very carefully balanced issue. Certainly in our discussions with councils we find that many are keen to have a target as an aspiration to work towards and to get alignment on. Without a target it is difficult to argue a case and to have the real teeth to be able to push for an outcome.

**The Hon. SOPHIE COTSIS:** I know that some developers, and one of the peak industry bodies, are against targets and against a levy, which one of the councils has suggested. What is your view of levies?

**Ms HILL:** No-one likes the word "levy". That is certain. Again, it is really important that it does not hinder the outcome of development or reduce supply. So it has to be viable. If something was introduced then there would need to be due warning given to the market to accommodate it, and then it could be factored into the purchase price of property as opposed to being something which is an add-on, which can really make or break the development outcomes. It is certainly not something that we would disagree with. But it has to be applied in a very fair way across the industry. I can completely understand that the industry would not want something imposed upon them at the last minute. That is completely the wrong way to go about it.

There are some clever ways around getting to a win-win situation which we have been looking at in terms of, for example, funding infrastructure that could also be applied to affordable housing—whereby if there is an uplift in value in an area, like if it is rezoned or given additional density, then there are opportunities at that point in time to share with the community the value of the uplift so that it is not all taken by the landowner. Some of that value uplift could be given to the community. So it is a timing issue and it is really a transparency matter that needs to be carefully implemented. So with all of those caveats and on the basis of that, it certainly can work and it does work in many planning jurisdictions.

**The Hon. SOPHIE COTSIS:** I have just one further question on the issue of design. The issue of design has been raised with us as we have travelled around. We have had a look at a number of housing estates. And I have looked at some separately in my duties as Opposition housing spokeswoman. You talk a lot about design. My concern is cost—cost to the taxpayer and then in terms of affordable housing cost to the purchaser. How do we get the balance right in terms of design?

**Ms RUDOLPH:** It is a tricky one, and it is a balance that is needed. I think there are different ways to do it. Our experience has been that you can have a core house where, as you are able to afford it, you are able to extend the house. That is one of the things we have actually worked with the Maitland City Council on. So you can start with a two-bedroom house and then add on a television room or whatever as you can afford it. So it might be about the flexibility of design and location of the house. The other thing we can look at is, for example, what developers have done at Second Ponds Creek. If you drive around there, you will not be to see the difference between an affordable house and a normal market house. It is about what it looks like and how it fits into the landscape.

Basically if the development industry were here then they would say that the outside looks exactly the same but some of the finishes internal to the house are price sensitive. So from the outside and from the point of view of functionality there is nothing wrong with the house. It is absolutely perfect. It is equally suitable to the community and to who is going to be living in it. So it is about being able to balance the external and the internal pricing and the design of the house to allow it to be flexibly extended over time. Those are some of the key things that we have been experiencing.

**The Hon. RICK COLLESS:** Thank you for coming in today. I have a couple of questions with respect particularly to housing in the more remote areas of regional areas. You made some comments about regional areas a moment ago. But you were talking about Cessnock and Maitland, which, as far as I am concerned, are suburbs of Newcastle now—a bit like the way that Campbelltown is a suburb of Sydney. The remote areas that I am concerned about are towns more like, for example, Wilcannia, Tibooburra and Ivanhoe. They are truly remote and a long way from the nearest biggest centre. I note in your submission that you talk about partnership agreements for those sorts of areas. What are the challenges facing some of the providers who provide housing for those people in those very remote areas?

**Ms HILL:** That is a very interesting question. I recently undertook an affordable housing study for Moree. I was talking to Moree councillors about the research I had undertaken about the affordability of their area with respect to being able to purchase a property. There was an extraordinary statistic that, off the top of my head, 40 per cent of people would not be able to afford a property within Moree. That was quite astounding for the councillors to hear. When you look at the median household income, people just could not service the debt required to buy a new property within the area. That was being exacerbated by supply issues and other aspects such as the acidic soils, the cost to build there and a host of issues around additional construction costs because of having to bring labour in and so forth.

**The Hon. RICK COLLESS:** Sorry to interrupt, but Moree is still a large regional centre. Let us go to Walgett or Collarenebri, for example. Surely it is exacerbated in those smaller towns.

**Ms HILL:** Sure, and I am afraid that I am not familiar with those areas. I have not done a similar study. It would be very interesting to look at, and there may be similar issues there. Absolutely there are challenges there, and in some cases I would say that they are exacerbated in those areas because they are smaller markets with greater challenges trying to attract additional supply as well as opportunities, infrastructure and so forth. We certainly see that there is an opportunity for some partnering there and for some larger organisations to come in and support those areas. It may be that State or Federal Government funding, such as the National Rental Affordability Scheme, can actually enable and kickstart some of that change, or other incentives. Certainly, I would say that those areas are equally, if not more, challenged than larger areas with greater supply. I will hand over to Stephen in case he has anything to add on that point.

**Mr BARR:** One of the comments that we get back is more around land supply than dwelling supply. That is that it costs the same but you still have to put a road in, you still have to put sewers in and you still have to put water in.

**The Hon. RICK COLLESS:** It costs the same to build.

**Mr BARR:** That is right. Whether you are out past Wilcannia or whether you are at Cessnock the costs are not that dissimilar but you still need to provide perhaps a product on the ground to meet a lower income level. It becomes very difficult just because you have got those core costs.

**The Hon. RICK COLLESS:** It becomes difficult for non-government providers to provide houses because there is no financial incentive. In fact, there is quite a distinct financial disincentive to providing housing in those areas.

**Mr BARR:** Yes.

**Ms HILL:** And in those areas in many cases medium-density housing, which is a cheaper housing product in city areas, is just not viable to build. That is another layer.

**The Hon. GREG PEARCE:** You may take my questions on notice if we run out of time. Firstly, is there any evidence that affordable housing does not distort the market? I have a suspicion, although I cannot prove it, that it probably has a perverse result and drives increases in housing costs. Secondly, if you build



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affordable housing as defined that is not owned by social housing providers or councils or the like, is there any way to stop it creeping back into the market, which defeats the purpose again? My third question is directed to Mr Barr. You mentioned some leveraging from social housing in the Newcastle area. Can you give us some statistics in relation to how the properties were handed over and what the leveraging effect was projected to be and has been?

**Mr BARR:** Sure. Compass Housing, as part of their tender process, were awarded about 1,000 properties. Their commitment out of that was to produce 190 or to buy a further 190 dwellings.

**The Hon. GREG PEARCE:** Over 10 years?

**Mr BARR:** No, that was by 2015 that we were required to deliver that. Currently, on the number that has been transferred, we are required to buy another 12 properties to meet our obligation, which need to be delivered next year. You can see you are getting close to a 20 per cent increase in the number of dwellings that are available for social housing.

**The Hon. GREG PEARCE:** You will deliver the 190 by next year?

**Mr BARR:** That is right. We have delivered 180 now. Well, it is probably a reduced amount because not all of the properties have been transferred.

**The Hon. GREG PEARCE:** If you could provide us with the accurate figures that would be great.

**CHAIR:** We are meeting with Compass Housing at another time, so we will be able to go deeper into that. I have another question for you take on notice. I heard your comments about over-engineering. A classic example is building a 100 kilometre an hour road that will only ever have an 80 kilometre speed limit. It is a strain on the economy and the viability of building the road in the first place. The same thing happens in housing. I would imagine viability is going out the door with the increased expectation of engineering. Are you able to table some evidence of where over-engineering is happening and what it looks like so that we can see whether we may be able to deal with that issue?

**Ms HILL:** Yes.

**CHAIR:** Thank you for your time. You are required to supply answers to the questions you took on notice within 21 days. The Committee is at liberty to write to you with further questions and the secretariat will help you if need a point of inquiry. Thank you for your passion and your expertise in this area. I hope that we will be able to work together to achieve real outcomes and recommendations.

**The Hon. GREG PEARCE:** When answering my questions could you please focus on targets and quotas and whether they produce distortions?

**Ms HILL:** We are happy to, as best as we can.

**(The witnesses withdrew.)**

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**MONICA BARONE**, Chief Executive Officer, City of Sydney, and

**JOHN MANT**, Councillor, City of Sydney, affirmed and examined:

**CHAIR:** Thank you for attending the inquiry. We have read the submission from the City of Sydney. Would you like to make any additional points in an opening statement?

**Mr MANT:** I will say a few words at the beginning. First of all, I have had a fair degree of experience in this area. In the late 1970s I was the head of a housing policy and planning department in the government of South Australia and had a big hand in rewriting the Commonwealth-State Housing Agreement at that time. I also conducted a major commission of inquiry into the New South Wales Housing Commission in the 1990s. I also set up Common Equity NSW [CENSW], which is the holding company for cooperative housing in this State, and I have done a great deal of work within the Department of Housing over the years. It is an area that I have had a lot of interest in.

My view, which I have had for many years, is that the problem of housing affordability is more a problem of demand than supply. Indeed, most of our housing policies are the product of a distorted market. Many of the people who write and talk about housing policy assume that somehow or other we have a classic demand and supply housing market, but we do not. That is because in excess of \$30 billion annually is not collected from taxpayers because of capital gains exemption, negative gearing, no imputed rent tax, low rates, no land tax on your domestic house and the assets test. All of these benefits are given to homeowners and they are unlikely to change for all sorts of political reasons, but that does not mean to say that we should not take them into account in trying to talk about housing policy.

Existing and even would-be homeowners can always outbid renters. We see this at CENSW, which has been set up to be a growth organisation for cooperative housing, but we just cannot make anything stack up even with some of the benefits that we have and our tenants have in terms of Commonwealth rent subsidies. Over 65 per cent of the market share enjoys the more than \$30 billion in subsidies every year and the market is distorted. As a consequence, Australia has the biggest houses probably in the world. There are countless numbers of empty bedrooms. Obviously, where 65 per cent of the market has these huge subsidies if you want to get affordable housing for the other 25, 30 or 35 per cent of the market it has to be subsidised. That is because it is not a market; it is a totally distorted market. If you want to supply the bottom part of that market, given that the top part of it is heavily subsidised, you have to subsidise the bottom part of it. We just cannot get away from that

**CHAIR:** I appreciate that you have a depth of knowledge that would be very helpful to the inquiry but I am mindful that members need an opportunity to ask questions. Would you like to conclude your opening statement?

**Mr MANT:** Yes. If you trace the development of housing policy over the years the problem has been that it is very seldom that anyone in government has been responsible for housing policy. We have organisations that have been responsible for public housing. People have looked to those organisations to provide advice for housing policy generally but their interest is very narrow. The Treasury and the Reserve Bank are interested in housing as a sort of macroeconomic matter but, essentially, housing policy has been provided by the industry.

I am conscious of that, having been in government and been conscious of the very heavy pressures from industry to increase the subsidies for the supply side. It is only very seldom that we have had an organisation that has looked at housing as a whole. Having set up a couple of those, I am conscious of how effective they can be and what a short life they have. They are very quickly taken over by the public housing organisation and that total view disappears back into how we can supply more distinctive affordable housing rather than why we have a problem in the first place.

**Ms BARONE:** I come from a very inner-city viewpoint. That is our area of expertise. I certainly do not have more information or knowledge about different areas. From an urban planning point of view, we know that successful cities are ones where you have a diversity of people. To have a diversity of people and all the people that you need to be able to run a city you need a diversity of housing. It is important it is understood that if you want to deal with housing affordability and housing issues you need to have an explicit housing policy.

There should be a stated aim for the percentage of people that should be able to own their own homes in a city and a stated aim for the different types of housing that we need with different assigned numbers to

those things. Our affordable housing strategy did that. It did not just say that we need affordable housing. It broke it down and asked: what sort of housing do we need for key workers; what do we need in terms of Aboriginal housing; what do we need for students? There are lots of different types of housing that we need and they each need different interventions if you want to achieve them.

The final thing I will say is that one of the problems with the debate, which you talked about a lot with the previous witnesses, is that people get the definitions mixed up. It is really important that we agree as a State on the definitions. When we speak about affordable housing at the City of Sydney we mean affordable housing that is in the hands of an affordable housing provider in perpetuity. We are seeking to grow that pool particularly, and we think there has to be an intervention and a target if you want to achieve that.

**Ms JAN BARHAM:** I will take this opportunity to ask you what is not working for you and what could work better. You referred to the housing State environmental planning policy, the need for review and the planning legislation. What interventions or changes would make it possible for you to deliver on your policy? This is your chance to let us know exactly what you need and what would work.

**Mr MANT:** I will give a macro view. We have a successful affordable housing policy in a couple of places in the city where we have got opportunities to impose, if you like, a levy. All other attempts at doing that generally have been knocked back by the State.

**Ms BARONE:** We have an affordable levy in Green Square and in the Ultimo area. We have a target in our visions of the city, but of course we are dependent on other levels of government to support that policy—to do the policy work to enable it. We did do a piece of work to demonstrate what applying a very small levy across the whole city would generate in terms of additional housing, but the State Government rejected that policy when we tried to put that into our reviewed LEP.

It is not the only mechanism, but I think if you look at our affordable housing strategy, to solve this problem you need to have lots of different things and you need to use each of them, but you do have to have a target. You first have to believe that it is a problem and that you want to do something about it, and then you do have to have an explicit target and then you say, "Which intervention is going to serve each of these different types of housing?"

**Ms JAN BARHAM:** You are saying that once you devise a policy or a strategy that is suitable for your area that you know about you are then losing the opportunity to implement it because when you go to the State they are not allowing you to do that crucial—

**Ms BARONE:** Because local government can only implement State planning policy. So if there is not a State planning policy to enable local government to do this then we cannot do it. We did do a project a number of years ago with all of the local government in our area—the 10 other local governments around us. We received some Federal funding at the time to do a study to look at a methodology for choosing sites within that whole area that would be suitable for rezoning or some additional floor space if affordable housing was put on that site. All the councils would very much like to do this. In that conversation with all those councils what we also said is that the City of Sydney needs key worker housing and a lot of student housing. Other areas can provide other types of housing and if we work in partnership and make those decisions—but we need a State policy, we need the State to deliberately want to do something about it.

**Ms JAN BARHAM:** Or to allow you to do what you need to do.

**Ms BARONE:** Or to allow us to do our job.

**Ms JAN BARHAM:** Once you have ticked all the boxes. Is Sydney city still having issues around the misuse of approved development? I remember some years ago you had dwellings being used for short-term letting and that was affecting some of the—

**Ms BARONE:** I think you will see a lot of that. What we are having issues with, and it does continue, is because rental housing is so expensive, particularly for young people, people are illegally putting more than the safe number of people into units. So they are putting up partitions, putting up bunk beds and things like that and charging a lot to very young people. We do have that issue and that is because there is just not enough housing for young people.

**Ms JAN BARHAM:** In your submissions you referred to the idea of having a community development worker. That was one of your recommendations about service delivery to social housing tenants. Is that something that other councils do or is it something that you found to be effective?

**Ms BARONE:** Can you just remind me—you are talking about—

**Ms JAN BARHAM:** It is one of your recommendations about improving the effectiveness of housing in estate management.

**Ms BARONE:** I think you are referring to the section where we are talking about public housing.

**Ms JAN BARHAM:** Am I right? Does the council provide that worker to support the community?

**Ms BARONE:** Yes, we do, and we are increasing those numbers of workers. What you have got in the social housing area is a lot of people. Over time, because of the policies and because of the shortage of housing, you have got a lot of people concentrated in one area that are people who have a higher need of support. The interface between those people and the rest of the community sometimes is problematic, so we do put community development workers to try and support people in those communities.

**Ms JAN BARHAM:** You are saying that council provides that to deal with the Department of Housing issues and the Department of Housing does not provide those community development workers? Is that what I am hearing?

**Ms BARONE:** I think largely—and I do not want to be unfair to the Department of Housing because they have a very difficult job—they are so consumed with the real estate issues of being the provider of housing, but when you put that many people together who might have more issues than normal people—unemployment and drug and alcohol issues and those other things—a whole lot of social issues emerge and we need to care for those people. As residents of our city, irrespective of where they live, we try to provide and link them up with community services just for their welfare.

**Ms JAN BARHAM:** Does this flow through to your assistance for homeless people?

**Ms BARONE:** Yes.

**Ms JAN BARHAM:** We are identifying that there is a real need to focus on the social needs of people, not just the physical shelter structures. Is that right?

**Mr MANT:** Those estates were built for another group of people—people who had families and were in work. They were also built to satisfy the people in the then Housing Commission who wanted to build special architectural places for those sorts of families because they thought that it would improve their lives. When you then, over several decades, change the nature of who goes in, of course those places could not be worse for those people, particularly for any children that happened to be there, because at school they are just known as people who come from those estates and there is all that social stigmatisation. So quite apart from the magnification of the problems in one location, you have those social things. Certainly I think most housing departments have shied away from building houses that can be identified as places where their current customers are located.

**Ms JAN BARHAM:** But your submission raises concerns about people's wellbeing and their emotional position, particularly I think you refer to the upheaval around the sale and the need for people to move on. So you are concerned about other aspects of people's wellbeing, not just their physical, and you have taken it on board to do that.

**Ms BARONE:** As a city, our concern is the wellbeing of our residents irrespective of who their landlord is. So as residents of the city it is important that our social services and our support are extended to everybody, and we extend that in different ways. People in Department of Housing housing require a different sort of community development worker who goes in and encourages them, supports them and understands what their issues might be. I think you need to see that as just the ongoing kind of work that a city would do around the wellbeing of its residents, irrespective of the landlord.

I would also like to stress that the City of Sydney's long-term strategy wants to see that level of social housing, which we call that Department of Housing social housing, maintained because we think a good city has

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people from all walks of life and all economic backgrounds. We also think that an inner city with all its services and other things is a good place for people to live because people are not isolated. Just yesterday I spent the afternoon driving around some of the estates and places in Liverpool and our communities are not nearly as isolated from the shops, the libraries and the facilities of the city as a consequence of being in a more compact city. So it is a good thing to have them but we need to have the appropriate level of social support.

**The Hon. SOPHIE COTSIS:** Thank you very much for being here and for the very comprehensive submission, and I acknowledge the work that Sydney city council councillors and staff have done. About 10 per cent of the dwellings in the Sydney city local government area are public housing. I agree with you that we need to get the definitions right in terms of affordable public and social housing. That is something that we will hopefully work on.

**Ms BARONE:** And affordable to market, which I think is what John was talking about. That is right, affordable housing for people to buy versus the ones that belong to social housing providers and community housing.

**The Hon. GREG PEARCE:** Two separate issues.

**Ms BARONE:** Yes.

**The Hon. SOPHIE COTSIS:** And affordable private rental.

**Ms BARONE:** There is an issue of providing houses, and I think this is what John was focused on, providing houses that people can afford at all. A huge number of people under 35 in Sydney just cannot afford to buy a house. It is too big a number. I think we need to have more people able to buy a house. So you have got the issue of houses people can buy, then you have got the issue of affordable rental housing that is housing that stays rental in perpetuity—it is in the hands of affordable housing providers—so that there is always a stock of housing that will always be affordable to key workers, lower-income workers, and then you need housing for people who need social support. I think that is the differentiation.

**The Hon. SOPHIE COTSIS:** So 10 per cent of your dwellings are Department of Housing. Do you have a figure of the rates you collect from the Department of Housing?

**Ms BARONE:** I cannot tell you off the top of my head.

**The Hon. SOPHIE COTSIS:** Can you take that on notice?

**Ms BARONE:** Yes, we will take it on notice.

**The Hon. SOPHIE COTSIS:** You have got two target figures for affordable housing: so 7.5 per cent for your affordable housing?

**Mr MANT:** Yes.

**The Hon. SOPHIE COTSIS:** How have you been able to deliver on that figure?

**Mr MANT:** Not well, not nearly as well as we would have liked to because we have not had the backing of the State. Those two schemes that we do have were almost accidental because they were special schemes that were put together just for those circumstances. The other thing is that they were put together very early, so the Ultimo-Pyrmont scheme was an essential part of the redevelopment of the area. There was no rezoning until that was in and agreed. The Green Square scheme, which is working very well and with very little complaint, includes a very unique rezoning system. Instead of the normal thing of identifying an area for redevelopment or development and zoning it for that on day one, Green Square has been identified as an area for redevelopment and the rules have been set out, including the affordable housing levy. But you do not get the rezoning until right at the end of the whole design agreement process; the rezoning only occurs the day before you start work.

This means that you do not get the normal thing of you rezone this year and eventually it starts to be developed about five years later and about five different owners later. So the uplift in value has been captured back on year one and when you say to the developer, "Hand over X hundred thousand dollars for your

affordable housing levy", they naturally say, "We can't do that because we paid too much for the land". The Green Square scheme, that is a really good scheme.

**The Hon. SOPHIE COTSIS:** Can I just interrupt you? With respect to, say, Harold Park, I understand that there are about 1,250 proposed dwellings. Out of those can you give us the number of affordable housing?

**Ms BARONE:** There is only one mechanism we have to mandate affordable housing and that is the levy. It is only in those two places that the council can say, "That is just how it is. You have to contribute a certain percentage of the value to affordable housing". That money then goes to the Department of Planning and the Department of Planning then assigns that money to City West Housing, which was selected as the affordable housing provider to achieve that levy. That is the only thing we can mandate. Everything else that we have accomplished is voluntary.

There are two other things that we have done: one is that through the voluntary planning agreement—you know, when a development proposal comes in and we negotiate the public benefits—even though there has been some discussion about reviewing the planning Act about limiting the things that we can talk to developers about, and that is a shame, we say to developers that there is a suite of public benefits—open space, a childcare centre, those sorts of things. We also say, "How about affordable housing?"

In the case of Harold Park, as part of the public benefit package, enough land for 50 affordable housing units is transferred to the city. I think the council is just taking that land now. Then we will go out to tender to affordable housing providers and say, "Who would like this land?" Obviously, from the people who give us the best deal or the greatest number of units, we will choose a provider and then they can do that. We did a similar thing with the voluntary planning agreement at another site in Glebe.

What we have also done is put all our pieces of land that were suitable for affordable housing out for sale to affordable housing providers and we said, "If you can provide affordable housing", people could provide a suite or a combination. They could say, "We'll build 10 affordable housing and 10 to market" or 10 National Rental Affordability Scheme [NRAS] and 100 affordable, whatever, and we choose the ones that will give us our goal. Our preferred goal was the affordable in perpetuity because the National Rental Affordability Scheme is generally the 10-year time frame. We are building now with City West 100 affordable housing units on the South Sydney hospital site. This is on top of the levy in Green Square. We have a site in Redfern that we hope will yield another 100 units. We are trying to achieve our target deal by deal, agreement by agreement. That is okay, but it is not enough.

**The Hon. SOPHIE COTSIS:** It is not. My concern is that we need the key workers who are working around the 10 to 20 kilometre radius from the city. We are going to see thousands of hospitality workers that cannot afford to rent a one-bedroom. My concern is that the entry level of a new one bedroom or studio in your local government area is over \$500,000 or \$600,000. That is just beyond key workers on \$70,000 or \$80,000. I have heard what you have said about a suite of policies, but how else can the council assist? You have quite a few levers as a major council.

**Mr MANT:** Well, we do not really have many levers.

**The Hon. SOPHIE COTSIS:** You have identified them. I just want to quickly ask you about the Affordable Rental Housing Strategy 2009-14. You said, "... through activities such as offering land".

**Ms BARONE:** That is right. Yes, we did. It has gone now. That land, the hospital site and the site in Glebe—

**The Hon. SOPHIE COTSIS:** That is what it was, right.

**Ms BARONE:** —they have been built on. They are happening. There was even a property in Redfern, a small property, in relation to which we went into a relationship with the Property Industry Foundation. That provides 12 rooms for young people—like, very simple bedsits for young people who were homeless or they have jobs in the property industry. We have just refurbished six units in the William Street building for live/work for artists, but they are tiny little interventions. Essentially we have used our own portfolio and anything that we can get out of our own portfolio of property and land is done. We have used the levy so that anything through the development in those areas. We have used the voluntary planning agreement process and we try it on every time, but it is voluntary.

**The Hon. SOPHIE COTSIS:** Would the city look at being a community housing provider?

**Ms BARONE:** We do not need to. There are terrific community housing providers. We just need to enable them to build.

**Mr MANT:** They have to be able to be subsidised because you cannot make a community housing scheme stack up without a subsidy.

**The Hon. GREG PEARCE:** Just picking up those two points: Would it not be an option, given that you have general rating capacity, that instead of levies the general rates be applied to provide some of those subsidies? The Sydney council has a lot of cash.

**Mr MANT:** What you are doing is you are calling on local government to provide a subsidy for those people who cannot benefit from the massive subsidies coming from the Commonwealth Government.

**The Hon. GREG PEARCE:** It all comes down to how you raise the money to provide the subsidies.

**Mr MANT:** That is right.

**The Hon. GREG PEARCE:** You have the general rate basis. Why would that not be an objective of local government as well, if the State Government chose to make it?

**Mr MANT:** I would much rather that the Commonwealth Government sorted out its tax policies.

**The Hon. GREG PEARCE:** Councillor Mant, I think you very eloquently describe the major reasons that the estates have become such a problem in terms of how they were built and the objectives at the time. Add to that the lack of maintenance over 30 years and the change in the tenancies and you have the description of what has happened to the estates.

**Mr MANT:** Yes.

**The Hon. GREG PEARCE:** I want to focus on the affordable housing policies. When you did the studies with the other councils 10 years ago, was there anything there that established that the levies do not in fact have an effect of distorting the market by pushing up the prices overall? That is the problem I have always had with the levies.

**Mr MANT:** It depends when you put on a levy, in my experience. If you put it on after the rezoning has taken place, then yes, you could be right: You either push up the price, and given the subsidies to the purchasers you usually can do that, or you do not bring the product onto the market because the developer cannot make it stack up. But if you put them on at the time or preferably well before you rezone, then the original landowner is the one who pays because your developer or your speculator does his sums—the raw land price plus the costs of the physical and any levies—and "That is the figure I can pay", or not. It has a downward pressure on the price of the original land. But mostly the planning people go public with the rezoning.

Even if you just publish one map, immediately the values go up. They do all that and then they come along and say, "Oh, and we are going to add a levy." Naturally, the industry says, "Well, that's just going to cost more because of the prices." The price of the raw land already has gone up. That is the beauty, really, of the two levies, which we do manage to collect. Green Square and Ultimo came about in a very organised way so that it was very clear from the outset that there was going to be this expense and that the developers should not pay too much for the land. Indeed, they could not buy rezoned land until they paid the levy. Up until then, it was only valued at a very low rate. It can be done but you are absolutely right: if you do it too late, which so often happens partly because some politicians like to announce the good news first—

**The Hon. GREG PEARCE:** Not me, so that is all right.

**Mr MANT:** No.

**The Hon. GREG PEARCE:** I only ever announce bad news.

**Mr MANT:** That is right—then it is hard.

**The Hon. GREG PEARCE:** Yes. Just in relation to Green Square and Ultimo-Pyrmont—and you will have to take this on notice, I assume—could you give us some numbers on what the council expected to achieve in terms of uplift and what has actually been achieved. I note the process: That the money goes up to the Department of Planning and then into City West. I have not looked at City West for a while, but it has not produced a great deal of property so I would be interested to see what the actual outcomes were.

**Ms BARONE:** I think all of those numbers are in our submission, but we will certainly pull all of that out for you. I prefer to get it right and get it accurate.

**The Hon. GREG PEARCE:** That is fine.

**The Hon. RICK COLLESS:** Councillor Mant, I want to ask you about your comments in your opening address about negative gearing and land tax on the family home.

**Mr MANT:** I am not advocating that, of course.

**The Hon. RICK COLLESS:** Right.

**Mr MANT:** That we should do anything about it.

**The Hon. RICK COLLESS:** I guess that was my question.

**Mr MANT:** I am just saying that it is there.

**The Hon. RICK COLLESS:** Would you agree, though, that the fact that we do have negative gearing here provides an opportunity for private investors to contribute to the housing supply?

**Mr MANT:** Yes.

**The Hon. RICK COLLESS:** I anticipate your comment that it probably will be at the higher end of the rental market, but they still do provide an important supply of housing.

**Mr MANT:** Yes. I think that is right. It is usually limited to mums and dads and a couple of houses at most because land tax starts to kick in at a certain level, so they limit themselves. But the problem is that when you compare, say, Germany or some of the Scandinavian countries and the way they go about things, there are not the tax advantages to home ownership. There is a much better balance between what people spend on their houses and what is spent on the infrastructure, so you have decentralised towns that have an opera house, fast rails and people live in quite small places.

**The Hon. RICK COLLESS:** But they have a much higher overall population than Australia does, too.

**Mr MANT:** That is true, but why do people live in the centre of Sydney or increasingly want to live here? It is because of all the things that you can get access to in the centre. What they do in the Scandinavian countries is provide those in various locations and then connect them with fast trains. But importantly, because of the tax system, you can make long-term rental stack up. In some of those countries, over 50 per cent of people live in long-term rental. They are quite small places with very low rent because you have got superannuation funds and the like that are prepared to invest in long-term rental, which provides an income stream. Our market does not encourage that. Our negative gearing means mums and dads are providing two or three houses. We do not have anyone providing long-term housing in the market generally because you cannot make it stack up.

**The Hon. RICK COLLESS:** In relation to the comments you make about Green Square and so on, obviously there has been a whole swag of new apartments built in those suburbs over the last four or five or 10 years, whatever. Of those that are being built currently, are they selling and who is buying them?

**Mr MANT:** I do not know that we have great figures on who is buying them.



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**Ms BARONE:** The only thing I would say is that people are paying a lot for land at Green Square. When we look at that, we calculate that just the land costs on those units that are going to be built is in the hundreds of thousands of dollars.

**The Hon. RICK COLLESS:** For effectively what is a 25 square metre block of land.

**Ms BARONE:** We have seen the prices go up on that land so we are concerned that that will have to be repaid in the price of those units.

**The Hon. RICK COLLESS:** Are they being bought by investors? If so, are they local or overseas investors?

**Mr MANT:** It is hard to know. I do not think we have figures on that but the impression is that a number of them have been bought by overseas investors, not necessarily—

**The Hon. RICK COLLESS:** I guess the question is this: Is the interests by overseas investors forcing the price up above what the locals can afford?

**Mr MANT:** Absolutely, no question. There are two drivers. One is that people want a safe haven for their money. You can put it in gold or you can put it in a Sydney apartment. They also want a place where their kids can come and live, do study and possibly become citizens. Then of course Sydney, in common with several other world cities, is a trophy place. If you look at the toaster opposite the Opera House, whenever you go to the Opera House, have a look up at night and see how many of those apartments have actually got lights on. I have hardly ever seen any lights on in those apartments because they are not places to live in. They are places to add to the list: I have a boat and this and that and an apartment in Sydney which I go to once a month or once a year. I think there is a lot of that as well. There is no doubt that it is pushing the price up.

**The Hon. RICK COLLESS:** Can I just follow up on that? If that is a problem that is forcing up the price of housing, what do we do about that? It is something that is making it difficult for the other end of the housing market.

**Mr MANT:** Well, it is. The costs of holding a house—for some people it does not matter what the costs are of holding onto it. For example, our rates are incredibly cheap because almost all of those—

**The Hon. GREG PEARCE:** I pay them, and I would not think that.

**Mr MANT:** Almost all of those apartments are paying the minimum rate because it is based on the unimproved capital value rather than the improved capital value and the land content is quite small, even though it is expensive. They are paying \$600 or \$700 a year for rates whereas if they were in New York they would be paying \$10,000. Even in Melbourne they would be paying a lot more. But that is probably not a very major cause for what we are seeing. It is this problem: That the more attractive you make a place, the less affordable it will be. We are doing too good a job on Sydney, frankly, and making it a place where people really want to have a stake in, even if they do not use it much, because it is a safe haven.

**The Hon. GREG PEARCE:** Is it be possible to get that information simply by an extra box on the notice of sale on every transaction indicating whether it was from overseas?

**Ms BARONE:** I am not sure but I could find that out.

**Mr MANT:** It would be interesting to know.

**The Hon. GREG PEARCE:** Is your rate base open to the public? Can people look it up themselves?

**Mr MANT:** Of how much people are paying or who they are?

**The Hon. GREG PEARCE:** Overall could you get the whole database and go through it?

**Ms BARONE:** The names?

**The Hon. GREG PEARCE:** Yes.

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**Ms BARONE:** No, I don't think so.

**The Hon. GREG PEARCE:** Why is that?

**Ms JAN BARHAM:** Privacy.

**Ms BARONE:** Yes. Let me see what I can do for you.

**The Hon. GREG PEARCE:** There are commercial organisations that do the ploughing to get all that information who sell it anyway.

**Mr MANT:** It would be interesting to know but I think you have got to be careful about racial profiling.

**Ms JAN BARHAM:** Do you have a breakdown?

**CHAIR:** We have heard Ms Barone talk about diversity of demographics and that every community needs to have a cross-section. In relation to Millers Point, what is your current view of the council? Are there enough shelters and services for the homeless in Sydney if they so choose?

**Mr MANT:** I will go first. You cannot ask a public servant to talk about Millers Point. We are most concerned and upset because this community has a very unique social capital. We recognise the economic argument but I think quite insufficient account has been taken of the wealth of that social capital. We also recognise that the people who make up that society are ageing and over time it will change. I think the Government was brutal, frankly, and unnecessary. We put up several ideas where some houses could be sold but sufficient could be retained and run in such a fashion that they were not the same expense and over time perhaps more could be sold. But it would be a much more gradual thing. I think it is just a very brutal policy and quite unnecessary.

**CHAIR:** Is Sydney city under-resourced in terms of shelters, access, funding and provision for the homeless?

**Ms BARONE:** The first thing to remember about homelessness is that there are thousands and thousands of people that are homeless. The ones that people in the city of Sydney tend to focus on are the people who are referred to as "rough sleepers". We do counts every six months but between 200 and 300 people are the ones we actually see on the street. Often I think people think of that as homelessness but there are a lot of people who are on people's couches. I think if you are sleeping six or eight to a room you are borderline homeless; you just happen to have a bed at the moment. So when we think about homeless services, in the inner city you see a lot more of the rough sleepers and that is really an issue but the overall provision and reform of homeless services is the big issue. I know that is underway, and we have yet to see how that pans out. It is just way too early to see how those policies will be implemented and what works.

But in terms of provision of shelters, we do need more. The Common Ground Project we helped to initiate but it was truly done by the State and Federal governments. It was a great project where all three parties worked together to get that—that kind of really high-level supported accommodation where you have your accommodation but you have to understand you are now dealing at that end with very vulnerable people who need services, they need someone to help them maintain their tenancy, we need a bit more of that.

**CHAIR:** The Committee is very interested in information in regard to homelessness in Sydney city council area specifically the current take on that snapshot of services, funding and availability. We have run out of time but you have 21 days to respond to questions on notice. The Secretariat will forward the information to you.

**The Hon. SOPHIE COTSIS:** If Sydney city council is required to appear before the Committee again will you be available?

**Mr MANT:** Yes, of course.

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**Ms BARONE:** We do also have specialist planners and other people who deal with the nitty gritty of making this happen every day. We are obviously giving a general perspective but they could sit with someone and show how they do the voluntary planning, the barriers, or how the levy works.

**CHAIR:** Yes. The Committee has noted that.

**(The witnesses withdrew)**

**(Short adjournment)**

**EMMA MAIDEN**, Assistant Secretary, Unions NSW, affirmed and examined:

**MARK LENNON**, Secretary, Unions NSW, sworn and examined:

**CHAIR:** Would anyone like to make a brief opening statement?

**Mr LENNON:** Yes thank you. Unions NSW appreciates the opportunity to appear before the Committee. I know the Committee has received some 250 submissions and I know that it was difficult for the Committee to hear from all of them, so we welcome the opportunity to appear before you.

The question of housing in this State, in its various forms, has been gnawing at the social conscience of the State for many years. From our perspective—and I think from everyone's perspective and looking at some of the submissions—there is no easy answer. However, that does not mean that, as a community, as a society, as a government or as a Parliament, that we do not all need to focus on looking at some of the particular solutions that may be available. For the union movement, and for Unions NSW which represents some 600,000 workers across the State, the issue of housing affordability is becoming a critical one.

A real segmentation is beginning in the market, where workers that are needed in order to run the economy—particularly in the central business district of Sydney—are finding it very difficult to find affordable housing, in whatever way, shape or form, within a reasonable distance of their work. When it comes to workplace relations issues, one of the major issues for working people is commuting time. Anything over a 45-minute commute becomes a problem for people. When we survey people about the major issues at work and ask them why they like their job, around 31 per cent of people—the highest response in the last survey we did—said it was because it was close to home and it allowed them the flexibility to deal with those issues as well.

As the Committee has no doubt seen from various submissions already, it is not just a question of affordable housing, it is also a question of affordable housing in appropriate locations. At Unions NSW, we think there is a mix of answers which we have alluded to in our submission. One, which is not in our submission but I have noted from other submissions—and this is not a reflection on the present government; it is a role for governments generally—is that governments, when looking at new public infrastructure such as the Northern Beaches Hospital, may consider building accommodation for key workers when building a complex like that—putting aside the private issue at the present time. That is, accommodation for nurses in particular, wards people and the general hospital staff.

The Government should consider how that could be done to ensure affordable housing in areas such as the Northern Beaches where a lot of the workers who will have to support that hospital will not otherwise be able to afford to live in the region. The Government could ensure that key workers can have access to affordable housing, as part of the overall project. They are some of the ideas that are floating around and we think they are worthwhile considering, in addition to what we have put in our submission.

One of the other things we have not directly mentioned—and it is generally coming from all the submissions—is the question of the housing continuum, raised by the Committee for Sydney. As a society we have tended to just look in the silos. We have public housing, rental housing, people with equity in their housing and people with mortgages, et cetera, whereas it is a question of how people get into the housing market in the first place and then progress to that stage where they have home ownership. Not everyone is going to be able to do that but it is certainly a target or a value we should be seeking to achieve.

Finally, one of the great Australian traditions has been the high level of home ownership and that has been dropping in the last three or four years, from the 70 per cent mark down to about 67 per cent. I think that having high levels of home ownership is great for social equity, social stability and social mobility. I will leave my opening remarks there.

**CHAIR:** Thank you. Just about your submission, item three, where you talk about boosting home ownership rates and housing support. You mention the Western Australian SharedStart, shared home ownership model. Could you elaborate a little on that for me?

**Mr LENNON:** My understanding as to how the model works—and I took the time to do a bit of research on it this morning—is that this is a question about the department itself. You have a situation where, dare I say it in this forum, it is a public-private partnership but the public partnership is clearly the State

Government, through its relevant department. I think it is the Department of Housing in Western Australia which, let's say, has a 40 per cent equity share and the home owner buys a remaining share of about 60 per cent. The equity share covers both the land and the house and there are then various models built on that. As I understand it, there is the opportunity to remain in that position or for the home owner who has the 60 per cent share to, over time, purchase the rest of the premises from the Government of the day.

That can be done by the Government, being the foundation investor, shall we say, or it can also be done through a community housing provider. You may have various models of that that can be done by a not-for-profit community housing provider which would retain an equity share. In Western Australia, as I understand it, there are no rents charged but the equity holder, that is the person living in the premises, is responsible for rates, insurance, all maintenance and all other outgoings that occur normally for a home owner. So that is the sort of model that I understand. I think there are similar models in the United Kingdom.

Again, dare I say it, there was the famous model that Margaret Thatcher brought in in the eighties. I spent some time as a child in England and I remember that everyone had council houses and Margaret Thatcher brought in a similar scheme that, over time, allowed a lot of those owners to purchase a home. But it is a question of basically saying that there are a lot of people who do not have equity to purchase 100 per cent of the home or borrow the money to do so. And yet, we do not want to have a situation where people do not have some ownership of their place and therefore some feeling of inclusion. Allowing the Government to be a foundation investor with an equity share for the person in the home is a good model.

**Ms JAN BARHAM:** I just would like to say, it is an excellent submission because you are raising a very important option that is achievable in that we could follow the example of Western Australia. I am interested in how you have laid out the Parliamentary Budget Office costing of the proposal. Have you got more that you could add to that where you think that New South Wales could go with that option?

**Mr LENNON:** Again, neither I nor Ms Maiden profess to be experts in the bond market but, if you look at what has come from the Australian Housing and Urban Research Institute, the key is the financial intermediary who can organise these sorts of bonds and do they appeal to various types of investors? A lot of these community housing projects cannot borrow, as I understand it, at the market rate. But this would have a financial intermediary which would be a government body.

In the United Kingdom it is called the Housing Finance Corporation—something along those lines that can make sure that these bonds are structured in such a way that they will appeal to particular types of investors. The two examples we have there, for instance, are super funds and retail investors. And, as we say in our submission, the question is, there is a lot of people who are approaching retirement age who would be willing to have a longer term investment with a guaranteed return and you are looking at returns of 5 or 6 per cent, which would be acceptable over the long-term, as part of an overall investment portfolio for a retiree.

That is the basic model but it would be something that you would have to do that is, not unique, but you would have to have a New South Wales body that is responsible for bringing the potential investors and the suppliers together in that regard. It has come out of the Australian Housing and Urban Research Institute's paper. We say that super funds could play a role here but I am a trustee of a super fund, as is Ms Maiden, and super funds investing in infrastructure, everyone says, "let us all do it" but somehow it gets lost in the translation and that is the difficulty.

**Ms JAN BARHAM:** We are hearing that there needs to be a real focus on a dedicated Minister and a clear strategy that allows opportunities like this to be realised.

**Mr LENNON:** Yes, no doubt. Coming back to the theme about the continuum I think it needs to be a public social and affordable housing type Minister who will look at a range of options along that line, from public housing through to home ownership and how people can fit in. But if you are taking up this model with the particular concept of getting super funds and retail investors who want a long-term, safe investment, then from what I see and from what is in other papers, you need to have a financial intermediary, a government body, call it what you like, a sort of finance corporation that will bring it together. It need not necessarily supply the money, but an organisation to bring the investors into it. As is pointed out, there will be a lot of potential providers of this sort of community housing, for instance, who may not be experienced in the world of finance such as not-for-profit organisations which, with all the good will, want to bring this together, but do not know how to actually bring the investors in in a way that is acceptable and safe.

**Ms JAN BARHAM:** Do you have any research or documentation around the costs for workers who have to travel longer and longer distances? Do you have any idea around the broader impact on wellbeing rather than the economic cost, how much it costs them to travel, the safety issues, the additional time spent away from family—I know you have a strong family focus? Can you refer me to any documentation that looks at how this impacts on workers?

**Mr LENNON:** There is, and can I take that question on notice? I am happy to supply that.

**Ms JAN BARHAM:** Yes please.

**Mr LENNON:** Just in passing, I saw a piece the other day. In the United States they say the longer people commute the less they get involved in politics because they have not time to get engaged so as a collective you might be interested in long commutes in that regard. There is a lot of research around so we are happy to take that on notice.

**Ms JAN BARHAM:** It also takes them away from being involved in their communities, volunteering and coaching in the soccer club, et cetera.

**Mr LENNON:** That is right. Again I will have to check the figures for you, but the figure I work off is if the commute is longer than 45 minutes one way, then it is problematic.

**Ms JAN BARHAM:** And if there is any evidence available as to how that might affect people's effectiveness and capacity at work or safety issues, I would be very interested in that also.

**Mr LENNON:** Sure.

**Ms JAN BARHAM:** I am interested also in housing bonds. You made reference to this in your submission and is it something that Unions NSW would be supportive of and is it something that you would take on board yourself?

**Mr LENNON:** For us to be involved in ourselves?

**Ms JAN BARHAM:** Yes?

**Mr LENNON:** No, I do not think we would want to go into this sort of investment ourselves at the present time, thank you. Mr Pearce, I think, knows why. We would certainly be encouraging superannuation funds that we are trustees of to, if the vehicle is appropriate to get involved, absolutely, no doubt at all. It is something that I personally think is a good model to have a look at and investigate.

**Ms JAN BARHAM:** You also mention the Northern Territory Government's housing policy about retirees and pensioners downsizing. You have identified that as an issue. Can you elaborate more on that or can you provide clarity or information on notice?

**Mr LENNON:** Yes, we probably would take that on notice. The fact is that it is just another example of some models that have worked. A lot of retirees do not want to move because of transactional cost issues and this is one where the Government, by way of example, helps to facilitate it.

**Ms JAN BARHAM:** Do you know if that is similar to what the Grattan Institute is proposing as a change from stamp duty to an annual land tax?

**Mr LENNON:** No, I do not think so. In point 5 we have gone to that issue and moved to the question of the land tax issue; that is different. We have modelled our submission on what has happened in the Australian Capital Territory where they are gradually moving to the land tax model over a 20-year period.

**Ms JAN BARHAM:** And the Northern Territory model is a different model again?

**Mr LENNON:** That is our understanding, yes. The other point I make is on bonds: my reading is that it will involve tax concessions on behalf of the Federal Government to make it work. That is part of the package, as I understand it, which in the present environment may or may not happen.

**The Hon. SOPHIE COTSIS:** I have read some of the submissions from the Nurses and Midwives Association and from the Australian Manufacturing Workers Union. Key public sector workers such as nurses, teachers and emergency services workers, thousands of them, work within a 10- to 20-kilometre radius of Sydney and in regional centres. My concern is that it is unaffordable for them to rent or buy an entry-level one-bedroom property for \$500,000 or \$600,000. Could you elaborate on your statement about the northern beaches and pushing the accommodation near some of the hospitals and teaching facilities?

**Mr LENNON:** The concept I understand is for government to identify key public sector workers—and health workers, teachers and emergency workers come readily to mind—and how the Government can play a role in ensuring that those workers get access to affordable housing that is close to their place of work. One of the models that has been suggested is that if you are going to have a major development such as the new hospital on the northern beaches, as part of that project is there an opportunity to also provide on the site, if it is big enough or nearby, affordable housing for the staff or workers you are going to need to staff that particular project.

We know for instance that Canada Bay Council has had a model where it has allowed developers to build high-rise, and one or two floors of that high rise has had to be made available for what they have called affordable housing, as I understand it, and for instance nurses who work at Concord Hospital have been able to access that subsidised affordable housing in that area. There are various models of how it might be done but it is a key role for the Government of the day and in this regard the State Government to say, "As a Government I need my workers to be close to their place of employment to make sure it works efficiently and effectively" for the reasons outlined by Ms Barham so that they are fit and well when they come to work and are not stressed. Therefore we should do our best to make sure through our own market forces or our own buying power and leverage we make sure we provide them with housing close to work.

**The Hon. SOPHIE COTSIS:** Are there any clauses in any of the agreements that provide accommodation in remote or regional areas for key public sector workers?

**Mr LENNON:** Yes, over the years with various remote locations there has always been provision of accommodation places in greater western New South Wales et cetera but this is a slightly different model. This is saying that if you think about the workers you need in Walgett compared with what you need on the northern beaches you are looking at an entirely different model, size and provision of accommodation. It is going to be significant.

**Ms MAIDEN:** Especially when you consider the lack of public transport in that part of Sydney and the 24-hour shift cycles for those kinds of workers, it is all the more important that they live close by so that they are not getting in their cars and driving huge distances, choking up the roads and getting fatigued. It just makes sense really. There would be other private sector developments too that you could think about co-locating affordable housing for workers.

**The Hon. SOPHIE COTSIS:** One suggestion that has not been pursued is that we are going to have 50,000 to 100,000 additional hospitality, information technology and service employees working around Barangaroo. Are there possible opportunities in terms affordable low-cost accommodation around that part of the city?

**Mr LENNON:** Do I know of opportunities?

**The Hon. SOPHIE COTSIS:** Yes?

**Mr LENNON:** Not really. It is a question that with any approvals for such a large area like Barangaroo, all those things have to be factored in—the needs of those sites or the likely outcomes for employment of those sites and therefore where the workers are going to come from and where they are going to live. Some of the submissions are all around making sure when one is approving housing developments close to the Sydney central business district that there is a mix, it is not just, "You can build X number of apartments". You must be able to build a certain number of affordable housing and social housing and the rest just goes on to the market.

**The Hon. SOPHIE COTSIS:** You had a survey that referred to 45 minute travel time. Have you released the results of that survey?

**Mr LENNON:** No, but we can. When I said a survey, I think that was some research I have seen. I am happy to dig it out and provide it.

**The Hon. SOPHIE COTSIS:** Last year we held a housing summit and a superannuation representative spoke to us about returns for investors. There is a conservative view about using superannuation funds for affordable housing. You spoke about having a government agency or unit put that together. Can you elaborate further on that good point?

**Mr LENNON:** Sure. For superannuation and trustees, our first obligation of course is to the members and that is what is known as the sole benefit test. We have to make sure the investments are achieving a suitable return in the members' interests. Having said that, you always have to have a mix of assets to achieve that return—some in equities, some in bonds, some in cash, et cetera. The third thing is that technically we have to make sure you have sufficient liquidity in the fund so that when people want their money or are retiring we can pay them. All those factors come into it. You can develop a model such as has been put up by the Housing and Urban Research Institute that looks at fixed interest long-term triple-A rated bond, which means that it would have to be guaranteed for 10 years. It would be appealing to superannuation funds with a return of around 5 or 6 per cent because it would fit into an overall portfolio where you have equity of terms or somewhat higher and you have these 5 to 6 per cent returns around the housing bond.

To do all this, though, the model elsewhere in other States and in the United Kingdom is that you have a government body. In the United Kingdom it is called the Housing Finance Corporation whose responsibility is to develop those sorts of products and then go out and talk to superannuation funds and other investors about the products, how safe they are, how they work and why they should invest. On the other side they are also then talking to the providers of social housing, which may be a community group, about how they can access this product, that it is safe and it does work; those sorts of things. The biggest danger of course is everyone is confident that the product is secure, that the housing provider is going to be able to provide the facilities and that the money is secure as well and that is why you would have the triple-A rated bond or government guaranteed as well, depending upon who the government guarantee comes from—if it comes federally, it will be a bit cheaper than if it comes from the State.

**CHAIR:** In terms of the key worker, it was always done; police had their place at the back of a police station and nurses had their nursing quarters near the hospital. It is not unusual. The chaplain had his at the back of the church. It is a model that has worked in the past very effectively.

**Mr LENNON:** For instance, nursing was based on the model of predominantly women in those days leaving school and going to hospital to study nursing and accommodation was provided in that regard, yes.

**CHAIR:** That is right. I remember those days very fondly because I think it was \$13 a week for accommodation and I was very thankful, coming from regional Australia, to have accommodation, which was basically a bedsit with a community kitchen, bathroom and fridge. The community fridge worked really well: people put stuff in it and we helped ourselves. That came from the Hawkesbury sort of approach: you buy, we eat. You are right, the parents would drop their kids off, they would do the study, the hospital course in nursing and would not need a car. Now virtually every person has a car, which brings me to the next point.

One of the issues of building is the section 94 levy, where car parking has to be provided by law. A big burden of building key worker accommodation would be the need to provide car parking under section 96. The building will be very expensive through compliance with the section 94 requirements?

**Mr LENNON:** It is something we have not turned our mind to but I take the point. Wouldn't knowing at this stage the number of members who actually use cars be useful should abandon the section 94?

**CHAIR:** It seems to be a big hurdle.

**Mr LENNON:** I accept the point. I think, as Ms Barham said, the issue around public transport will be out of the question. For the Northern Beaches hospital that is going to be a big problem. You have to look at where you situate this particular accommodation. It may not, for instance, necessarily be on site itself. One that strikes me by way of example is the redevelopment that is taking place at the old flour mills at Summer Hill. That is close to the railway station. It seems to me to be a great spot for accommodation for key workers who



could then work at Prince Alfred or around the central business district. They may still have to drive but they would have more access to public transport to get to their workplace.

**CHAIR:** In Shoalhaven we were trying to increase the ability for density in the central business district but one of the issues was the other businesses were really annoyed that council would even think about waiving section 94 car parking. To think that you could build a unit and the person going into the unit would not have a right of way for a car, they would virtually have to sign that away, and that would get rid of the section 94 requirement in terms of car parking. With innovation like that pedestrianisation could take place

**The Hon. RICK COLLESS:** In your submission, Mr Lennon, you note that house prices in Sydney have increased by 15 per cent in the last year. I recently read a document from one of the real estate companies claiming that Sydney house prices, as opposed to unit prices, free standing house prices, had an average annual increase of 15 per cent between the years 1900 and the year 2000. In other words, the 100-year average was 15 per cent. Have you seen those figures and if you have surely 15 per cent in the last year is not unusual?

**Mr LENNON:** I have not seen the figures. I just say this, it seems to me all the evidence seems to show there is no doubt that Sydney house prices have increased significantly over the last 15 years but the last few years I think it is to do with the low interest rates, they seem to have increased at something above the long-term average. I am speaking anecdotally, Mr Colless. The other problem which we cannot address here and we are all chewing the fat over is investors getting into the market, the question of negative gearing, whether that encourages investors to get into the market and whether they are pushing younger people out and making housing less affordable for them. If we are talking about housing affordability in Sydney in particular I think it needs to be considered.

**The Hon. RICK COLLESS:** You may have heard the discussion with the previous witnesses talking about overseas investors and whether or not they were having a substantial impact on the house prices and who is actually living in those units once they have purchased them. Have you got any comment?

**Mr LENNON:** As you know I live in the socialist republic of Northbridge. Seriously, it is quite an issue there. I had a Saturday morning soccer sideline conversation about that issue. This family's neighbours are a Chinese family and the house remains unoccupied and has been for 12 months, and the gardens are overgrown. It is an issue in inner Sydney but in terms of the overall housing affordability issue I do not know that Chinese investors are the significant problem.

**Ms JAN BARHAM:** Can I ask about regional workers, if you have any information about the impact of loss of jobs in the regions bringing people to metropolitan areas and to the city and the hardship that they face in finding a job or accommodation and relocating families. The process of regional impacts, is it something you are aware of?

**Mr LENNON:** No doubt. What we are seeing for workers generally in New South Wales is that they are moving to the bigger towns and cities such as Dubbo, Wagga, Armidale and Tamworth. I am not sure whether the affordability there is such an issue but for those workers who have to move to Sydney clearly it is a significant problem. I think also the challenge for us in all this is this concept of Sydney is the City of Sydney and Parramatta, Penrith and Liverpool are becoming regional centres and major business districts in themselves.

That is happening in the case of Parramatta. Look at the proposed housing approvals that have been made there and the proposed apartment buildings that are going to be built there. It is one of the reasons why Unions NSW is so strongly supportive of Badgeries Creek. That would allow those three areas to grow and develop. If you have those cities of cities you have the ability for people to live closer to employment around those areas. That will make it a lot easier.

**Ms JAN BARHAM:** You think the new airport will create more jobs in that area and might reduce some of that travelling time in terms of employment enhancement and creation?

**Mr LENNON:** Absolutely. We have to look at Sydney, in my view, as two cities. There are two cities of two million people. There are two million people east of Parramatta and two million people west of Parramatta. One of the reasons I argue for Badgeries Creek is you cannot have a city of two million people, which is Western Sydney, without an airport. Look around the world, any city of two million people has to have its own airport. I can say this in this room, if Adelaide has its own airport with 1.23 million why can't Western Sydney? It is a genuine point. Putting aside all the figures flying around about how many jobs Badgeries Creek

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will create, once an airport is there and once the infrastructure that has been announced to support it the jobs will come.

**CHAIR:** In your submission you talk about tax reforms and stamp duty, do you wish to make a comment on the record?

**Mr LENNON:** Yes, I do. We have dealt with the vexed question of stamp duty and how State governments deal with their revenue sources generally. I think the decision in 1943 to hand taxing powers to the Commonwealth was a disaster, but we won't go there. I am a States righter from way back. The issue about stamp duty and it being a transactional tax and inefficient tax is well known. That is why we support the notion that has happened in the Australian Capital Territory that you have to move to another sort of revenue and a land tax seems to be the one most in favour. The only problem I have with the land tax model, of course, is the equity issue about those who may have the property but do not have the cash flow to pay the tax and how we deal with that and make sure that is fair and just.

**The Hon. RICK COLLESS:** You are talking about land tax on the family home?

**Mr LENNON:** A tax on the family property like they are bringing in in the Australian Capital Territory.

**Ms JAN BARHAM:** An annual tax rather than stamp duty transfer?

**Mr LENNON:** It is my understanding, Mr Colless, in the Australian Capital Territory they have increased rates as a way of implementing the land tax. It is bringing it in slowly. I saw a piece in the *Canberra Times*, I think 1 July they started to implement it and there are already concerns about it. There is an equity issue with land tax.

**The Hon. RICK COLLESS:** In the case of many people that live in all sorts of different suburbs in Sydney that have owned their home since the 1940s, 50s or 60s, the value of their home has tripled, quadrupled, probably more, in that time. These people could be low income earners, pensioners or old age people that would be burdened with this extra tax simply because their home has gone from being worth £30,000 when they bought it to a \$1 million now.

**Mr LENNON:** That is the point we make in our submission. Do not get me wrong, I have concerns about it for that very reason, that people are asset rich but income poor and there is an equity issue there.

**The Hon. SOPHIE COTSIS:** Yes, you raised that.

**Mr LENNON:** We made the point at the top of the last page of our submission, "Mechanisms should be put in place which will allow asset rich but cash poor residents to defer their liabilities." There are still some inequities about that but we do not avoid the fact that it is an issue. There are some concerns. If you look at all the discussions about stamp duty it seems to be an impediment to mobility in the housing market and something has to be done.

**CHAIR:** Thank you for your input today. It will be helpful. If you have taken questions on notice you have 21 days to reply to that. The secretariat is happy to help you if you need some assistance and the members may put some other questions to you after the session. Thank you for your input.

**Mr LENNON:** Thank you.

**(The witnesses withdrew)**

**MICHAEL BUCKLEY**, Senior Planning Adviser, Housing Industry Association, and

**GEORDAN MURRAY**, Economist, Housing Industry Association, affirmed and examined:

**KRISTIN BROOKFIELD**, Senior Executive Director, Building, Development and Environment, Housing Industry Association, sworn and examined:

**CHAIR:** Thank you for coming this morning. Would anyone like to make a brief opening statement?

**Ms BROOKFIELD:** Yes. Thank you for inviting the Housing Industry Association [HIA] to speak to you this morning. We have had our introductions. As you can see we have brought along one of our economists, Mr Murray, from the national office. Mr Murray will add to my opening speech, if we can take that liberty, when I am finished. Michael Buckley and I are planning specialists and we have over 20 years of experience in the New South Wales planning system. I have managed to find out a bit more about the country in my role nationally.

As stated in our written submission there are several terms of reference in this inquiry that we consider do fall outside HIA's scope. However, there are a number of matters where we believe HIA can add value to the Committees' consideration. Our written submission focuses on matters related to housing demand and supply in New South Wales along with addressing what we believe are some of the current impediments to timely and affordable housing supplies, including the policy settings and planning laws that have an impact on this. There are two key concepts that I would like to reiterate from our submission. First, it is essential the terms "affordable housing" and "housing affordability" are not used interchangeably. They need to be recognised as discrete terms.

The term "affordable housing" is often used as a generic reference. However, for the purposes of this inquiry we have presumed that affordable housing is a specific type of product and the term is being used to refer to homes that are available to households with low or moderate incomes, whether through the private market or subsidised housing options—whilst, as stated in our submission, the term "housing affordability" is a reflection of a person's capacity to pay for their accommodation, whether that be to rent or to buy.

The second critical point we would like the Committee to consider is the role of social, public and affordable housing as an integral part of a much larger housing continuum. It is interesting that your previous witnesses used that phrase, so obviously we are not alone in speaking on this. In considering demand for the options for social, public and affordable housing under the terms of reference, the Committee needs to have regard of the fact that any long-term failure of new housing supply to keep pace with the growth in housing demand in New South Wales manifests itself in a considerable constraint on housing choices available to everyone.

Households experience lower levels of housing affordability when their housing choices are restricted. Restriction to the point of exclusion is evident in the case of Australia's homeless, while a severe restriction is evident in the under-provision of low-income public and social housing. Restrictions also exist in the private market, especially for low- and lower-middle income renters, and for low- and middle-income owner occupiers. This dynamic has the effect of placing pressure back down through Australia's housing continuum, from owner-occupiers onto the private rental market, into the public- and social-housing sphere, and ultimately to those without any shelter.

In order to address housing affordability issues in Australia, the housing choices available to all households must be improved. The supply of new housing needs to be more responsive to household dynamics and changes in housing demand. Improving New South Wales's housing supply requires: comprehensive reform to reduce the disproportionate tax burden on new housing; addressing inefficiencies within the tax system more broadly; speeding up the release of land for residential development in existing and greenfield suburbs; and improving zoning, planning and approvals processes more generally.

Without these reforms the challenge of overcoming New South Wales's housing shortage and the subsequent avoidable pressure on home prices, private rental prices and demand for social, public and affordable housing will only intensify. Access to shelter is a basic human need and is critical to allow all Australians to participate in society to their full economic and social potential. Access to adequate shelter should be a national

priority and, for those households struggling to secure appropriate shelter for their families and themselves, it is a necessity that is becoming increasingly elusive.

While public and social housing programs provide a social safety net for households most in need, they should never be considered a mainstream mechanism to satisfy Australia's housing shortfall and the corresponding housing affordability dilemma. Responsible management of expenditure on social and public housing and program delivery will enhance access to shelter for those in most need. However, as demand for housing support programs increases so too does demand for further Government expenditure. Housing will continue to compete with escalating demands from other key portfolios such as health, aged care and education.

The systemic undersupply of additional housing relative to population growth in New South Wales has seen a considerable reduction in the housing choices available to households over more than a decade in New South Wales. Households experience this reduction in housing choice as deteriorating affordability. An inadequate supply of housing at any point along the housing continuum inevitably leads to a cascading of households into alternative housing options, with typically fewer choices. The cascading effect places greater pressure on stock within that cohort and pushes those already under stress further from their optimal housing choice, unless additional housing stock is delivered as needed.

It is important for governments to continue supporting programs which assist to meet the housing needs of those who have the most difficulty accessing housing. Fiscally responsible government strategic plans should aim to minimise the high cost of providing public housing and subsidising private rental accommodation. However, this must be done by minimising community demand for public support, not by reducing service level itself. The private market cannot solve the housing crisis on its own.

Encouraging, facilitating and supporting housing supply in the owner-occupier and private rental sectors will improve the housing options available to households, reduce price pressures in the housing market and create an environment that will reduce pressure to expand government expenditure on social and public housing. I invite Geordan to provide you with a brief update on some of the key data referred to in our submission that has changed since our submission was prepared.

**Mr MURRAY:** Since we prepared the submission, there have been a number of developments and I will update the Committee briefly. It will not have escaped the attention of the Committee that home prices in New South Wales have grown strongly over the last year or more. The majority of the growth has been driven by Sydney. While there are signs that price growth may be moderating, home prices in Sydney have grown by 5 per cent in the first four months of 2014. If this rate of growth were to be replicated throughout the remainder of the year, that would clearly be a cause for concern. Rising prices have an impact on home purchase affordability and housing costs throughout the economy.

Our submission noted that the Housing Industry Association-Commonwealth Bank Housing Affordability Index showed an improvement in affordability in the September quarter 2013. In this quarter the impact of rising incomes and low interest rates offset the impacts of modest price rises. In the latest update to the index, covering the December quarter, this result was reversed, with the index dropping 4.4 per cent owing to a particularly strong outcome for price growth during that quarter.

While we are certainly not the cheer squad for rising home prices, the increased turnover and rising prices in the established home market are relatively reliable indicators of improved conditions for new home building. This is exactly what we have been seeing. Dwelling approvals rose consistently throughout 2013 and have remained at elevated levels in the first quarter of 2014, where approvals occurred at an annualised rate of around 55,000 dwelling—the highest level New South Wales has achieved in about 15 years. The majority of the activity has been in the multi-unit sector, where activity in the March quarter was 15 per cent higher than the December quarter and 57 per cent higher than the March quarter of 2013. Detached dwelling approvals also rose by a very strong but comparatively less remarkable 7 per cent in the quarter to a level that is 26 per cent higher than a year ago.

**CHAIR:** Mr Murray, please table the update to your submission, because members want to ask questions and we do not want to miss the opportunity to ask the experts.

**Document tabled.**

**CHAIR:** I noticed the Housing Industry Association witnesses were in the room earlier when we talked about section 94 contributions. Do you have a view on these contributions and the part they play in either helping or hindering the delivery of social, public and affordable housing?

**Ms BROOKFIELD:** If I go to the specific scenario, I suspect the bigger issue in car-parking arrangements and multi-dwelling developments really goes to the standards that councils and/or the State Government apply to those types of buildings. Section 94 contributions for car parking generally relate to commercial buildings and are not normally applied to residential buildings, because residential buildings have to supply parking required under the code. As an association we would support more flexibility in parking standards to suit the type of building, the location of the building to public transport and so on. There is definitely a psyche that one house needs one parking space, and we need to move away from that.

**CHAIR:** For a high-rise building somewhere like Sydney with maybe 120 units, what is the legal expectation for parking? Do all the units have to have an allocated car park?

**Mr BUCKLEY:** You will find that most of the unit developments will only have a percentage of units provided with car-parking, and more than likely the two- or three-bedroom units. Any studio or one-bedroom unit will forgo any parking space. The reason is that these developments are close to transport and facilities. The expectation that everyone needs a car is an expectation that needs to be changed and this needs to be put into the public realm. However, having worked with councils in the eastern suburbs, there is still a demand that a car space is provided, because everyone seems to have a car. You need to go shopping for a family. If you have four kids, doing shopping every afternoon on your way home from work does not happen. You need to have a car to visit friends and family out west, where public transport is not available. There is a move from councils to restrict parking in certain areas to zero.

**CHAIR:** Surely there is a zone within the central business district where there could be an initiative to have that requirement dropped, especially as we move to liveable and walkable cities. It is a no-brainer.

**Mr BUCKLEY:** Absolutely, and that is an expectation. A lot of people in the Sydney metropolitan area and living in the middle of the city do not have a car. The further they move from the city, people start to think they need a car because they are on the outside of the transport system. There are weekends and people do not always work at weekends, so that is when they use their vehicles most.

**The Hon. SOPHIE COTSIS:** It is going to require a huge cultural campaign. People would find it hard to give up their cars, especially those with families. From your submission I see you are not in favour of mandating targets for affordable housing. Can you elaborate?

**Ms BROOKFIELD:** The starting issue is that any form of quota essentially is a cost impost on everybody else to supply that housing. Our position is that if housing needs to be subsidised for the public benefit, which it does—there is a part of the community who will always need support from Government to access housing—then that is a whole-of-community responsibility. What you see with quotas and levies applied through a small number of planning schemes in Sydney is that you pick one group of people who purchase new houses in a given year to take a disproportionate share of that cost above those in the community who do not buy a house in that year. That is the fundamental basis of our concern around levies and quotas.

**The Hon. SOPHIE COTSIS:** If you are a tier-one developer there are vast opportunities although land is limited in Sydney's central business districts and within a 20-kilometre radius of the city. Whether it is land owned by a council or the developer has banked land before rezoning applied, that developer will benefit as will the community. Many key workers on \$70,000 or \$80,000 a year cannot afford to rent a one-bedroom unit or an entry-level home close to their places of work. My concern is that everybody has a role to play—State Government, local government and the builder, because everyone will benefit—but who is to blame? We have to do something about this.

**Ms BROOKFIELD:** We do and the dilemma we have is how to share that equally. Part of the reason the person on \$70,000 or \$80,000 a year cannot access the market is that the starting price has gone up due to the cost of levies, the quota, the section 94 or whatever being passed on. We have done a significant piece of work on the taxation of housing—direct tax, indirect tax and the stuff in the middle. We can supply that to the Committee if it has not come across your desks. The reality is no version of a levy should be considered as not being a subsidy. The developer does receive the benefit, but the cost of the houses will all have gone up that little bit more to cover the ones supplied to the market at a lower price.

The ongoing management of homes provided in that way is very difficult. Who has access to rent those homes? They are not controlled. But, as I say, the reality is that no version of levy should be considered to then not be a subsidy. Yes, the developer does receive the benefit, but the cost of the houses they will be putting into the market have all gone up that little bit more to cover the ones that are supplied to the market at a lower price. The other thing I add to that scenario is that the ongoing management of homes that are provided in that type of way is very difficult. Who has access to rent those homes? They are not controlled, unlike a scheme like NRAS, which is the National Rental Affordability Scheme, which has criteria around who is eligible to access those homes.

What are the provisions when local councils are setting up these schemes around who can access the homes? Who manages the ongoing rental of the homes and/or who manages the ongoing sale of the homes to ensure that future residents still fit the original intention of the house and that they do not become a rort and be accessed by someone in five or six years' time who is completely able to pay but is accessing a home perhaps at the \$200,000 mark? Also, the management of these schemes needs to be really well thought out to make them function the best way possible.

**The Hon. SOPHIE COTSIS:** You talked about delays and uncertainty in the planning system. You talk about a lack of experienced planning staff, high turnover rates in councils and lengthy referral processes. Have you spoken to Local Government NSW or the Government in how you can streamline these processes?

**Ms BROOKFIELD:** I think it is fair to say that we are quite constantly doing that, but I refer to Michael, who is involved in the current New South Wales processes.

**Mr BUCKLEY:** It is interesting because I do not think Local Government needs to be told that there is a problem from the very outset of a project being developed and within the system. It goes a long way—probably outside the terms of this inquiry—but there are inexperienced people. Management probably is the biggest thing. There is no management. Having been a manager of an Eastern Suburbs council and outer-ring council and having crossed over to the dark side as consultant, it is obvious that that has not followed through. It is a fact that councils have the ability to help in the market place in providing the shortfall in housing but quick turnaround times from the day it comes about. Sure there are ambit claims from when we are talking about applications, but the majority of them have to wait endless days to get something back, even just to say they are on the right track. Ultimately, at the end of the day, you are dealing with the approval system, the debate and the ultimate 100 or so council conditions that are attached to that development. It plays all minor parts that add up to a big problem.

**The Hon. SOPHIE COTSIS:** And then it adds to the cost.

**Mr BUCKLEY:** It certainly does: the onsite keeping and maintaining your planning interest on the land that you are trying to develop. At the end of the day even in trying to make these affordable you actually are adding to the cost. You have to make up that shortfall that you have whittled away because of time.

**The Hon. SOPHIE COTSIS:** Obviously, when councils develop their LEPs and the State has its various instruments, that provides your industry with certainty of expectation, whether the component is affordable housing to keep workers. Are you saying that you need long-term certainty?

**Mr BUCKLEY:** Certainty is the biggest word, yes. You need the certainty before you walk in and where there is need for additional information, what have you, through the process, most definitely. Prior to certain requirements—I think it was SEPP 60—some councils, such as Marrickville, Waverley, North Sydney, had their own affordable housing scheme. In some respects, if a developer came in and said, "All right, I have a residential flat building that's slightly exceeded the maximum floor space", rather than to be considered on its merits they were given a choice if they want to keep that floor space and they would then refer one of those two units, for instance, to affordable housing. That would be considered as part of the process.

It was very unbalanced. The community did not like it because instead of a three-storey residential flat building you were getting a four-storey residential flat building. That is where those policies were refined. Most definitely the LEPs that councils have these days, yes, they are clear because they are a standard instrument throughout New South Wales. They may change what is permissible and what is not and are more refined in their development controls. Most definitely the documents are there. It is how they are implemented; that is where councils play a big role.

**Ms JAN BARHAM:** I take you to some points you raised in your submission. You refer to the cost of council rates and charges. You have not made reference to vacant land rate. Can you clarify?

**Ms BROOKFIELD:** This is in the section on taxation?

**Ms JAN BARHAM:** It is page 14.

**Ms BROOKFIELD:** Yes, the section on taxation. A vacant land rate would still be a council rate.

**Ms JAN BARHAM:** Yes. The way you have framed that I wonder whether there is an issue around paying this rate that is unfair. You are saying it is a cost?

**Ms BROOKFIELD:** Yes.

**Ms JAN BARHAM:** But you have not mentioned—

**Ms BROOKFIELD:** This issue as it is put on this particular point is around the holding cost.

**Ms JAN BARHAM:** Right.

**Ms BROOKFIELD:** Council rates are one of the many holding costs that factor into the delay through the planning process.

**Ms JAN BARHAM:** But that affects your individual home owner as well?

**Ms BROOKFIELD:** It can.

**Ms JAN BARHAM:** Anyone who is doing it?

**Ms BROOKFIELD:** Yes.

**Ms JAN BARHAM:** Regarding developer contributions, am I right that you are not supporting social soft infrastructure as a cost that should be attributed?

**Ms BROOKFIELD:** As a standalone, up-front section 94 contribution?

**Ms JAN BARHAM:** Yes?

**Ms BROOKFIELD:** You are correct.

**Ms JAN BARHAM:** When and how is there a contribution back from development for councils to deliver on those?

**Ms BROOKFIELD:** The contribution comes from the home owners, the ratepayers, and it comes through the general rates. So it is broadening that base, which is what I mentioned earlier, that certain infrastructure, certain public goods, should be supported and provided for by the whole community. Council rates are intended to provide ongoing library books in council libraries. It is not sensible to include library books, which have at times been included in section 94 contributions, into the contributions that are paid up-front by someone purchasing a first home and land. Similarly, public art has been included in section 94 contributions. That is a broader social good that should be done through the council rates system.

**Ms JAN BARHAM:** Certainly, what you are making me aware of is that there needs to be a broader conversation about the role of councils, the role of the developer and how all these things come together and the impact of development on social and hard infrastructure, and who pays. One thing that has always interested me, having spent 13 years in local government, is the general rate of return developers expect on their investment. Can you clarify?

**The Hon. SOPHIE COTSIS:** The maximum.

**Ms BROOKFIELD:** We would probably take that on notice.

**The Hon. SOPHIE COTSIS:** As much as they can get.

**Ms JAN BARHAM:** Exactly. I would like to hear what your industry thinks is a reasonable return. We heard other examples talking about 5 per cent returns for a super fund, but some figures I have heard over the years have been outrageous.

**Ms BROOKFIELD:** Sure.

**Ms JAN BARHAM:** The little bits that might be added on for developer contributions or some sort of community or social benefit are nothing compared to the scale of return that developers expect.

**Ms BROOKFIELD:** Yes.

**The Hon. GREG PEARCE:** That is if they do not go broke.

**Ms JAN BARHAM:** I am not clear on that. I am very interested why your industry is so much more adverse to the risk or pressured by the risk than other industries? I do not understand why the expectation for the return because of the risk is so high? If you have information, I would love to hear it because I have long been concerned about this elevated importance of your industry needing to have such high return and lower risk.

**The Hon. GREG PEARCE:** Just give the stats on how many go broke.

**Ms JAN BARHAM:** That might be something other than some of the things attributed here: the social infrastructure in your reference on page 15 to the complex array of levies growing and adversely affecting housing affordability. Is there something you would like to add or clarify where the levies are unreasonable? Do you have further documentation of a breakdown and what a standard—

**Ms BROOKFIELD:** Absolutely. The research I just mentioned earlier around the taxation burden on housing would probably be the appropriate document to provide to the Committee.

**Ms JAN BARHAM:** Does that look at all levels of government?

**Ms BROOKFIELD:** It does look at all levels of government, but it does split them out. So you can clearly see what is going on there.

**Ms JAN BARHAM:** That would be valuable.

**Ms BROOKFIELD:** Yes.

**Ms JAN BARHAM:** With planning delays, it was interesting to hear from Mr Buckley that he went to the dark side.

**The Hon. GREG PEARCE:** He used to be a Green.

**Ms JAN BARHAM:** No, I do not think he referred to going that far. Often what happens is that the development industry will find people in local government to bring on their side. Are you aware of the great concern within communities and local government about the quality of applications presented and the amount of detailed work required to meet the standards the community expects? If this hastening of approval ends in a lessening of building quality and quality consideration of impacts, the community is the one disadvantaged. Have you a code of conduct about developers ensuring that they meet the appropriate standards? How does that work?

**Mr BUCKLEY:** Where do I start? First of all I tend to feel that most developers are more rigorous in their designs these days because there are more layers and involvement. You have your State policy for a residential building—SEPP 65; you need an architect to go through the design process. If you have seen the book, it is about this thick. That is specifically designed for anything over three storeys.

**Ms JAN BARHAM:** My query is about the quality of the application.



**Mr BUCKLEY:** I think so, yes. I do.

**Ms JAN BARHAM:** Not the weight or the height, which is where—

**Mr BUCKLEY:** Most definitely. A classic example is the building orientation and the amount of solar access these buildings have to provide. In other words, each unit has to provide some form of access to sunlight. A lot of thought goes into a design process. Speaking for HIA but also speaking from this side of the counter, a lot of the staff there recognise that there are some variations that need to be given to a design, and they often do not oblige to give that information or just purely say, "No, sorry, that's what the code says."

**Ms JAN BARHAM:** But you are allowed to do that with a SEPP 1 application, you can ask for a variation as long as you can provide the evidence that you have met all the standards, and what you were talking about—being solar passive or whatever. That is CAD software.

**Mr BUCKLEY:** True, that is the point I am making. It is easier these days to provide a good designed building as a result of CAD systems and thought. All of the controls are now placed before, whether you remember, council has to assess all those applications as well as a consultant that has to address all those applications and make a submission. Councils do not use SEPP 1, as you know, sparingly. Well, it is not SEPP 1 and for most councils it is an exemption for a standard, clause 4.6. Certainly, I feel that most buildings these days are a better design and I think the community expects that. The community still thinks designs are not good enough. I am at a bit of a loss with that because you can walk down a street and compare a new and old building. It is quite obvious visually which building performs the best from an energy-rating point of view and what have you.

**Ms JAN BARHAM:** We heard about design earlier this morning, so there is really a need for some collaborative discussion and education in the community about everyone's different perspective? Would that help? We seem to be at an impasse.

**Mr BUCKLEY:** I do not think the community—whether they have the time or the ability, they do not go beyond the process of what they see on a plan as being notified. This is what has been built, or is going to be built, but they don't get to see what information is provided to get to that point, and there is a hell of a lot of information.

**Ms BROOKFIELD:** Can I just add? I think the issue really then comes back to the fact that there are a lot of codes, there are very clear standards in some cases, and the reason we mentioned delays is that from the day the application is lodged in accordance with those codes, or varying to the codes, to the day the application is approved—and 95 per cent of applications do get approved—if you look at the finished design the changes will either be nil or marginal. So what value has been added in the middle of the process, if that process has taken 12 months, if we come out with the same building at the other end? That is the question that we ask.

**Ms JAN BARHAM:** The answer is probably the comfort and accountability that you have because in the past there has been a lack of trust.

**Ms BROOKFIELD:** Yes.

**The Hon. GREG PEARCE:** In relation to the affordability schemes that we have been looking at, I think you have covered most of that in terms of targets and levies—and I happen to agree with your views on it—but is there anything else you want to add to that?

**Ms BROOKFIELD:** You were discussing with the previous speakers around some of schemes: Keystart in Western Australia and the Australian Capital Territory scenario. Geordan has a small amount of information that we might be able to share now and we could also come back to you on notice about those.

**Mr MURRAY:** Keystart, on my understanding, provides first home buyers with low deposit access to finance that in other States would typically require lenders mortgage insurance [LMI]. Lenders mortgage insurance adds a significant cost upfront to a first home buyer and by removing that cost it improves affordability. The ACT has the Land Rent Scheme, which has undergone a number of iterations and improvements over time and it has been beneficial for the residential building industry and also in terms of improving affordability.

**Ms BROOKFIELD:** That scheme, as it is termed, is land rent so you do not purchase the land—you only pay upfront for the house you place on the land. So you are going into a partnership with the Government and, as I was mentioning earlier, there are clear controls around who can access that land rent. So they have the income ranges and so on around that scheme.

**The Hon. GREG PEARCE:** You answered some questions on section 94—and I hope you meant to say it—but you basically said that there is a good argument that social housing could be considered as social infrastructure, which could be funded through normal rate base. That is a proposition that I think a government should be looking at. That is correct, is it not?

**Ms BROOKFIELD:** It is. I would not isolate that to rates though, the general taxation base, at a State and Federal level.

**The Hon. GREG PEARCE:** Of course the general taxation base, but I am specifically looking at the question of whether rates could be—

**Ms BROOKFIELD:** Potentially, local government will contend there are a lot of services they need to provide on a very small rate so I am not sure that that could stretch.

**The Hon. GREG PEARCE:** I do not have to win an argument at the moment; I just want to make it.

**The Hon. SOPHIE COTSIS:** Then they will be calling for lifting rate pegging, which they are, and I am against that.

**The Hon. GREG PEARCE:** You focussed on the time delays and so on in the planning system. What other things could the State Government do to open up the possibility for different types of housing? What other standards and requirements are there that could be reconsidered?

**Ms BROOKFIELD:** I think the starting point here is the exempt and complying State policy for housing, if you can call it that. That has created an amazing contrast between then and now in terms of housing supply. The inclusion of granny flats in the other State policy and being able to provide granny flats as a housing option without the financial voodoo—that is, being able to sell that property—has created excellent movement in that part of the market. I think the missing link now is dual occupancy. I think we need to start looking seriously at the fact that if we want to use our existing land resources and infrastructure resources, which is our existing footprint because we don't want to keep going further, we have to recognise that we have to facilitate those constructions and dual occupancy is the beginning of that, as are townhouses and villas.

So to include dual occupancies as a complying development option I think needs to be the next cab off the rank, then moving on to townhouses and villas and, potentially, apartment buildings. But the reality is that it should be palatable now to start putting dual occupancies into that equation, to be looking at clear codes, streamline process and not limiting neighbour input but making sure neighbours recognise that in their street there might be two houses on a block of land that yesterday had one. That is an appropriate housing supply response in a city as big as Sydney with the population that Sydney has.

**The Hon. RICK COLLESS:** Are you talking about removing the existing dwelling and building a purpose-built dual occupancy or the granny flat-type option?

**Ms BROOKFIELD:** It could be a number of scenarios. It is not the granny flat option that is 70 square metres—that is the small, non-sellable thing. This is something that can have its own title, whether that is building in the backyard and keeping the existing, whether it is bulldozing—

**The Hon. RICK COLLESS:** A battle-axe or whatever.

**Ms BROOKFIELD:** All of those scenarios.

**Ms JAN BARHAM:** Do you have a minimum lot preference for that?

**Mr BUCKLEY:** Let me just say this, dual occupancies are, and have been for a while, a bit of a stigma in an area. Certainly the biggest problem you have is a dual occupancy in the rear yard, where originally it went

through a lot of controls with the single-story frequencies and what have you, it still poses the risk to people in the community that there is another house in the yard. But what seems to be working well, as some have experienced within and outside of council, are the dwellings of the townhouse-type side by side on a block of land where you have an appropriate frontage. The comments I have had from either side is that: "I have two houses next door" when in fact you do not; you still have one house but in a subdivision pattern in a way that is similar to everything else. It seems to me that if you have got 50 metres-plus, you build a two-storey house and divide it down the centre, one garage, parking out the front and a courtyard, it is a very easy and acceptable type of development but a lot of councils do not allow strata. I suppose it is political, personal or whatever but to strata that building, other than the fact that you might have the body-corporate type one-on-one, it has the potential that someone can downsize immediately on the same block of land without moving elsewhere.

**Ms JAN BARHAM:** Have you written anything around this particular issue?

**Ms BROOKFIELD:** We have. We included the concept of complying development as a streamlined approval because there are different things across the country in our submissions to the Federal Government, and we have included it in our work here in New South Wales in the planning reform packages at various times we have put that forward.

**Ms JAN BARHAM:** So we can access that.

**The Hon. GREG PEARCE:** Given your broad experience, is there anything else that you wanted to add in terms of the requirements, standards and things that the Committee should specifically look at?

**Mr BUCKLEY:** Let me just put it out there, I tend to think that the community, and rightly so, has in the past been sceptical about development per se. I think it is time to address that in a big way and let's move forward because we cannot just sit there and say, "Look, your 800-square-metre house is going to remain that way forever" if we are talking about taxes and what have you. So people need to downsize and the biggest thing for a lot of people do when they downsize is the dilemma of moving out and where do they move? If they cannot move in the same area they end up moving elsewhere, and that means loss of family and loss of close friends.

This is why we need the community and planning authorities to look very closely and say, "If a particular area is permissible for dual occupancy, maximum height, landscaping, parking, anything that happens with dual occupancy will be within that box", being simplistic about it. The new planning bill alerted to that—if you go outside you have to put an application in to council. But if everything is permissible and everyone has an expectation of it, there is a complying development certificate ready to happen—as a normal house would be out in the west. This is one house divided in the middle. I think we need to move forward and the community needs to move forward as well to understand that it is a dilemma. I have got four adult children who are in that predicament at the moment so I get it from both ends. We need to address community concerns and I think this is a good start.

**CHAIR:** With all due respect to people right across New South Wales, with the new local environment plans there was a moving of the goal post and it is a fair thing for people to say, "I bought in a residential area. I expected there to be one house with one car beside me and it was not going to have 15 other sections of the building accessible by 15 different individuals." I do not think there is issue with the expectation of dual occupancy, even subdivision of those dual occupancies—I think that is an answer for the future—but it must be done under the fair guise that the community has an expectation that that is what is going to happen in that zone, and not in zones that are pretty old or historic where those houses have been residential and do not qualify for attached dual occupancy.

The conversation has to happen with communities, especially in central business districts areas. We had those conversations with the people within 400 metres and 800 metres of our central business districts—namely, "Times and expectations have changed, density needs to change and accessibility to shops and situations needs to happen with an ageing population in mind." As long as people sign-on and agree with the goal post moving there is probably not an issue. The issue seems to be in areas where the community has not been taken on that journey or invited to that discussion. Those sorts of discussions have to happen as part of the solution. Earlier representatives from the Planning Institute of Australia were talking about over engineering. Do you have a comment about council staff expectations in over-engineered situations?

**Mr BUCKLEY:** I think that is a reasonable comment because with the exempt and complying development—this is what I have found in practice—because councils are not going to be part of any complying development certificate or be part of a construction certificate dealing with the engineering side such conditions and requirements are upfront in the development application. They seem to think that the private person cannot be trusted in that sort of information in the design, when in fact they provide all that information—full compliance with the BCA upfront when in fact it is not required. The system is that you provide the development controls, urban design, placement of the building, the orientation; not the stormwater and certainly not all the other bits and pieces that go external to that building. The councils want it upfront instead of providing it at the construction certificate, which still requires the extension of the DA approval and conditions, and you have to comply with the BCA on anything that is attached to it.

**Ms BROOKFIELD:** If I could also add to that? I think in one sense what Michael has described, and potentially what was being discussed earlier, is frontloading the process. But there is actually a quirky situation in that we now have a State code for the design of detached houses and some other houses. We have a national building code to make sure those houses are structurally sound and do not fall down. But when it comes to stormwater and drainage and engineering there are still 150-odd councils that set the rules. So every council you go to will have a different set of rules. There might be a lot of consistency but some will require onsite detention, some will not require it, some will require this size pipe and some will not require it. So we have not actually got into that part of our planning and building process yet.

**Ms JAN BARHAM:** With the greatest respect, that is because once you start dealing with flood, drainage and soil types you find that everywhere is different. That is why there are locality-based situations where the permeability of the soil type, the slope of the land, the catchment characteristics and so on are different.

**Mr BUCKLEY:** But you can have one set of standards to cover the different types.

**Ms JAN BARHAM:** There are generic standards and then there are the add-ons. Local government could be supported by the State Government or by the industry in clarifying the message to developers. In my experience, the different localities have very different characteristics. That is why they are different—they just are. It is science.

**Ms BROOKFIELD:** With respect, that same science and variably applies to the soil on a site and residential slabs and footings that are constructed on every site. But there is there is an Australian standard—

**Ms JAN BARHAM:** Not if you are talking about drainage.

**Ms BROOKFIELD:** There is an Australian standard for residential slabs and footings that takes into account whether you have clay, sand or a variety. But you can still quantify it. There might be 10 variations and there might be variations between 150 councils, but there are not 150 variations. You still end up with the same construction technical solution for the problem.

**Ms JAN BARHAM:** I will put a question on notice.

**CHAIR:** I take on board the comment about being on both sides of the fence, Mr Buckley, given that I am a former mayor, as is my colleague Ms Barham.

**The Hon. RICK COLLESS:** But you are not a member of The Greens.

**CHAIR:** No. The tediousness of some codes is unbearable. You can see why developers choose to do business in different places. It costs more. While some people do not like hearing it, a project must be viable. No-one buys a product if they cannot benefit and we cannot expect developers not to make a buck. That is what encourages them to build the next development. We must be mindful of those things. I like what Ms Barham said. I appreciate her frustration; it is not one-size-fits-all scenario. That is what happened with the last local environmental plan. Shoalhaven was trying to do the same thing as Byron and Marrickville. It just does not work. However, there are subsets that would be consistent through some of those issues. Thank you for your time. Your contribution has been very helpful. You have taken some questions on notice. If you have further information about the Australian Capital Territory land grant scheme the Committee would appreciate it being supplied. Thank you for your time.

CORRECTED

**(The witnesses withdrew)**

**(Luncheon adjournment)**

CORRECTED

**NAZHA SAAD**, Chief Executive Officer, St George Community Housing, and

**TREVOR WETMORE**, General Manager, Corporate Services, St George Community Housing, sworn and examined:

**KAREN WALSH**, General Manager, Housing Services and Renewal, St George Community Housing, affirmed and examined:

**CHAIR:** Would you like to make a brief opening statement?

**Ms SAAD:** Yes. First, thank you for having this inquiry. You will have read from our submission that St George Community Housing is a class one registered community housing organisation with close to 4,500 properties in the Sydney metropolitan area. We house over 8,000 people.

I will focus on three key areas that we would like the Committee to take forward in terms of recommendations. The first is about vision and policy setting. There appears to be no vision for this area and policies are uncertain—in fact, they have stalled. When you look at the property transfer program, asset vesting, the National Rental Affordability Scheme, social housing strategy, estate strategy, portfolio strategy you see all of those have stalled. It is critical for there to be policy certainty not only for organisations such as ours—which want to play a role, are playing a role and want to play a bigger role—but also for other stakeholders who may wish to come into this market, whether the private sector, private investors or others.

The second point is about the States' statutory planning controls. They need to be reviewed. I note that the New South Wales planning bill has stalled. In particular we are after three key things here: inclusionary zoning—we want affordable housing to be mandated. Secondly, the affordable rental housing State environmental planning policy needs to provide for development by the community housing sector. Thirdly, there seems to be a lack of understanding by councils as well as in the planning bill of the model that we bring in terms of debt leveraging. We raise money with banks to fund the development and we do not pay it down for 20 or 30 years, unlike other developers do. Therefore we are providing a public benefit in that way, and to expect us to pay a developer contribution to leverage one part of social infrastructure against another part of social infrastructure seems to be quite counterproductive.

The last point is about whole-of-government integrated planning. We are not where we are today because of the Land and Housing Corporation or Housing NSW. We are where we are today because of a lack of integrated planning around this area. It is critically important that Cabinet, Treasury and planning departments—not just human services departments—come together in this area to look at how they plan. It is also critically important that organisations such as ours are included. We understand what the community wants and we are best placed to serve that. Housing has as much to do with productivity and economic outcomes as it does with social outcomes.

**CHAIR:** Thank you for that very concise and brief opening statement. I have just a quick question in terms of some of our other housing providers. We are hearing very positive things in terms of larger housing providers and the part that they can play in the future. What would be your comment about smaller housing providers? Do you have any issue with them being part of the solution, if the Government transfers some of its stock? What would be your view on that?

**Ms SAAD:** There is a registration system in place in New South Wales. We have now moved to national registration. As part of that, they identify four classes. The first class is the one that we belong to, which is class 1, and there may be 20 providers in that class in New South Wales, I think—Karen?

**Ms WALSH:** Yes, about 12.

**Ms SAAD:** The reason you are classed as class 1 is that you have the capability and the ability to raise finance, you have prudent governance structures in place and you have the risk appetite, risk tolerance and risk profile to be able to take on development and commercial activities. My view is that if it is about commercial activities, then it is class 1. If it is other activities then I think, you know, there is a role to play. But in terms of developing, entering into joint ventures, public private partnerships [PPPs] and things like that, it is class 1, community housing organisations—the large one.

**Ms JAN BARHAM:** Thank you for your opening speech, which was very clear and concise, but I would like to hear more about that relationship with what you are providing, particularly around local government being more aware of what role you play and why. I assume you are saying there needs to be some concessions given for this type of development. In relation to the social aspect of what you bring, do you have any clear research or cost-benefit analysis that would be available and useful in having that conversation with local government?

**Ms SAAD:** There has been work done on a social return on investment. I do not have the figures with me, but I can provide them. It was commissioned by PowerHousing Australia to look at every dollar invested by government and what does community housing return. I do not want to say, but it was quite substantial.

**Ms JAN BARHAM:** If you can provide it, that would be great.

**Ms SAAD:** I am happy to supply that. I think the real benefit in terms of working in a local community is the connections you make with that local community and the opportunities you can provide your tenants or our residents, and aspects like that. In terms of the planning, I think you are talking about the planning, or are you just talking generally about our model?

**Ms JAN BARHAM:** Both, actually, because I think it works both ways. If you are looking for support from the community and the council, for them to understand what you are delivering and why there is benefit for the whole community, it is like more of a holistic approach rather than a segmented approach of ticking a planning box and therefore you have to pay contributions.

**Ms SAAD:** Okay. I might ask Karen to respond to that in a moment. But the most important thing is that we are part of the community. We are embedded in that community. For us, we look at the long term for our residents and our tenants. What developers will do is go and develop in areas where they can receive a high return of some sort. They are not going to go to the areas where there is not a great deal, or it is part of the social outcomes or social benefits for that community. We will go to areas where it is about the social outcome. Yes, it is about a small return and return on costs, but it is more about what it is that you are trying to achieve in that particular community.

**Ms WALSH:** As Nazha said, we are going to be in a community for the long term. Unlike developers, we have a vested interest in anything that we are involved in within a community. We will build or design a building that will need to be quality. It needs to meet the needs of the people who are going to be living there. It needs to integrate well with the community, and it needs to be designed and consulted with the community, including local services and council involved because it is about us delivering properties or homes that are fit for the future. We are not going to build it, sell it and then leave. We have actually got to design and be there for the long term, so it is about quality build, quality designs and also to be responsive to the needs of the local community.

Some of the outcomes that we seek to deliver in any of our developments and the place-making approaches that we take are about looking at: Are there opportunities here to create employment and training pathways for particularly unemployed young people, or for people who might be in a situation of multigenerational disadvantage and who do not have role models to get into training or education or work? In that regard our approach is also about creating corporate social responsibility with the contractors that deliver the buildings and the homes with us. As part of their contracts, we actually have a social procurement policy and approach whereby they must deliver a certain number of employment-training opportunities for local residents. That is an example.

We also look at what opportunities are there for addressing unmet housing need or addressing, particularly in social housing developments: Is this an opportunity for us to work with council on achieving some of their social planning objectives that might be in their social plan? If there is a need for seniors housing or if there are a lot of people who are in housing that does not meet their needs because they are immobile and they cannot age in place, it is those sorts of things.

**Ms JAN BARHAM:** You are talking about a partnership with the community and with local government.

**Ms WALSH:** Yes, absolutely.

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**Ms SAAD:** Being clear: First of all, what are the outcomes that they are looking for in terms of the social policy, but also what are their economic policies as well?

**Ms JAN BARHAM:** Terrific. My computer is not charged and I had put my questions on it. I normally do it in hard copy but I had gone through and highlighted.

**The Hon. GREG PEARCE:** I thought you had mostly tapped it out in stone.

**CHAIR:** I will ask a question while the Ms Jan Barham is coming to her next point. In terms of asset maintenance issues, you know that the Government has something like \$330 million worth of asset maintenance to do.

**Ms SAAD:** Yes.

**CHAIR:** What is your average time that you take to address this issue? Do you have a backlog? If so, how much is that costed to be?

**Ms SAAD:** Okay. There are a number of questions there. I think, if it is okay, I will just talk about how we approach maintenance. We have a total asset management strategy in place which looks at the entire lifecycle of the asset and links it very directly with what are the service delivery needs that are required. Every asset is looked at in terms of its overall lifecycle. We know that the big upgrades where you spend the most money is usually when that asset or that property is at the 15 or 20 years mark. As part of our framework we have a strategy, a plan, in terms of looking at disposing of those assets before the huge costs of maintenance fall.

In terms of a backlog, we do not have a backlog of maintenance. The way that we approach it is that we have categories that we respond to in terms of maintenance and in terms of responsive maintenance. We have an R1, which is emergency, R2, R3 and R4. R4 is a 28-day one, and that is usually things like the sash on the curtain or something like that has broken. But if it is something to do with an electrical fault, that is done within four hours.

**CHAIR:** What would something like the gutters being full of trees be? What would that category be?

**Ms SAAD:** Gutters full of trees? I think that would probably be—

**Mr WETMORE:** That would probably fall under common area maintenance for which we have a cycle every month of cutting the grass, et cetera.

**CHAIR:** If that was happening, how long would you expect the time would be from having that report to having it attended to? What would that be like?

**Mr WETMORE:** Probably an R2, I think, or it might even be an R3—within a week of that report.

**Ms SAAD:** I think it is about an R3.

**Ms WALSH:** It would not be 28 days.

**Ms SAAD:** It would be about 14 days.

**CHAIR:** From your experience, looking across social housing sectors like yourself, is there a common ground of maintenance timetables, or have you found them to be pretty consistent? For instance, that situation I have just put up, if you allocated three weeks to that would that be, in your experience, something that some other housing provider would meet in the same time frame?

**Ms SAAD:** There are community housing standards and we try and achieve beyond the community housing standards. So those sorts of things would exist as part of that.

**CHAIR:** You say you do not have any maintenance backlog.

**Ms SAAD:** We do not have a maintenance backlog on the properties that we own, and we own about 25 per cent of our properties, the average age of which is six years. But the major bulk of our properties are



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those from Housing NSW, from the Land and Housing Corporation. There certainly is not a maintenance backlog when it comes to the urgent and the planned maintenance, but in terms of the major upgrades that are required you would need to speak to them.

**The Hon. SOPHIE COTSIS:** Thank you very much for being here this afternoon. You own 4,300 dwellings?

**Ms SAAD:** No. We own or manage.

**The Hon. SOPHIE COTSIS:** So you own 25 per cent of the 4,300?

**Ms SAAD:** Yes.

**The Hon. SOPHIE COTSIS:** And you manage the remainder?

**Ms SAAD:** Yes. We manage them on behalf of developers, councils or Housing NSW. There is a range of people that we will manage them for.

**The Hon. SOPHIE COTSIS:** When you are managing on behalf of developers, are they, again, affordable or social housing?

**Ms SAAD:** Yes, they are affordable housing.

**The Hon. SOPHIE COTSIS:** How many of those do you manage on behalf of developers?

**Mr WETMORE:** Thirty-two affordable housing units.

**The Hon. SOPHIE COTSIS:** Do you pay rates?

**Ms SAAD:** Yes.

**The Hon. SOPHIE COTSIS:** On all the properties?

**Ms SAAD:** Yes.

**The Hon. SOPHIE COTSIS:** What is your turnover? Do you have a financial report or do you have an annual report?

**Mr WETMORE:** In June 2013 the rental revenue was \$36.5 million, and over and above that we receive grant income for a leasing program of \$11 million.

**The Hon. SOPHIE COTSIS:** That is your rental. What are your expenses—maintenance, all the other costs?

**Mr WETMORE:** Predominantly maintenance, and there are obviously utilities, water for the common areas, electricity for the common areas, and rates and strata fees and then maintenance costs, and obviously payroll as well.

**The Hon. SOPHIE COTSIS:** How much is that?

**Mr WETMORE:** Payroll is about \$9 million. I do not have the actual split.

**The Hon. SOPHIE COTSIS:** Can you provide that?

**Ms SAAD:** Yes, we can provide that; that is easy enough to do.

**The Hon. SOPHIE COTSIS:** On page 19 of your submission, and you raised it in your opening statement about your engagement with local councils. You state that there is a lack of understanding in local councils and they are reluctant to approve affordable housing developments or impose restrictions. We have spoken to some of the councils and they want to be able to work with development companies to provide more

housing. Are there a number of councils that you would like to disclose who are providing these restrictions, or do you not want to provide that information? Do you have evidence to—

**Ms SAAD:** It is not that. We operate in 23 local government areas in the Sydney metropolitan area and every council has a different understanding of affordable housing. We spend a lot of time getting them to understand social housing versus community housing versus affordable housing. When we start to talk about how their children can no longer afford to live in the same community in which they grew up, then their antennas go up and then there is some interest. But part of it is that they see us as a developer, and we are not a developer. Yes we do develop but we are a community housing organisation who undertakes development and our purpose is about social and affordable housing. But we do not make a margin of 16 or 25 per cent.

**The Hon. SOPHIE COTSIS:** There you go, Jan.

**Ms SAAD:** We do not make that. We make much, much, much, much, much less than that. For us it is about there is a need for a mixed community in a place and it is about trying to partner with council in meeting their objective. Mayors usually get it, general managers usually get it; it is usually levels below we struggle with in terms of getting them to understand that this is a public benefit we are providing here.

**The Hon. SOPHIE COTSIS:** How many dwellings were transferred to you prior to 2011?

**Ms SAAD:** 1,228, but let me check that.

**Mr WETMORE:** 1,281.

**Ms SAAD:** Of that, 100 were asset ownership—they were individual sites and their average age was 30 years, 31 years.

**The Hon. SOPHIE COTSIS:** How many of those?

**Ms SAAD:** One hundred.

**The Hon. SOPHIE COTSIS:** But the rest were—

**Ms SAAD:** Through the national building or the social housing initiative.

**The Hon. SOPHIE COTSIS:** They were new?

**Ms SAAD:** They were new.

**The Hon. SOPHIE COTSIS:** Over the last three years how many have you built in addition to those?

**Ms SAAD:** As part of the tendering—and you need to understand that this has been a very protracted process for a whole host of reasons, and I thank Minister Pearce for approving our business case—

**The Hon. GREG PEARCE:** I am no longer a Minister.

**Ms SAAD:** Sorry, no you are not, that is true—former Minister.

**The Hon. SOPHIE COTSIS:** He still gets acknowledged.

**Ms SAAD:** We have committed to providing 408 new dwellings, which is the 30 per cent increase. The 1,281—we have committed to providing 408. We have a business plan, we have achieved 16 this year; next year we will achieve 54. By 2016 we will have delivered on 280 new units, which are 10 projects worth \$121 million. So we are on track.

**The Hon. SOPHIE COTSIS:** Is this over a 10-year period?

**Ms SAAD:** Yes. We will do that and more.

**The Hon. GREG PEARCE:** They are at the top of the class.

**The Hon. SOPHIE COTSIS:** Yes, I am listening. The other issue that concerns me is about the tenant allocation. Obviously you work with Housing NSW very closely. My concern is the tenant allocation, that there is a view that community housing providers should be providing more housing for the neediest and most disadvantaged of our community.

**Ms SAAD:** Five per cent is affordable housing. So they are often the key workers employed. The rest of our portfolio is social housing. In terms of our business, which is a different question, we need a mix of rents, and that is to help us subsidise for the lower end. But 95 per cent of our business is at that lowest end, with over 10 per cent of our tenancies linked with formal support, and at any stage any one of our tenants throughout their life stage will need some sort of support.

**The Hon. SOPHIE COTSIS:** You were talking about key workers as well. So you obviously have working families in your places?

**Ms SAAD:** Yes.

**The Hon. SOPHIE COTSIS:** And what is the average income of those working families?

**Ms WALSH:** I could not say what the average income is, it depends if it is a National Rental Affordability Scheme [NRAS] property and there is eligibility. Families and households need to stay with them in order to be eligible for continuation within that program. There is also an eligibility threshold that individuals and families have to meet when they enter that program. If it is an affordable housing property that does not have NRAS incentives applied to it, the income eligibility threshold and the rules around that are slightly different. So, for example, for an individual, it is about \$45,000 for an NRAS property and about \$50,000 for a New South Wales housing guidelines affordable housing property—for a single person.

**The Hon. SOPHIE COTSIS:** The Federal Budget will be announced tomorrow night and there are forecasts for a whole lot of changes in this area. If NRAS was changed and there is a review at the moment, I understand, I do not know if they will announce anything tomorrow. But will that affect your business model if NRAS is affected or if it is reduced?

**Ms SAAD:** Yes, it will. I think the key premise here is about mixed communities. What is happening is, there is a race to the bottom at the moment. The way that the system is now running, is that people have to demonstrate the most need in order to get on to the waiting list. And there is a whole group in the middle that cannot afford to own their own home and cannot find rental accommodation and that is what NRAS is trying to pick up. If we do not pick those people up, there will be a race to the bottom.

We have countless examples of people that have come looking for social housing and they earn a little bit over. They are employed for a couple of days or they are involved in an apprenticeship and they will say, "In order to get a house, I will give that away". And we say, "No, no you do not need to. We have another product over here whereby we want you to keep your apprenticeship, we want you to continue with your employment, and guess what? We will still subsidise your housing for you." That is the growing bit. Everyone talks about 57,000 on the waiting list, but there is another growing bit that is coming through.

**The Hon. SOPHIE COTSIS:** Absolutely. Thank you.

**The Hon. GREG PEARCE:** St George is generally right up the top there as the best of community housing management and that is good. And you are actually at the very top, in terms of the leveraging on the titles that are being transferred, in the 30 per cent. We have heard conflicting evidence about the way forward on that title transfer issue. One of the suggestions is that, rather than title transfer which involves some issues with the State and Treasury and all that sort of stuff, that an alternative might be to give you 25-year or 20-year management leases, instead of the current leases. Do you have a view on that or would you like to take that on notice?

**Ms SAAD:** We have got a bit of a view. I might hand that over to Trevor to respond to.

**Mr WETMORE:** Our experience with banks is that they are keen to see the title in our hands in order to advance a loan and we are on the verge, on the 1,181 new properties, of converting that into a \$61 million loan with the bank for the developments, the 408 that we have to build. Even that transaction has been

difficult at times but they do like to see ownership in our hands. Although they say they will never exercise their security, they at least have a way of backing out of it over time and they have worked their model to see how long it would take them to. If they stopped advancing on the \$61 million, how long would it take to pay down the loan from it? And it is certainly longer than 20 years, so any long-term leasing arrangement would really need to be somewhere between 20 and 30 years, I would anticipate. We have been engaged with other financial institutions on this, trying to see what sort of leverage you could get from it and there is certainly one bank that I know of that would advance against that.

**The Hon. GREG PEARCE:** Let us leave it there, I have got a yes out of you, so that is okay. I do not mean to be facetious. If it can work, and you have said it can work, that is good. The other issue for me was, an alternative path that we all thought was a good one was the Bonnyrigg public private partnership [PPP]. Obviously, you cannot say anything that is commercial in confidence, but regrettably that collapsed, so that does not seem to be an option going forward. Can you say anything about what might need to change and whether that sort of model has a life in the future or what we might expect there?

**Ms SAAD:** I think Trevor will want to say something, Karen will want to say something—we will all want to say something. So I might just start and they can come in as they need to. The PPP at Bonnyrigg did not fail. What happened was, the developer, who is one element of the renewal of that estate—one element because there is the tenancy management, the facilities management, the community development—the developer failed. They went into administration—nothing to do with the Bonnyrigg project. They were making a nice little return, thank you very much, that they needed on that project. So that is certainly a way of being able to partner with the private sector, to actually get an outcome. And it was the first social housing PPP in Australia and yes, there are lots and lots of learnings. The critical thing is to look at every matrix there. If you look at since the consortium took over, since 2007, but since 2008 they have been tracking criminal activity there. In that time, to today, it has dropped between 70 and 80 per cent. You cannot say that for any other housing estate.

When one looks at employment, The Greens Wings program—which Karen can talk about ad nauseam—there are 90 people that have gone through that program and have now either got an apprenticeship or are employed and are contributing to our economy but most of all, contributing to their own lives. There are lots of lessons and it is critically important that that project continues—absolutely critically important—because there are so many lessons. There is a longitudinal study of tenant satisfaction and at that site it is in the 80s. You do not get that in many other estates. You have had private sector brought in. When we first started there, I think 98 per cent was public sector; 2 per cent was private sector. In just stages 1 to 3, you now have 211 private and 152 new social. So, in just three stages—which is 15 per cent of the entire development—there are 363 new homes. You are creating a mixed community there where people are living side by side. If you go out there and have a look, you cannot tell the difference between a social housing property or a privately owned property. There is so much learning and so much more to gain, it must continue.

**The Hon. GREG PEARCE:** Just quickly, anything else?

**Mr WETMORE:** The PPP did not collapse; what really happened was that Becton Group Holdings had its loan called up by Goldman Sachs and essentially, the bank that had funded Becton Bonnyrigg really took a defensive position and put it into administration in order to protect their interests. So at every stage, 1 through to 3, the Becton Bonnyrigg has made a profit on that, albeit it is not at the 16 to 25 per cent level, but nevertheless they have made the profit that they were anticipating when they originally tendered for that position.

**The Hon. RICK COLLESS:** I want to ask some questions about your construction costs and that sort of thing and how the cost of the buildings that you are constructing compares, on a dollars per square metre basis, to the industry standards at present?

**Ms SAAD:** We have some figures on it. Mr Wetmore may want to say something.

**Mr WETMORE:** When we look at a project on a townhouse development we are trying to target development costs of \$1,100 to \$1,400 per square metre. Obviously the \$1,100 is the most attractive and also the most difficult to achieve but it is doable and that is the sort of number that was being achieved out at Bonnyrigg. So we know that that is doable. On the three- to six-storey buildings, the target range is \$2,200 to \$2,400 per square metre, which again I understand is within the acceptable range.

**The Hon. RICK COLLESS:** Is that ground floor area?

**Mr WETMORE:** They are three to six storeys high.

**The Hon. RICK COLLESS:** Yes.

**Mr WETMORE:** Yes. It will need a lift.

**The Hon. RICK COLLESS:** But it is not per square metre of living area.

**Mr WETMORE:** No.

**The Hon. RICK COLLESS:** Per square metre of ground floor.

**Mr WETMORE:** Of the build cost, yes.

**Ms SAAD:** Of those 280 projects, new units, the 10 projects that we will have delivered by 2016, the average cost is \$331,00 including land.

**The Hon. RICK COLLESS:** For a two-bedroom unit?

**Mr WETMORE:** It is a variety.

**Ms SAAD:** There is one, two, three—there is a couple of even fours.

**The Hon. RICK COLLESS:** I have a colleague who is currently looking at providing some modular type housing for East Timor and India and other developing countries.

**Ms SAAD:** Yes, we have looked at that.

**The Hon. RICK COLLESS:** Have you looked at that sort of construction method?

**Ms SAAD:** Yes, we undertook a piece of research recently to look at cross-laminated timber, modulated flat pack housing, a number of different things. We went and had a look at the Docklands down in Melbourne that Landlease had built there, I think a 14-storey—

**Mr WETMORE:** CLT, yes.

**Ms SAAD:** —on cross-laminated timber. The technology is still very new, the costs are still very high. It is something that is being used in a lot of remote areas. We are certainly looking at it. We do not want to be on the leading edge, so to speak, but it is certainly something that we are watching closely in terms of opportunities there.

**The Hon. RICK COLLESS:** So the construction methods you use, are they principally prefabricated framing, that type?

**Mr WETMORE:** No. It is bricks and sticks. It is the traditional method as such. There is also an issue on the planning, the CLT, to get that through. It is not a recognised building method.

**Ms SAAD:** There is no BCA codes around any of that. It is very new. But over the next five or so years there will be huge changes.

**The Hon. RICK COLLESS:** Do you see that those new methods will reduce the costs of providing this type of housing to make it more affordable?

**Mr WETMORE:** Yes.

**Ms SAAD:** We would hope so. It is not just the costs of the housing itself at the time of construction. It is the overall lifecycle costs that are the bigger costs, and the bigger cost to our residents, to our tenants. So we are constantly looking at ways that we can reduce the operating costs for ourselves and for our tenants as well. It

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is particularly in terms of utilities. It is something we will continue to explore and understand and research and work with others on.

**CHAIR:** In terms of that, if the Government is going to hand over a lot more stock to community housing, the issues of asbestos and the age of the infrastructure, how will you address that, given the fact that you have already noted that if you were providing the stock you would get about a 15-year life span?

**Mr WETMORE:** I will have a bash.

**CHAIR:** Anyone can take the question.

**The Hon. GREG PEARCE:** The answer for this is that the stock handed over has been the new stuff.

**Ms SAAD:** It is the new.

**Mr WETMORE:** Yes. To date we have had the new stuff, and the property transfer program, which is heavily coming to us, there is some upliftment of that property before it comes to us and I think any asbestos there would stay passive because we would leave it that way. Certainly, if you were going—I mean, all of the purchases we do, we do a survey to ascertain the level of contamination of the site.

**CHAIR:** So you take the best of the stock.

**Mr WETMORE:** No, these are purchases off the market.

**Ms SAAD:** We want a mixture. We want sites that we can develop, sites that government may not be able to get the borrowings on in order to undertake the development but we can. So we want a mixture. We got some of the good stuff through Nation Building, yes, thank you, and we are using that to leverage. But we also want the old stock but only if we can do something with it, only if we can work in terms of the planning legislation with councils to get more and more. We have a very good example in here of Bass Hill where we had a site, Land and Housing had a couple of sites, four obsolete sites. Those properties are over 30 years. Combine them together, we could fund 20 new properties there. There is a lot of that that could be happening, and we want to be a part of making that happen.

**Mr WETMORE:** We have a property in Peakhurst and both neighbours either side, we approached them, they are happy to sell. We literally bought this last month. From those three properties, which we will knock over, we should end up with a yield of 33 in Peakhurst, which is an outstanding outcome. We still have to go through development approval and things like that.

**CHAIR:** Thank you for that valuable information.

**Ms JAN BARHAM:** I want to know whether or not you have been able to engage with local government the way that we have heard you obviously engage very well with the former Minister to have the transfer of stock. Has that opportunity arisen? Is it something that you would look forward to or feel that that sort of collaboration would be valuable where local government has land, why it cannot do the same?

**Ms SAAD:** I might ask Ms Walsh to start with that one.

**Ms WALSH:** We have some strong and established relationships with many local councils. We have a management agreement with Canada Bay council for the management of their NRAS affordable housing properties. We have been working with them for about four years, managing those properties with them. When they can deliver another property under that program, that is another one that we can manage. We have also worked very closely with Fairfield City Council, particularly on the Bonnyrigg project and more recently on our seniors project at Smart Street in Fairfield. That is a partnership with council. It is not actually about looking at land; it is looking at how we can leverage what value we all bring to that sort of partnership to enable—

**Ms JAN BARHAM:** That is not transfer like the Government has done.

**Ms WALSH:** No.

**Ms JAN BARHAM:** You have none of those options?

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**Mr WETMORE:** Well, there is Marrickville.

**Ms SAAD:** We have sites where we would love that to happen. Riverwood springs to mind. It is one area. There are lots that we would welcome the opportunity to have that occur and to look at the place space outcomes that are wanted for that area. We want to work with councils, absolutely.

**Ms WALSH:** I was going to say Parramatta council is one area.

**Ms SAAD:** Parramatta is another area. Sydney city council.

**CHAIR:** Thank you for attentiveness and the information you are giving the Committee. There were a couple of things taken on notice. You have 21 days to supply that information. Members may put more questions to you, given the information you put across today. The secretariat will be there to help you if you need some assistance. Once again, thank you for what you do and how you contribute to this particular demographic. They definitely need our help, and we appreciate your presentation today.

**Ms SAAD:** Thank you.

**(The witnesses withdrew)**

**CHRIS MARTIN**, Senior Policy Officer, Tenants' Union of New South Wales, affirmed and examined:

**CHAIR:** Welcome Dr Martin. Would you like to make an opening statement?

**Dr MARTIN:** I have perhaps a summary of the submission we provided.

**CHAIR:** If it is a summary of the submission, we will go straight to questions, unless there is something you wish to draw to our attention?

**Dr MARTIN:** Perhaps if I introduce the organisation I represent?

**CHAIR:** Yes.

**Dr MARTIN:** The Tenants' Union of New South Wales is the State's peak non-government organisation for tenants. We are a community legal centre; we have our own legal practice in residential tenancies law. We also are the primary resource agency for the statewide network of tenants' advice and advocacy services. They operate locally throughout the State. They give advice to or in some cases represent before the tribunal about 30,000 tenants every year. The facts sheets on our website are accessed by more than 400,000 visitors every year. We provide information on tenants' legal rights but also increasingly we are involved in discussions about affordable and social housing.

**The Hon. SOPHIE COTSIS:** I thank you and your advocates for your hard work, particularly for tenants in social housing and the homeless. I have heard you talk about tax settings in respect to affordable house and I know that you have written much about it. Can you elaborate further on that?

**Dr MARTIN:** As we set out in the submission and elsewhere, our great housing supply problem, if you like, is the lack of affordable rental housing for people on low incomes. This is the situation that has come about, and the context of it is a great inflation in house prices. It is a speculative inflation out of proportion to incomes and significantly out of proportion in relation to rents as well. That is a sign that is not related just to supply. If it were supply of housing, we would expect both rents and house prices to rise over the period more or less equally. But house prices have risen quite out of proportion to rents. Rents have gone up and there is a slightly more complicated story to tell about what has happened in the rental market. It too has been affected by speculation in housing and, in particular, the result has been the loss of affordable stock from the rental market. I will return to that in a moment. You asked me about the tax settings in this context?

**The Hon. SOPHIE COTSIS:** Yes.

**Dr MARTIN:** Our tax settings, particularly at Commonwealth level but also at State level, have encouraged speculation in housing. The tax record on negative gearing has effectively subsidised the cost of speculation for landlords. It has not contributed in a significant way to a net increase in supply. It has created more rental housing at the same time as creating more renters because by far the great majority of these speculative purchases of housing have been established houses. These are houses that would otherwise be occupied by owner-occupiers when they are purchased by speculator investors. So there is no net gain to the rental market. There is the gain of a rental property but you also gain a renter. The tax treatment of negative gearing in combination with the halving of the rate of capital gains tax has given huge encouragement to speculation in rental housing. It is a speculation that rides on the back of tax settings that encourage, if you like, speculation by owner-occupiers as well.

The tax exempt status of owner-occupied housing in relation to capital gains and land tax encourages people with money to spare to spend it on their own housing. So of course when people with money or credit to spare are spending money on their own housing, speculators also will spend money or borrow to spend money in pursuit of those gains as well. As I say, our negative gearing tax treatment and our capital gains tax treatment for investors subsidises the cost of their speculation, amplifies the rewards of speculative gains relative to other sorts of income from investments and has contributed to the very high rate of housing debt and housing prices. The effect this has had on the rental market in particular has been to decrease the amount of low-cost low-rent stock that is available for low-income earners as speculation has taken hold of our housing market, when properties are traded. Of course, a house can be bought by an owner-occupier or an investor; a house can trade between the two types.



As our speculative market has blown up, the strategy has been for speculative landlords to invest in higher value, higher prospect of capital gain properties and hence higher rent properties. They are the sorts of properties that have been coming into the rental sector when they come up for sale in the housing market. Conversely, because of our tax settings, they have been tending to pass over the lower cost, lower rent property when it comes up for sale. Those properties have been dropping out of the rental sector. As those low rent properties drop out of the rental sector of course they have become scarcer and not at quite so low rent as they used to be.

Under the forces of housing speculation generally, our rental sector has changed its shape quite dramatically. There used to be quite a lot of low cost stock but over the past couple of decades it has declined. This decline has happened in the context too of a slightly growing cohort of renters. The growth has been higher income people—that is where the growth in the proportion of tenants comes from—and in the rental market they out-compete lower income tenants as they can afford to pay a bit more rent to get the house they want. You cannot blame them for doing this but a lot of them are occupying housing that would otherwise be affordable for people on lower incomes.

People on low incomes in the private rental market are doing it very hard at the moment. They are being squeezed out by higher income tenants and the affordable stock that they need has been dropping out of the market because of the way our housing market more generally operates in response to current housing speculation.

**The Hon. RICK COLLESS:** What is the range of rent value in relation to low-income, middle-income and high-income to which you are referring?

**Dr MARTIN:** There is a great graph that was produced by the National Housing Supply Council which I included in the submission on page 28—no that is the table we ourselves came up with. There is another graph that shows the changing shape of our rental market. It is over the three census years. On the top of page 11 it shows that in 1996 there was a bulge of properties at around \$200 per week. These dollar amounts have been adjusted for inflation. You can see at each census subsequently that that bulge of properties at approximately \$200 a week has flattened down and pushed up the scale of rates. That is the shape of our rental market under the influence of housing speculation in owner-occupation and rental.

**The Hon. SOPHIE COTSIS:** It is very difficult politically for any government—and I do not know what is going to happen with the Federal Budget on Tuesday evening—to look at negative gearing and capital gains tax. I have heard your views on negative gearing but what are the other solutions? Is rent control part of the solution?

**Dr MARTIN:** A few years ago when we spoke about negative gearing we would often get back "We know it is a bit of a give-away to landlords but tenants would not be able to rent affordably without it." We are not hearing that now. When we raise negative gearing more and more often whether it is with journalists or politicians people agree with the point that it has not done any good in a wider public policy sense. It has made housing more expensive, home ownership more difficult to get into for people who are not currently home owners and people are also coming to see that it has changed the rental market and made renting less affordable as well. I think the sentiment around negative gearing is changing.

There are any number of things that can be done in relation to negative gearing to change it for the better, whether it is limiting it to a new build or a quarantining solution where the losses only get paid for. There is the Henry review recommendation and the limit on the amount of time. Any or all of those can be subject to grandfathering arrangements and if there really is a deep concern by policy makers that you cannot touch negative gearing without rents going up maybe there could be a short-term preventative rent control type of regulation as well. I do not think that would be necessary, although there are aspects of the landlord-tenant relationship that may get a worthwhile proportion having that stronger regulation around rent increases. So many things could be done in relation to negative gearing to fix what the current setting that encourages speculation against affordability.

**Ms JAN BARHAM:** Is it true that there is no validation or requirement that proof be given that a property is being used for rental purposes?

**Dr MARTIN:** I do not know about that. I am not sure what specifically the tax office requires.

**Ms JAN BARHAM:** My understanding is, particularly in coastal zones, in my home area 22 per cent of housing is being used for tourism purposes but those people are actually still getting all the negative gearing and capital gains tax benefits. They are not increasing housing supply they are actually impacting in a very negative way. That is another angle where, I appreciate you saying, there are other ways that a system like that could be better fixed and regulated. I am interested in what is currently happening in New South Wales in relation to some of the changes that have happened over the past year, for example, the bedroom tax and pressures on existing tenants. Will you advise the Committee how you hear about those things and what impact are they having? Where should we go?

**Dr MARTIN:** We made this review of the private rental market to set the context of what is happening in social housing policy. Occasionally we hear the idea put by social housing policy makers that we need to look more to the private rental market to take up some of the role that our declining social housing system can no longer perform. It is not as if private rental is some sort of undiscovered country, where if only we could understand it better and could house more low income people in it. They are already in it and they need to get out of it because it is unaffordable and it is an unfriendly place for people on low incomes.

At the same time that we have had this growing problem of lack of affordable housing, particularly for people on low income, in the private market we have also had, first, a stagnation and now the beginnings of a decline in the social housing system. The shortage of social housing is the key problem, the fundamental problem for the social housing system. So many more of its problems flow from the shortfall in supply of social housing. If there was more social housing, we would start to see some of its other problems addressed.

**Ms JAN BARHAM:** Do you see that problem being around the under-occupied housing and why the Government is taking this move—and the Auditor-General seems to support it? When you look at supply and demand, there is a mismatch so they have put on these penalties or requirements for transfer. Are you getting feedback from tenants who are struggling under those provisions: you move or you pay? There is a presumption that that is possible or that someone's general wellbeing will not be affected by having to pay to stay.

**Dr MARTIN:** The vacant bedroom charge is one of the more recent in a fairly long series of attempts by the State Government or the State Executive to deal with the shortfall in social housing administratively, as if they can administer a way out of the shortfall or ration a way out of the shortfall. In this case, the number of bedrooms can be more efficiently allocated. Public housing already has the most efficient allocation of bedrooms of all the tenures. The rate of vacant bedrooms in public housing is lower than in private rental and much lower than in under-occupied housing. The amount of the charge is not insignificant as well. It would cause hardship to people who have decided to exercise the option to stay put.

**Ms JAN BARHAM:** How many people in your organisation have heard about hardship or concern around this issue? Is it a high number?

**Dr MARTIN:** No. Housing NSW has not been in touch with us. We are aware of Housing NSW's figures. Most people have elected to pay the charge rather than move. The amount of the charge is enough for it to be difficult for a person on a low income.

**Ms JAN BARHAM:** What about the other issue of succession of tenancy?

**Dr MARTIN:** We have heard from people who have been in a difficult situation because of the changes to the succession policy. Previously the policy was a humane one that if you were in public housing as an occupant, a member of someone else's household—

**Ms JAN BARHAM:** Or a carer.

**Dr MARTIN:** Yes, that is right, and you were eligible for social housing in your own right, if the other person died or otherwise had left the property permanently, rather than unhouse you only to house you again later, because you are eligible, you could stay in your house. That used to be the policy. The change means now that people who are eligible for social housing, who are living in social housing will be expected to move out unless they satisfy the criteria for priority housing. The criteria for priority housing was directed at getting people who were in a bad housing situation into social housing, a better housing situation. It is a strange fit for a succession policy where the person is already in social housing, a good housing situation, and does not want to get out of it. We are aware of a case where a person—I gave the case study.

**CHAIR:** Page 33.

**Dr MARTIN:** The person was a carer for their father, their father died. They had lived in the house all their life. They had applied for succession. They were ineligible on the basis that, in applying, Housing NSW gave them a six-month interim tenancy agreement and then by the very fact of getting the six-month interim tenancy agreement, they were not in a priority housing situation anymore, so they were ineligible to succeed. At the end of six months they applied again for priority housing. Under the terms of the policy they were eligible for priority housing but still could not stay in that house. It was only when, by coincidence, a dwelling in the same complex across the corridor became available the week the person was due to be evicted that there was an opportunity for some common sense to be applied. They said, "Rather than make you move across the hall, you can stay." That is an example. There is nothing efficient about that sort of procedure. This general approach of trying to administer a way out or ration a way out of a shortfall does not work. Although it appeals to notions of efficiency and—

**Ms JAN BARHAM:** Cog's turning.

**Dr MARTIN:** —optimal utilisation of the resource, instead there are more rules, more decision-making, and—

**Ms JAN BARHAM:** More costs associated with managing it?

**Dr MARTIN:** Yes. I have another administrative response and another response that was presented in terms of maximising opportunities for the most needy people, where the changes in 2005 introduced new higher rates of rent for moderate income earners and reviews of tenants' tenancies at the end of a fixed term. These were measures that were introduced purportedly to remove higher income from social housing, to encourage them to move out and to free up social housing spots for people on the waiting list who presumably needed it more.

These measures have done nothing for people on the waiting list. They have discouraged tenants from earning an income, an income that may have improved the situation and allowed them to move out under their own steam. The rate of exits from public housing since these measures were introduced has declined. Our research indicated that the effective marginal tax rate experienced by a couple of different house or types combined with the moderate income rents plus income tax plus loss of Centrelink payments if people got jobs in this moderate income range got to 100 per cent in some cases. Housing's own contribution is about 50 per cent.

The moderate income rate as a marginal rate works out to be that about 50¢ in each additional dollar that a person earns in that range of income goes to housing in rent and as result people do not earn that. They do not get jobs if they are offered; they do not take up jobs that result in that sort of loss of income. We have spoken with tenants who are looking at the prospect of a review of their tenure who have said that they could probably see how some volunteer work they were doing could have been turned into a paying job but they did not take it up. These are administrative responses to the shortfall. They have been a disaster for individual tenants who might otherwise have worked and maybe even have moved out under their own steam. For people on the waiting list who might have taken their place but have not and for the social housing system generally, they have become literally poorer because of these sorts of measures.

**The Hon. GREG PEARCE:** I have just a couple of questions. You have given one example where someone subjected to the succession policy and who was actually eligible to be on the priority list ultimately stayed in their property anyway. How many examples has the Tenants Union had of people who have been put out of their properties because of the application of the succession policy, as you call it?

**Dr MARTIN:** I should clear up something. This person was found to be eligible towards the end on a priority basis.

**The Hon. GREG PEARCE:** No, no, we have heard all that; they stayed on the property. What I want to know is how many examples has the Tenants Union had of people who have been eligible and who have been turfed out?

**Dr MARTIN:** I do not have another example.

**The Hon. GREG PEARCE:** You do not have another one.

**Dr MARTIN:** I am aware—

**The Hon. GREG PEARCE:** No, if you do not have another example that is fine. Who funds the Tenants Union?

**Dr MARTIN:** Most of our funding is from the Office of Fair Trading. We also receive some money, as a community legal centre, from the Legal Aid Commission.

**The Hon. GREG PEARCE:** So both lots are from government?

**Dr MARTIN:** That is right. Tenants, of course, lodge bonds with the Rental Bond Board. It has \$1 billion in tenants' money under management. A tiny proportion of that funds the Tenants Union and the Tenants Advice and Advocacy Service. A much larger proportion goes to Fair Trading and to NCAT, the tribunal, and for other government purposes.

**CHAIR:** Just to reiterate for the record so that I make sure that I heard correctly, are you saying that \$1 billion is held in rental bonds?

**Dr MARTIN:** That is right. The \$1 billion mark ticked over just last year.

**CHAIR:** With Fair Trading?

**Dr MARTIN:** Yes.

**The Hon. SOPHIE COTSIS:** So it is with Fair Trading?

**The Hon. GREG PEARCE:** Yes.

**The Hon. SOPHIE COTSIS:** Where is it held? Is it in a trust?

**The Hon. GREG PEARCE:** Well, if you are private rental person, you pay a bond. It goes through to the Rental Bond Board, which invests it and some of the income goes to people like the Tenants Union.

**The Hon. SOPHIE COTSIS:** That is right, like the advocates, yes.

**Dr MARTIN:** That's right.

**The Hon. RICK COLLESS:** I want to explore your comments regarding capital gains tax and negative gearing. Surely the fact that those tax advantages are there for private investors contributes a very large number of rental properties each year to the market—probably at the higher end, probably the four-bedroom, two bathroom properties more so than the one- or two-bedroom units and three-bedroom houses. There must be a lot of properties out there held by private investors that people are renting quite happily?

**Dr MARTIN:** There are and it has been increasing. The thing, though, is that the proportion of established dwellings being purchased by landlords has increased hugely. The submission contains a table showing this.

**The Hon. RICK COLLESS:** That is right.

**Dr MARTIN:** Investment in new construction that would actually add in net terms to the rental stock has bumbled along the bottom of the graph for a couple of decades and investment in established dwellings has taken off; it is very much higher. When these investors are just buying properties that already exist, they are already housing someone, whether they are an owner-occupier or a renter, it is not adding in net terms.

**The Hon. RICK COLLESS:** I put it to you, though, that the tax advantages of buying an established property, depending on its age, are a lot less than the tax advantages of buying a new property because they get fewer depreciation allowances, et cetera. Say, for example, you buy a house that is 20-years-old to put on the rental market. The normal depreciation for new houses is 40 years—it depreciates over 40 years; that is the tax advantage for investors. But if you buy one that is 20-years-old, it has already depreciated by half of its original

construction costs not its purchase price. If you change the tax laws, any changes on existing properties being purchased for investment will be a lot less than they will ultimately be on new properties being purchased, unless you make that difference to the laws themselves.

**Dr MARTIN:** There is some analysis in a paper commissioned by the Henry review that goes into more detail about negative gearing tax treatment, capital gains tax and how it affects decision-making, the income groups who most benefit and the types of purchases they make. I think it is borne out in what the Reserve Bank of Australia puts out every quarter that shows how much more so-called investment goes into established dwellings not new stock. There may be ways of changing it. If the depreciation rules have the effect of encouraging investment in newer stock, I would conclude that the evidence is that those other tax savings have overwhelmed it and that the way they encourage investment has been to encourage investment in high-value stock, which tends to be in established areas and tends to be established dwellings.

**The Hon. RICK COLLESS:** The biggest tax benefit from negative gearing and the deduction you get from depreciation in the first five years is part of that negative gearing, a substantial part of it actually, as well as the interest payments of your finance and so on. I understood that is what encouraged most investors to go for new properties, even though they are likely to be more expensive to purchase initially. The taxation advantages and negative gearing advantages they get are much greater, particularly in those first five or six years of initial depreciation because all the fittings and fixtures in the house are depreciable over five years. That is why there is a much bigger depreciation. If you buy a second-hand house that is 10-years-old, all the fixtures and fittings have already depreciated.

**Dr MARTIN:** I understand that point but the evidence before me and everyone else is that so much money has gone into established dwellings, which means no net addition to the rental stock.

**The Hon. SOPHIE COTSIS:** You raised an issue about public housing rents and there are figures, which have been stated publically, that 93 per cent of public housing tenants get some type of Centrelink payment, but, as we know, a number of those people have disability or mental health issues or are elderly people. Some of them are working or single parents who are trying to get more work, or to increase their casual shifts, but as soon as they get that opportunity they are hit-up for additional rent. You are trying to get that opportunity but at the same time you are copping it at the other end with the increased rent. I understand the revenue aspect of it, but it is about providing opportunity for those families. They want to get into education and it is good role modelling for their kids, et cetera. In less than a minute, how can we balance that?

**The Hon. GREG PEARCE:** Less time for the answer than the question.

**The Hon. SOPHIE COTSIS:** I am passionate about this.

**Dr MARTIN:** There is no revenue to be had if people's response to those rates of rent is not to work. No revenue is gained by that. Housing NSW could take two big steps against work disincentive in public housing today by scrapping reviews as to eligibility and those higher rates of rent for moderate income earners. It would scarcely cost them anything. In fact, it would probably free up a bit of public housing because, not discouraged, there would be some tenants who do a bit of work and those tenants who do a bit of work may move out on their own steam. Those two things could be done at minimal cost to considerable—

**The Hon. GREG PEARCE:** They were the policies brought in during 2005?

**Dr MARTIN:** Yes, in 2005. That would be two great steps against work disincentive in social housing. The policy for income-related rents generally will always throw up some work disincentive problems. From time to time—the Henry review did it, the Commission of Audit did it—the prospect of a different sort of rent setting in public housing is raised. We would encourage the Government to have the discussion with tenants and with the people who represent them—there could be a variety of ways of doing rents a little differently to how they are currently being done. The Aboriginal Housing Office has a different rent model that has some promise. It is not income related; it is related to household type. That may get around some of the work disincentive problems. We would encourage the Government to have the discussion with tenants and their representatives about some alternatives to the current system.

**The Hon. RICK COLLESS:** Figure No. 10 in your submission, I would very much like to see that done by the number of properties and the number of bedrooms provided, rather than just by the lending commitments of investors. Is it possible to do that on notice?

**CHAIR:** What graph?

**The Hon. RICK COLLESS:** Figure No. 10 on page 10.

**Dr MARTIN:** Sorry, you would like to see what?

**The Hon. RICK COLLESS:** I would like to see that graph prepared by the number of properties funded under both sections and also the number of bedrooms that are provided.

**Dr MARTIN:** I get this directly from the ABS; I do not know that it collects that information. It is also reported by the RBA. I do not think it goes into bedrooms or even dwelling numbers for that matter. I do not think I have that information from the source.

**The Hon. RICK COLLESS:** Would you please have a look.

**CHAIR:** Thank you for your attendance before the Committee today. You have 21 days to respond to any questions taken on notice. The secretariat will be available to help you with that. Your submission and the evidence you have given today will be very helpful to the Committee.

**(The witness withdrew)**

**(Short adjournment)**

**DAMIEN HENNESSY**, Senior Solicitor, Housing, Legal Aid NSW, and

**MONIQUE HITTER**, Executive Director, Civil Law, Legal Aid NSW, affirmed and examined:

**CHAIR:** Would you like to make a brief opening statement?

**Ms HITTER:** Thank you for the opportunity to give evidence to this inquiry. In addition to our written submission we will make a brief opening statement. I will address the link between housing and disadvantage and my colleague will speak on options for reform, particularly in relation to the management of social housing stock. The area I lead at Legal Aid NSW provides legal advice and assistance to people in our community who are economically and socially disadvantaged. Housing is an issue that frequently arises for our clients in all sorts of settings. By way of background, we provide advice and assistance in relation to housing to people who seek assistance from Legal Aid offices across New South Wales. We also operate a network of outreach clinics in homeless shelters and other services that assist people who are homeless or at risk of homelessness. We are currently providing specialist services to Aboriginal women in custody specifically in relation to housing needs.

Housing and homelessness is an issue we are particularly focused on because of the established link between housing and disadvantage and the links between housing, criminal offending and recidivism. Our work in this area includes assisting people who are struggling financially and who are having difficulty maintaining their housing as well as people who are in dispute with housing providers, including social housing providers. Our aim is to keep people housed or return them to housing wherever possible because it is very clear from the work that we do that loss of housing can often lead to a cascade of other problems that entrench people further into disadvantage, resulting in problems that are often more difficult to resolve and lead to significant costs in other parts of the system, such as hospitals and jails. This is confirmed by research.

I will refer to three aspects of this research that may be of interest to the Committee. First, Professor Pascoe Pleasence, a leading academic on legal needs and disadvantage, refers to housing or shelter as a critical element in the cycle of disadvantage. Secondly, a recent Australia-wide survey into legal needs conducted by the Law and Justice Foundation of NSW found that crime victimisation and criminal offending are both linked to disadvantage and chaotic lives, and that these chaotic lives are characterised by problems such as debt, unemployment and housing. Lastly, the Australian Housing and Research Institute has also published research which suggests that ex-prisoners are much more likely to return to prison if they are homeless, transient or do not have accommodation support. As an organisation that works with the most disadvantaged in our community, we see the very tangible link between available and affordable housing and overcoming disadvantage.

**Mr HENNESSY:** I will draw the Committee's attention to two key points in our submission. The first of those concerns the effective management of housing stock by Housing NSW. As a government agency there is an expectation that Housing NSW is not only efficient but also fair, just, accountable and transparent. This expectation is satisfied by practices that ensure clarity of decision-making, the giving of adequate reasons, consistency in decision-making, making decision in a timely manner, and the exercise of discretion in appropriate cases. In situations where these standards have not been met, it is our experience that clients of Housing NSW experienced difficulty—difficulty in understanding decisions made about them and in holding Housing NSW to account. It is our recommendation that some of these difficulties could be overcome by establishing an improved system of review of decisions and drafting publicly available policies in a more consistent, accessible and integrated manner.

Our second point concerns the relationship between the private market and social housing. It is the failure of the private market to provide adequately secure and affordable housing is one reason for the overwhelming demand on the social housing system. It is our recommendation that private tenancy could be made more secure and less open to exploitation, especially for particularly vulnerable tenants, by removing the ability of a landlord to terminate a residential tenancy without giving a reason for doing so and changing the determination process for excessive rent increases. We look forward to the opportunity to answer questions.

**Ms JAN BARHAM:** How many people you see each year and do you have a breakdown of their circumstances?

**Ms HITTER:** I can certainly provide the Committee with those numbers on a more official basis. I could give approximate figures off the top of my head, but I would prefer to provide the exact number if that is okay.

**Ms JAN BARHAM:** That would be great. Please identify the issue or complaint and the advocacy sought.

**Ms HITTER:** Housing is in our top five matter types for assistance in relation to grants for legal aid. It is a very popular area of assistance in terms of legal representation. It is also something on which we often provide legal advice and minor assistance.

**Ms JAN BARHAM:** You mentioned prisoners. Is it not also the case that anyone who is charged is also disadvantaged if they are not in permanent housing? The issue of bail is problematic if someone does not have permanent housing.

**Ms HITTER:** Criminal law is not our expertise. Unfortunately, we are civil lawyers. My understanding is that when bail is considered accommodation comes into it. As I said, I am not an expert on that.

**Ms JAN BARHAM:** You mentioned Aboriginal women's work. Can you explain that?

**Ms HITTER:** People who are in disadvantaged circumstances are often struggling because of a lack of appropriate housing. The Aboriginal women we are helping who are in custody have had difficulties in obtaining housing. Where they have obtained it and something has gone wrong, they have difficulties re-entering the social housing situation. For example, we see women who have had social housing provided by Housing NSW. There has been a problem, such as being in a domestic violence relationship, and they have left that housing and for one reason or another are finding it difficult to get rehoused even though their situation is still very disadvantaged.

**Ms JAN BARHAM:** What opportunities are open to you to support or to find housing for those people? Is there a priority pool of housing for those who are most vulnerable?

**Ms HITTER:** What we are trying to do with these women is to address the issues that led to them being evicted from housing or that are barriers to them being rehoused—such as, explaining to Housing New South Wales the reasons why they were in the situation they were that led to their eviction or led to them owing a debt to Housing New South Wales, resolving those issues with Housing New South Wales, and advocating for them to change the decision of Housing New South Wales and let them re-enter the social housing milieu.

**Ms JAN BARHAM:** Have you formulated an opinion about the idea that was floated by the previous Minister about income management in relation to rental arrears? Or would you be able to indicate how that might impact upon people?

**Ms HITTER:** What we would really like to see is eviction being the very last option for all housing providers. There needs to be consideration given to a range of options available to assist people who are having difficulties meeting their rental payments and also those who are in arrears. There can be a number of ways in which tenants can make up those arrears without having to go down the road of eviction. We would like to see some flexibility put into the system so that those creative solutions can be considered. I guess income management is one of those options, as are some other options around assisting people to work off their rent arrears rather than having to pay back money. So we would be very interested in more consideration being given to more flexible ways in which people can meet those obligations.

**Ms JAN BARHAM:** In your submission you talk about two changes to make private tenancy more secure. At point (b) you say we need to "improve the determination process for excessive rent increases". Could you give a bit more of an explanation of that?

**Mr HENNESSY:** Currently a tenant receives a notice of rent increase and has a certain period of time in which to object to that. They do that by applying to the New South Wales Civil and Administrative Tribunal [NCAT]. At the moment it is up to the tenant to prove their case that the rent increase was excessive. The main consideration is the general market level of rents. The problem with the system now is that very few applications are made, and even fewer are successful. The reason for that is that that information, which is the most important factor for the tribunal to consider, is much more easily accessed by the landlord or their real estate agent. It is quite difficult for a run-of-the-mill tenant to be to access that. So the recommendation that we would make would be to perhaps place a greater burden on the landlord or their agent to actually provide to the tribunal information to justify the rent increase.



**Ms JAN BARHAM:** Is there an advocacy group that supports people who are wanting to appeal a rent increase?

**Mr HENNESSY:** We will provide advice in those type of cases. We would very rarely provide any advocacy. Tenants Advice and Advocacy Services would provide advice and advocacy in those situations.

**Ms JAN BARHAM:** In relation to that issue, is it not the case that in an area where properties are increasing in value—for example, coastal areas or inner city areas—the increase in value of surrounding properties might not necessarily equate to the property that someone is living in. There is a potential for a mismatch. Another submission made the point that if you looked at the property then you would see that it would not fetch the rent that surrounding properties would. But it is being judged, as if it were a same-same situation, by location rather than by property type or standard.

**Mr HENNESSY:** Yes, that is evidence that a tenant could bring to the tribunal. But it would have to be factored against the general market level of rents, which is information that a landlord or agent would always have access to.

**Ms JAN BARHAM:** So a two-bedder is a two-bedder no matter what condition it is in.

**Mr HENNESSY:** Well, that is the general market. But then perhaps the tenant could provide evidence that the condition of their particular premises is not that great—some photos of what it looks like, for example—and the tribunal could consider that.

**Ms JAN BARHAM:** The other point you make in your submission is about the no grounds termination. Is that a big issue for tenants across New South Wales? What number of cases are you seeing?

**Mr HENNESSY:** At the tribunal the terminations are overwhelmingly due to rent arrears, and this is in relation to private tenants. Then comes termination for no grounds and then, beneath that, is termination for breach. It is our experience that if there is a problem with a tenancy and a landlord wants to terminate the tenancy then they will not be upfront about the reason. They will go for the no grounds termination notice because it is easier. You have to give a bit longer notice period, but under the current Act if the matter gets to the tribunal then the tribunal has no choice other than to order a termination—the only thing it has any discretion over is the amount of time before the tenant has to be out. Our problem with that is that what it in fact does is to hide the real reason for the termination, and perhaps that should be ventilated. That is particularly a problem when dealing with a lot of our vulnerable clients. It is particularly a problem in cases where there might be an unfair termination or a termination by reason of discrimination or something like that.

**Ms JAN BARHAM:** At least one submission has suggested that community housing stock that has been transferred from the State should not be allowed to implement that no grounds termination.

**Mr HENNESSY:** Housing New South Wales does not use no grounds termination. The reason for that is that it has been established for quite some time that Housing New South Wales should be upfront about its reasons for ending a tenancy. That same sort of principle should apply to community housing.

**CHAIR:** Rent arrears does seem to be a major issue. What are your views about having a direct debit in that system where the Government would take that burden off people straightaway?

**Mr HENNESSY:** It is our experience that the vast majority of tenants on statutory incomes who receive Centrelink payments use direct debit. They use Centrepay. The amount is automatically deducted and they do not have to worry about it.

**CHAIR:** Do you have any stats of how many people use that service?

**Mr HENNESSY:** No, we do not.

**CHAIR:** Would you have any stats on how many of those who have rental arrears issues would be using direct debit?

**Ms HITTER:** No, I do not think so. Sorry.

**Ms JAN BARHAM:** Well, you would not.

**Mr HENNESSY:** Housing New South Wales may have stats.

**CHAIR:** Well, you would think you would not; but that is my point. That is where the crack in the system is. Normally it would be taken out but if you get to them before the agency does then there is not enough cash to take out. That is my point.

**Mr HENNESSY:** Centrelink do it automatically.

**The Hon. RICK COLLESS:** Do they do it for private as well as public housing tenants?

**Mr HENNESSY:** I am not sure if private tenants can access Centrepay. I do not know.

**The Hon. GREG PEARCE:** But the issue is that when a tenant gets into trouble they cancel the direct debit.

**Ms JAN BARHAM:** I have had representations around this from some people who had confusion when they are looking to transfer out of a property and they want to move. Someone may have a relationship fail or want to move back in with their parents to care for them or whatever. They have been told that the person needs to go on the lease with them to make application to get a transfer, and then they are charged for that person being there even though they are not currently living there. It becomes so convoluted and exhaustive for someone to prove that they have been wrongly charged and to try to get money back. Are these cases often difficult and convoluted for people who perhaps might not have either the skills or the support to be able to go up against the system?

**Mr HENNESSY:** I am unaware of anything happening in the circumstances you explained but in rent subsidy cancellation matters problems with rent subsidy has made up a lot of our work in the last couple of years. I think primarily it is because Housing has a unit called the Tenant Fraud Unit and they have also had two recent amnesties, so they are quite busy. We are a downriver service. They are quite busy so if people are aggrieved by decisions they then come to us for advice and assistance

**Ms JAN BARHAM:** Have you made representations about legislative changes that could be made? I think you have mentioned policy changes. Do you have any submissions that you could make available?

**Mr HENNESSY:** There has not been any process of making submissions. We have put ourselves forward on a number of occasions to consult with Housing.

**Ms JAN BARHAM:** On the new policy?

**Mr HENNESSY:** In relation to the new policy of vacant bedrooms?

**Ms JAN BARHAM:** The Government is developing a new policy, we understand.

**Mr HENNESSY:** That is news to me.

**Ms JAN BARHAM:** It seems to be news to everyone.

**Mr HENNESSY:** Developing policies across the spectrum I think is squarely in our submissions. I think that is a great idea. There are certain problems with housing policies at the moment and they need to be addressed.

**The Hon. SOPHIE COTSIS:** This seems to be a big red tape debate. How do you remove that red tape when you are trying to advocate for people to keep their homes but Housing is being difficult? Many of the people you represent have a lot of issues—that is why they come to you. Do you have monthly meetings with Housing or talk to them regularly? Have you spoken to the Director General of Housing NSW to put these issues to forward? A lot of this could be streamlined.

**Ms HITTER:** We take every opportunity we can to work with Housing in terms of assisting them to understand the impact of their policies on the clients that we see. There are forums that they participate in that we also participate in. But our general position is that the more they consult with us about how their policies impact on our clients and consult with us in a formal and meaningful way the better.

**The Hon. SOPHIE COTSIS:** Have you spoken to the Director General of Housing NSW?

**Ms HITTER:** I have not spoken to the Director General but, as I say, we are involved in a number of forums that representatives of Housing attend.

**The Hon. SOPHIE COTSIS:** Do you also represent clients at the tribunal?

**Ms HITTER:** Yes, we do.

**The Hon. SOPHIE COTSIS:** In Nowra we heard from representatives from a tenants forum that also does advocacy and appears at the tribunal. They were talking about duplication. When you are trying to negotiate an outcome with Housing at the tribunal it is costing you and it is costing Housing and you do not seem to get anywhere. Are you experiencing that as well when you are trying to negotiate an outcome before you have to appear at the tribunal?

**Mr HENNESSY:** That is true. Negotiation is a process that is built in to the NSW Civil and Administrative Tribunal [NCAT] procedure. On the whole, we like the conciliation part of the tribunal. I think that most parties, including Housing, would prefer to negotiate a settled outcome rather than take the risk at hearing. It has been our experience that those negotiations can be difficult and we go through to a hearing in cases that might have been better settled.

We are doing a lot of work at the moment in the Supreme Court reviewing Housing NSW decisions. Because of the absence of the negotiation process those matters are not settling, they are going through to hearing. There has been a new rule introduced in the last 12 months or so into the Uniform Civil Procedure Rules that might change that. For us to take a case we apply a merit test and see if we think a case has reasonable grounds of success. We would prefer Housing to evaluate their matters a bit earlier and if negotiation is possible to explore that route. Maybe the change to the rules might better accommodate that.

**Ms HITTER:** We are always encouraging Housing to pick up issues, particularly around rent arrears, as early as possible. You mentioned rent arrears being a big issue. Our experience is that rent appears is usually due to some other debt issue that is also happening for the client. We would encourage Housing to pick up on those issues very quickly. The Going Home Staying Home reform into homelessness talks about debt being one of the biggest contributing factors in homelessness. We would really like to encourage all agencies to pick up on these issues as early as possible and refer those people to agencies like ours so we can assist people at that stage rather than at the tribunal or the Supreme Court stage.

**The Hon. SOPHIE COTSIS:** In your submission you have provided a list of points about the need for clearer direction and for decisions to be made in a timely manner. I have found that sometimes when the tribunal makes an order Housing does not follow that order or delays following that order. Is that what you are finding?

**Mr HENNESSY:** In relation to repairs?

**The Hon. SOPHIE COTSIS:** Yes.

**Mr HENNESSY:** Yes.

**The Hon. SOPHIE COTSIS:** I am finding that, and representations of that nature have also been made to me in which people have told me that Housing is not following the orders of the tribunal. What do you do in that case?

**Mr HENNESSY:** The option open to a tenant in that situation is basically to go back to the tribunal. The tribunal can make further orders for compensation. In extreme cases it can make orders that rent is paid into the tribunal until the work has been completed. And there are a few other options open to the tribunal to make orders in those sorts of circumstances.

CORRECTED

**The Hon. RICK COLLESS:** What determines an excessive rent increase? Is a rent increase deemed to be excessive because it is over and above the consumer price index or the local change in the rent structure, for example?

**Mr HENNESSY:** There is a list of factors in the Residential Tenancies Act that the tribunal is to consider. The foremost of those is general market levels of rent. There are other factors the tribunal can consider, but that is the foremost.

**The Hon. RICK COLLESS:** It would not be that difficult to determine what that is in that case, would it?

**Mr HENNESSY:** There are certain peculiarities in relation to certain properties in certain markets. For example, there may be difficulties with large dwellings in certain suburbs and things like that. Where they have most ease in approaching that task tends to be in residential parks, which is different legislation but the same sort of principles. Because there tends to be a whole lot of dwellings all very similar and they have got parks nearby in coastal locations and things like that it is very easy to compare like with like. It is also a lot easier for the residents in those parks to collect the information.

**Ms JAN BARHAM:** How many of your cases involve caravan parks and are there any particular issues in relation to that? My general feeling would be that most of the issues are about rent increases or termination. Is there anything you can add to that?

**Mr HENNESSY:** We have been doing less residential park work over the years. When I first started in Legal Aid about 13 years ago it was quite busy. I think that was because we had a person who was very active in policy development and acted on a whole lot of different committees and in residential park groups. That is work we do not do now. The issues would tend to be site fee increases and services available at sites. There have been some recent issues in relation certain parks that have been designated for people over the age of 55.

**Ms JAN BARHAM:** The more manufactured-type home estates?

**Mr HENNESSY:** Yes. The tenants union has been doing a lot of work in the residential parks area for the past few years.

**The Hon. GREG PEARCE:** My recollection—and I may be wrong—is that legal representation is not allowed in tribunals.

**Mr HENNESSY:** It is available in certain circumstances, in accordance with rules of the tribunal. The NSW Civil and Administrative Tribunal came in on 1 January this year. There is no differentiation between legal representation and non-legal representation. If a government agency, like Housing NSW, is on the other side then representation is normally allowed as a matter of course, whether it be the tenant's advocates or Legal Aid.

**The Hon. SOPHIE COTSIS:** After the tribunal provides an order to housing, is there a period where they have to comply?

**Mr HENNESSY:** The tribunal would normally order that work is completed within a specified period, depending on what the work is. A hot-water heater may be a very short period, whereas more substantial or tricky repairs—say, repairs dealing with asbestos—might be given a generous period. If the tribunal makes no order as to time, the tenant has 12 months to bring it back to the tribunal if the work is not done.

**Ms JAN BARHAM:** Does the tenant ever have to be compensated for the standard of the dwelling?

**Mr HENNESSY:** For example, if the tenant was without a stove or bathroom facilities for a period then the tribunal might make an order for compensation, more commonly in the form of a rent reduction for a period.

**CHAIR:** If you have taken any questions on notice you have 21 days in which to answer them. The Committee may think of additional questions and write to you. The secretariat will help you if you need clarification. Thank you for participating in our inquiry to get a resolution to these issues.

CORRECTED

**(The witnesses withdrew)**

**(Short adjournment)**

CORRECTED

**GARY MOORE**, Chief Executive Officer, Homelessness NSW, and

**DIGBY HUGHES**, Policy and Research Officer, Homelessness NSW, affirmed and examined:

**CHAIR:** Thank you for appearing before the Committee this afternoon. Would either of you have an opening statement that you wish to speak to?

**Mr MOORE:** Just briefly. I guess the scale of the crisis in the supply of social and affordable housing in New South Wales has been reinforced by very recent data, such as the April 2014 Anglicare rental snapshot. I would also like to table, if possible, an article published by the *Sydney Morning Herald* in its most recent *Weekend*, which is entitled "Door slammed shut on the needy". It provides some current examples of the huge challenges faced in providing social and affordable housing in New South Wales.

**Document tabled.**

We would also note that street counts of rough sleepers, like the February 2014 City of Sydney one, showed significant increases whilst agencies working in areas such as Manly, Hornsby, Penrith, Sutherland and Parramatta all report more street-homeless. Reforms that are designed to shift the focus of homelessness services more towards the prevention of homelessness and Housing First type services are welcome, but they are occurring without any growth in social and affordable housing supply and in a no-growth budget framework. The introduction of responsible regulation into the State's boarding house sector at the beginning of 2013 has seen nearly 700 boarding houses being registered, with over 10,000 largely low income and disadvantaged residents. Still there is no doubt there are several hundred establishments more to come. Recent reforms that are designed to drive greater efficiencies in public housing see further overall loss of housing stock and more displaced and dislocated tenants competing for priority spots in the social housing queue.

The refusal to embody initiatives like inclusionary zoning into planning law in New South Wales means that, unlike many other OECD jurisdictions, we have virtually no ability to leverage social mix in major residential developments, whether urban infill or greenfield sites. Of course the Commission of Audit's recommendation that the Commonwealth vacate the social and affordable housing assistance field and the funding of homelessness programs altogether will cost New South Wales \$100 million per annum immediately in terms of lost homelessness funding. It also recommends that State housing agencies charge market rent for social housing with an increase in Commonwealth rent assistance for the most vulnerable being applied as rental rebates. A lot is riding on what we are yet to see in the New South Wales Government's social housing strategy that was so strongly recommended in an Auditor-General's report from last year, and of course what this inquiry recommends.

**CHAIR:** In terms of the rates of homelessness growing throughout Sydney, I do understand that is a bit of an approach to deal with those situations in their particular geographical areas. In your experience, given the City of Sydney and given the rough sleepers and homeless people in the immediate area of the City of Sydney, and given also the fact that we have been talking about Millers Point and the opportunities that exist to replace social public housing in some situation, would there be a need for a homeless shelter with showers and toilets and a particular commercial kitchen to be able to dish out meals in that particular area? Would there be a need for such infrastructure?

**Mr MOORE:** Well, it already exists via the Matthew Talbot Homeless Service and the Station which is up in the city, both a day and evening sense, and has those sorts of facilities. Of course there are any number of services that provide food at night out of food vans in east Sydney. I think we would probably think that the argument is about how better to organise that rather than necessarily making major new investment in that sort of infrastructure, if you are talking about chronic rough sleepers. That would be a preferable way that we would see.

One of the real issues is that the sense of adopting a Housing First approach, whereby you try to find people longer-term housing and put in the wraparound support services, which is evidenced by successful things in many overseas places and generally in things like Common Ground and some other initiatives in Australia, that is where the big gap is. Going to your inquiry in terms of the supply of social and affordable housing, we simply do not have a supply of stock. You can change or reform the social service system, but if you do not have the stock to put people in so that they can get secure housing and you can put the wraparound support

services around them, then that is the huge gap for chronically rough sleepers whether it is in Sydney or in other parts of the State.

**CHAIR:** Would you have a comment on the current proposal by the Government about selling off Millers Point? Do you have a view about that?

**Mr MOORE:** Yes.

**The Hon. SOPHIE COTSIS:** And the Sirius.

**CHAIR:** And the Sirius building. Obviously, it is all incorporated.

**Mr MOORE:** Yes. I guess the first thing to say is that we probably agree that 20 years of neglect by both sides of public and both levels of Commonwealth and State government have led to the disaster that is the social housing system in New South Wales. Our view is that both sides are equally responsible. Both reduced investment over the years and both have relied upon markets to try to deliver new forms of low-cost housing, which is not working. Putting that in place, how do you deal with a basket case, which is what the public housing system in New South Wales has become?

Our view is simply that if you decided to sell any of that stock, the way it has been done in terms of the tenants is the wrong way. Sixty per cent of people who live in that public housing in Millers Point are aged over 55. The majority of them will not be rehoused in the inner city. They will end up in middle ring and outer ring suburbs, in our view. For that reason alone we do not support how it is being done. There is an argument to say that you could redevelop many parts of infill sites with significant levels of social and affordable housing. But, once again, both sides of politics have failed miserably in terms of dealing with any planning law changes. Both sides of politics when in government and in opposition have refused to look at inclusionary zoning, for example, and because of that it is part of the reason why we are in the disaster that we are in.

**Ms JAN BARHAM:** You are right, I think it is a bit of a basket case, but we are all optimists, and coming to your submission there was some joy because you are offering some ideas from elsewhere. Some things have been working elsewhere so why not give them a go here, I think is what you are saying—don't give up, there are opportunities. On page 9 you refer to the social impact bonds opportunity and the rental assistance program. How confident would you be that these things are deserving of at least a trial?

**Mr MOORE:** On social impact bonds in this area, our understanding is that there is one major project in London, which seeks to house 400 chronically rough sleepers through a partnership between the Greater London Authority and a major not-for-profit called St Mungo's, and private investors. It is early days but it has only been going for six months. I can tell you as a member of the board of the Benevolent Society, wearing another hat, where we are one of the two social impact bond trials in New South Wales—admittedly in the family preservation area—early results are not too bad. But it is hard to say. With chronically rough sleepers—as I said, the London one has only been going seriously for six to seven months, there is one in New York and there is one in Massachusetts. They are the three that I am aware of, but it is way too early to be able to—

**Ms JAN BARHAM:** But that is not a reason not to give things a go, particularly when we cannot put a dollar value on the lack of support. It is this inability to put dollar value on what it means to support the vulnerable, is it not? We should do it because it is the right thing.

**Mr MOORE:** Indeed, and also because social impact bonds, as I understand, generally work well in the prevention area because it is the savings that governments make that pay the investors that put the front-end dosh into it. So I guess in the homelessness area I think yes we should be trying that. I know in the family preservation area both Burnside and the Benevolent Society are both oversubscribed quite strongly. So I think it is worth a go. It is not a magic bullet but it is certainly worth a go.

**Ms JAN BARHAM:** There are other things that can be done. The issue of looking at boarding houses, some submissions have raised the point about the subsidy that the Government provides for boarding houses in terms of the additional bedroom—I think \$10,000—that that could be better used and that there should be more regulation placed on those boarding houses where some people are being left with only 5 per cent of their benefits after paying their money. Do you hear much about people who slip from being in boarding houses to then being homeless because of those restrictions and constraints?

**Mr HUGHES:** The whole issue of boarding houses we find very complex. The ones you refer to, the 5 per cent, I am not aware of people in general boarding houses being that bereft of funds at the end of their payment. In the assisted boarding houses, yes definitely—the old LRCs, such as why we had the coronial inquest in the first place into Livingstone Road. We are fairly convinced after over a year now boarding houses expecting to register, being expected to register, we are still just around 700 boarding houses registered. We are not convinced that all the boarding houses that should be registered are registered. If Gary says hundreds, it could be into the thousands even. How many boarding houses is one of the great unknowns. To try and bring in more regulation on a sector that is not coming to the party is an issue.

**Ms JAN BARHAM:** Do you think people are being taken advantage of in any of those circumstances?

**Mr HUGHES:** In some circumstances. I know of boarding houses in the inner city where people sleep on dirt floors in the stables out the back. I know of cases where people have fronted up to services and it has taken the service a while to realise where they have been sleeping, and they have been sleeping literally in the laundry, in the common area laundry. They did not have a door, they had no lockable area; they had a towel partition and people came in all hours of the day and night to do their washing, and that is where they were meant to be sleeping. We are aware of many people still being taken advantage of.

As I said, we are aware that boarding houses are not registering and local governments are not picking up their part of the equation to actually go and enforce and encourage boarding houses to go and register. We would say literally thousands of them may not be registered. I am not aware of any local council in New South Wales, with 152, actually taking a proactive stance on that issue, which is pretty shocking.

**The Hon. SOPHIE COTSIS:** Thank you for coming this afternoon. With respect to your comments that both governments are to blame et cetera, you do not think that the stimulus housing program provided under the former Labor Federal Government supported some of this housing?

**Mr MOORE:** Certainly I think that particular amount of housing stock—6,000 in New South Wales—of course was significant. I guess I am talking about from the last Keating, first Howard budget federally—

**The Hon. SOPHIE COTSIS:** 1996.

**Mr MOORE:** —when the investment in social housing under the Commonwealth-State Housing Agreement first started to decline in real terms and, frankly, outside of the stimulus package it just disappeared over 20 years and you have had both major parties in both Commonwealth and State levels sitting on the government benches.

**The Hon. SOPHIE COTSIS:** In terms of what you are saying, the New South Wales Government submission did indicate that back then in the mid nineties that if similar levels of funding from the Federal Government had been provided we would have been facing a different situation today. Would you recommend a similar type of housing stimulus over the next, say, five or 10 years between Federal and State?

**Mr MOORE:** I think in partnership with some other things, which I am happy to talk about, yes that has to be one bit of the equation. I think our sister body at the national level, Homelessness Australia, and ACOSS have both talked about a commitment nationally in investment and development funds. That does have to be joint Commonwealth-State over time, but it is one thing. I do not think any of us think you can possibly spend the money directly through the budget to make up for what has happened over the two decades as the sole thing, but, yes, that does have to be part of it.

**The Hon. SOPHIE COTSIS:** It is interesting about the people from non-English speaking backgrounds who received correspondence from Housing. Do you have a figure of how many people from a non-English speaking background—

**Mr HUGHES:** I do not know the figures but I take it from my own personal experience. My wife is Argentinian. I go to parties, and I was at one again last Thursday night, and it is largely South American and Chileans. If they know I am coming I get a letter brought along every party and I am doing interpretations—it is Housing NSW—

**The Hon. SOPHIE COTSIS:** I grew up being a form-filler so I understand.



**Mr HUGHES:** The extent of the problem I do not know. All I know is that it makes me feel fairly useful at the parties.

**The Hon. SOPHIE COTSIS:** You are multiskilling.

**Mr HUGHES:** My Spanish is not as good as it should be. In some regards I do not know the extent but I know that there is a problem out there because every time there is a party someone different brings me a letter: "Can you interpret? What does this mean? What does it say is going to happen to me?"

**The Hon. SOPHIE COTSIS:** Do we not have multilingual information on the back of Housing letters? Or are you saying that there is a letter direct to the tenant?

**Mr HUGHES:** Yes.

**The Hon. SOPHIE COTSIS:** So that needs to change.

**Mr HUGHES:** Yes.

**The Hon. SOPHIE COTSIS:** The other concern, for many of us, is the Going Home Staying Home, which I know is a life process. I understand there are issues that you cannot talk about. But in your submission, you do state that come 1 July, because of the lack of funding, there is every chance of causing significant damage as soon as it is commenced. So you do not give it much confidence—and I have my own concerns but obviously this is going to affect a number of your members. So, can you elaborate?

**Mr MOORE:** We support the thrust of the reforms in two main areas: One is that it is important to prevent people from becoming homeless and in fact, that is fundamental and we do need a shift of focus to keep people in private tenancy or certainly in social housing. So that is the first thing. The second thing is that we support getting people out of the system and into housing with support, rather than cycling through shelters, refuges et cetera. The problem is very much in the second area that, when you try reform on this scale in a no-growth budget environment, which is what is happening, and with no housing supply, as I said in my opening comments, it becomes very difficult.

So I guess our organisation, as I say, we are a bit cut in this. We think there should be some change, because not much has changed over 25 to 30 years, but not all the right things are in place. So we are fearful when you run a full procurement competitive tendering process where you aggregate up to service packages. Mind you, what is happening in this reform is no different to what is happening across the human services sector generally. It is happening in community care, aged care, it happened in employment services 15 years ago and it is about to happen in other parts of community services and health non-government organisation [NGO] funding in New South Wales. I am sorry that I cannot be more specific.

**The Hon. SOPHIE COTSIS:** I understand that there is a live process.

**Mr MOORE:** I think it is fair to try to be honest about what the positives and the downsides are.

**The Hon. SOPHIE COTSIS:** Yes. I have my concerns about women-only services and the refuges. I am very concerned. You mentioned Common Ground and we are interested in Common Ground—I am particularly—and we are visiting there. Would you like to see more Common Grounds around the city and western Sydney?

**Mr MOORE:** Yes, that is an example of Housing First working, where you have a dedicated facility and 104 apartments. Dr. Sam Tsemberis wrote about Housing First firstly in New York in 1992-93. Their stuff is based around having housing supply, as well as reforming the support system. And that is the problem, we do not have the supply but we have got the reform and support system. So Common Ground is, from our perspective, an important initiative and 62 ex-homeless people now have long-term tenancies. That is a pretty remarkable achievement and more of that should be encouraged and made available.

**The Hon. SOPHIE COTSIS:** Could we look at that model and work with—I am not sure if you were here when the community housing providers, or one of them, was giving evidence. Would you support community housing providers providing something similar to Common Ground?

**Mr MOORE:** There is no argument. I think you had St George here earlier today, a major provider, doing some magnificent things in communities across Sydney in the 23 locations they run—absolutely. I am not necessarily about to say Housing NSW should lease out all of its properties in the community housing sector. Mind you, they do get Commonwealth rent assistance, so that is a way of dealing with part of the affordability issues there. But particularly at scale, some of those community housing providers are terrific at providing both social and affordable housing, sitting alongside each other. They are geared up to their social mix and, as you know, with some of the stuff that was vested in them, it enables them the capacity to borrow at the affordable end of the spectrum. So the answer is, yes.

Going back to Ms Barham's question, there is a program and initiative that the Centre for Affordable Housing has at the moment, which is a \$7 million tender to community housing providers to look at modern boarding houses. I do not know if that has been mentioned to the Committee before. It is pretty new, about a month.

**Ms JAN BARHAM:** Who is doing it?

**Mr MOORE:** It is Housing NSW. It is \$7 million and it is a select tender, looking at, I guess, the notion of a more contemporary boarding house for affordable housing. And obviously, we and many others who are, of course, very concerned about what is happening to older single women, in terms of their vulnerability in the housing market, hope that there might be a demonstration project that focuses on that group. So, it is very recent, very little, but those who will be managing the housing stock will be community housing providers.

**The Hon. GREG PEARCE:** Back to your comment about the last 20 years. I think that what has surprised a lot of us was that there was in New South Wales a general understanding that there was \$200 or \$300 million a year being invested or reinvested in housing and it is only since the housing part of the split land and housing was taken out that we have discovered that what was really happening was, Housing NSW was selling off its own stock to buy replacement stock and, in the course of that, losing development opportunities in the estates and so on. That then leaves us with the disjointed estates. Do you have any views on what we should be doing with the estates?

**Mr MOORE:** I think we are reasonably encouraged by what is happening at Bonnyrigg as an example of a joint private not-for-profit public partnership. I think there needs to be very careful consideration about how those things are done. I understand at Riverwood there is a similar set of arrangements between a developer, a community housing partner and the Public Housing Authority. So I think there are options to be working in that way in lots of estates, both infill and those on the outskirts. I do think that is a way forward.

**The Hon. GREG PEARCE:** Common Ground is a fantastic model but it is very expensive.

**Mr MOORE:** I appreciate that and I guess you might say Camperdown is a bit of a Rolls Royce in terms of what you might get. But we were only too well aware of the amount of, dare I say it, vacant publicly owned buildings, not all New South Wales Government owned, but local authorities as well, so one does start to think. What is the figure?

**Mr HUGHES:** It is 265,000 unoccupied private dwellings on Census night in New South Wales. One of our services in the eastern suburbs is in the process of having a talk to some of their local councils about the possibility of having a conversation with the community in order to ascertain the vacancy figures. It is not a job for the Australian Bureau of Statistics [ABS] to do on the Census night. They ask whether it is vacant or not vacant—that is their one determination. But the services can have the conversation and hopefully then have the conversation with the community, as to why some of these premises are vacant. And to go down the road of, if they are vacant for 12 to 18 months while you are applying to get your new development application through or while you are then looking at your financing, maybe the homelessness sector can use that property for 12 to 18 months for emergency accommodation for people.

**Mr MOORE:** I guess what I am trying to get at is that maybe there are some less Rolls Royce solutions that do not cost as much but embody the principles with some more careful and strategic thinking about this.

**The Hon. GREG PEARCE:** The key things I take out of it are the security and the on-site services.

**Mr MOORE:** Absolutely.

**The Hon. GREG PEARCE:** Other than that, the roof top gardens and things are great but—

**Mr MOORE:** And I guess the other thing there is fascinating—stuffed with local GPs and Medicare locals, all that sort of stuff. That is the kind of thing that we need to happen. It is difficult. In the homelessness area we have a system in the CBD that has grown up for 80 years, largely financed by charities until 30 years ago. How do you change that? You have to do it over time. Where do you make the investments? They own all the property as well, so to reform this to get a much better result does take a lot of time and patience.

**Ms JAN BARHAM:** But we would still be lost without the charities and the work they do.

**Mr MOORE:** Yes. I am not making that statement at all. No, absolutely.

**Ms JAN BARHAM:** I am just reaffirming the good work they do in the State.

**Mr MOORE:** Absolutely.

**The Hon. GREG PEARCE:** What is your estimate of the number of rough sleepers in the city?

**Mr MOORE:** We think there are probably around 500 in the CBD. I think it was 346 that the city counted, and they undercount places like Central station in particular and around that area. But it is not just the city. What we are being told is you can look at the census data and it says there were roughly 2,000 roughly New South Wales wide. You talk to the agencies in Parramatta, you talk to Wentworth Community Housing in Penrith, which has sponsored the street count there and along the banks of the Nepean River. You look at the people living in caves at Brooklyn. I guess the honest answer is nobody really knows, but we think within the CBD area it is probably about 500.

**The Hon. RICK COLLESS:** Is the reason those 500 people are sleeping rough wholly due to poverty or is it a mixture of poverty and mental illness, or is there a significant number of them for whom mental illness is the reason they are there, rather than poverty? What is the demographics of it?

**Mr HUGHES:** There are a number of cohorts amongst them, I suppose. One thing we do know—and we keep banging on about this every year—is that about 12 per cent of people who are rough sleepers are former diggers. They have seen active service for Australia and when they have come back the services have not been there to support them and they have ended up on the street.

**The Hon. SOPHIE COTSIS:** Sorry, how many?

**Mr HUGHES:** Twelve per cent of rough sleepers.

**The Hon. SOPHIE COTSIS:** That is extraordinary.

**Mr HUGHES:** There have been two surveys and one came in at 11.5 per cent and one came in at 12.5 per cent so I thought 12 per cent is sort of in between.

**The Hon. RICK COLLESS:** Are most of them Vietnam veterans?

**Mr HUGHES:** Vietnam. Could be some Iraq, Afghanistan.

**The Hon. RICK COLLESS:** That is really worrying.

**Mr HUGHES:** To me, that is one of the most damning statistics we have as a nation. We also know from the work by Guy Johnson, who is a researcher at RMIT in Melbourne, that 50 per cent of people who have a mental health issue on the street have developed that post living on the street. Again that makes perfect sense to me because of being stressed every day, where will I sleep tonight?

**Ms JAN BARHAM:** Trauma.

**Mr HUGHES:** Traumatized. I do not have the figures off the top of my head but the number of people who are rough sleeping have witnessed major trauma in their life. They have witnessed a murder, they have

witnessed a loved one being murdered. That is, again compared to the general population, tremendously high. I can get those figures for you.

**Mr MOORE:** It is not exactly the same thing. It is the number of people who have actually experienced trauma since they have been on the street. In 2012 they did a vulnerability index, which is related to the common ground entry thing. Some 54 per cent of the rough sleepers in that survey had experienced violence on the streets since they had become homeless. In Western Sydney when they did the vulnerability index in Penrith, St Marys and Blacktown it was 52 per cent. So they are the most contemporary figures we are aware of in Sydney.

**The Hon. RICK COLLESS:** Are the perpetrators of that violence other street people or are they people on drugs or what? You would not think these people would have anything worth pinching.

**Mr MOORE:** I do not know if it is about pinching. I think it is more about aggressive behaviour for other reasons, but I think from those two surveys it is a mixture. It is not one or the other. The figures we are talking to you about also do not include, but increasingly involves, women and children sleeping in cars in particular, which I am sure others have probably mentioned. As the domestic violence data unfortunately gets progressively worse those numbers seem to be increasing. But that is anecdotal. We do not have the data on numbers, but that is a constant commentary that is being made to us through our members.

**The Hon. RICK COLLESS:** In your submission you state that in 2011, 28,000 people were experiencing homelessness. Is that the figure for New South Wales?

**Mr MOORE:** It is the figure for New South Wales.

**The Hon. RICK COLLESS:** Are the figures for Sydney broken down into different population centres?

**Mr MOORE:** Yes. Can I take that on notice and give you the breakdown?

**The Hon. RICK COLLESS:** Yes, sure.

**Mr MOORE:** ABS breaks them down according to the major cohorts. So you have rough sleepers, people in severely overcrowded housing, people in boarding houses, et cetera. We can get you the city of Sydney, or do you want all the city?

**The Hon. RICK COLLESS:** I am particularly interested in the number of people who are experiencing that in regional areas.

**Mr MOORE:** We can give you the full split, if that is okay.

**The Hon. RICK COLLESS:** Thank you.

**Ms JAN BARHAM:** I think you are aware of the Cottage operation in my local government area that provides services during the day and gives people a point of contact and a sense of belonging in the town. I have advocated for that to be a more broadly available service. One thing that amazed me in working with that was finding out that a lot of these people, because of trauma and other experiences, could not be inside like at night because of mental health. So the idea of transitioning from that state with the supports into housing, you made reference to the social bond. That would be a very good program to see the success very quickly if you are able to give someone the supports to be able to get to that point. Do you know of any examples like that?

**Mr MOORE:** I do not know if we put all the elements together but there are certainly outreach programs that were funded. The national partnership funds it so there is additional money since the white paper. Certainly, there are some good examples in New South Wales, yes, on the support transition side but once again the stock and having the right stock at the right time in that process.

**Ms JAN BARHAM:** Has anyone done transition planning to put the numbers there and the steps through the process of getting to that point? It seems that forever people say the problem is too hard, that we need a plan. Were you consulted on a strategy or plan by the Government that we hear is being developed?

**Mr MOORE:** I am not sure—

**Ms JAN BARHAM:** Recently, since the Auditor-General's report.

**The Hon. SOPHIE COTSIS:** The social housing problem and the State strategy.

**Mr MOORE:** Unfortunately, no.

**The Hon. SOPHIE COTSIS:** Who are they consulting?

**Ms JAN BARHAM:** I do not know. We have not found anyone yet.

**The Hon. SOPHIE COTSIS:** They are consulting the bureaucrats.

**Ms JAN BARHAM:** There is concern about older people and people with disabilities and their vulnerability if they end up homeless. Do you have anything to add on those particular groups? I suppose young people need to be added; the ones who are most at risk are the ones that it seems hardest for them to find support.

**Mr HUGHES:** We know there is an increasing cohort of older single women, women who are 55 plus, and we have written about this. It was in the Mercy Foundation report just a few weeks ago. We know that is a growing group. They do not need to have major support put in place for them, they need a place that is affordable that they can live in. They do not have a disability and they do not have a mental health issue; they have been struck by unaffordable housing. They need a place to live. Again, we know, as I said, that a large number of people sleeping on the street have a mental health issue, an acquired brain injury. We also know that when sleeping rough you get physical impairment and it impacts on your capacity to function in society. As we are hopefully developing a housing solution, we have to also make sure that they follow universal design principles as well so those people can access those premises.

**Mr MOORE:** Can I add to that. In terms of looking at the National Disability Insurance Scheme trials and how that may or may not roll out over the next years, one of the things that is pretty clear is the expectation that the National Disability Insurance Scheme might well deliver a whole lot of housing options. Unless there is housing supply there again in your core questions, it will not happen. You can put all the money you like to a consumer or a carer to purchase, but if it is not there, it is not there. I think there is a bit of a rude awakening coming in terms of the intersection of the National Disability Insurance Scheme and that. I will just say one thing about one other group that is really important.

The biggest group of homeless people in New South Wales, as the Australian Bureau of Statistics describes them, the people who live in severely overcrowded housing, there are 9,500 out of that 28,000 and 70 per cent of them rent in six local government areas in Western Sydney, 50 per cent of them come from non-English speaking backgrounds and 25 per cent are Aboriginal. Those figures were taken before any people were released from detention centres into the community, so I suspect the numbers are more significant than that now. I know there is an assumption in some cultures that people cram together. All the work we have seen, including some unreleased reports that Family and Community Services have on this group, these groups show that it is simply not a choice. The definition is you need four more bedrooms. We are talking about major overcrowding. We are talking about three and four families and lots of kids.

**The Hon. RICK COLLESS:** Is there any particular ethnic group that dominates?

**Mr MOORE:** No, there is not. The Australian Bureau of Statistics data points to groups particularly from India and Bangladesh, Afghanis, Sudanese, et cetera, so what you might expect in respect of more numbers of recent arrivals, but it is a big issue. It is not just here. It is in Victoria as well. It is that group of people who, we are sure, are being enormously exploited in respect of private housing arrangements and the rents or the fees that they are paying, and the conditions are dreadful. I know it does not sound like a large number, but it has come from nowhere over two census periods. It is sitting there in the arc of Liverpool to Blacktown, out through that way.

**The Hon. SOPHIE COTSIS:** Mr Hughes, I am very concerned about the figure you quoted regarding ex-servicemen and women. Have you raised this formally with the Government? Have you got statistical evidence?

**Mr HUGHES:** There were two sources. One was the Vulnerability Index that Gary spoke about earlier and there was another survey by Mission Australia, I think it was. They are reputable organisations. We have raised it with Veterans Affairs federally. We have aimed to try to overcome that and we have a one-stop shop, I would call it. The service is now working with the person on the street and it is not the first question they ask them, but as they work with them they find out, "Yes, I have been in active service." Those people have one number to ring in Veterans Affairs and they can start to get the wraparound support, but the one thing that Veterans Affairs does not offer is housing.

**The Hon. SOPHIE COTSIS:** So then they come to New South Wales—

**Mr HUGHES:** They are back into the system in New South Wales trying to find accommodation.

**The Hon. SOPHIE COTSIS:** I will have a discussion with the Committee members about what we can do, whether we write to the Minister. We are all very concerned about having ex-servicemen and women living on the streets. It is just not on.

**Ms JAN BARHAM:** In America it is worse.

**Mr HUGHES:** We have always believed it happens in America. When I saw the first figure, I thought, you know, it hit me. Then within a year I saw another survey with basically the same figure. It was something that had not been on our radar because it was something that we suspected in America, but not in Australia.

**CHAIR:** I want to finish the discussion where we started. I asked you about the opportunity of doing some further service in the central business district. You have since quoted 346 from the city of Sydney to 500. I am still trying to get clarification. You told me that the Matthew Talbot Centre has the ability to cater for those numbers. Is that what you said?

**Mr MOORE:** It has part of the ability, I guess, if you take into account the other services run by the major charities as well, and I mentioned a place called The Station, which offers a day service.

**CHAIR:** The Station?

**Mr MOORE:** The Station in—

**Mr HUGHES:** Kent Street. Kent and Erskine, I think.

**Mr MOORE:** What we would say, and I guess this is somewhat contentious in relation to this, there is some sense about trying to deal with homelessness at source, and I guess trying to stop people ending up in the inner city. Part of the problem is that you do not have the services in south-western and north-western Sydney, Hunter and the Illawarra. One of the positive things about Going Home, Staying Home is the adoption of an approach to reallocate funds based on contemporary need rather than history. The problem is if you do it in one foul swoop without a confined budget, you get the sort of problems that have been alluded to. The idea is good. The execution is the big issue.

**CHAIR:** That is my point. I am aware that the new Minister is mindful about this, and it is not just Sydney, as you noted. It is happening in Nepean, in the Hawkesbury, in the bush up that way, in Parramatta. Homelessness occurs across Sydney. I am aware that the Minister is aware of this. When I think about the Sydney central business district, it is the end of the train line, and so we have a situation coming up that we will get one shot to renew the infrastructure to try to help these people. I want to make sure that we do not miss it. You are telling me that the services that we have and the charities running those services have the capacity to deal with what we need to deal with, and we do not need new structure, we need to do the wraparound service.

**Mr MOORE:** We need to do the wraparound service, but what is missing is the housing.

**CHAIR:** I understand that.

**Mr MOORE:** What we also do not need to do is to cut 30 per cent out of the inner Sydney in Government funding in one go.

**The Hon. SOPHIE COTSIS:** That is right.

**CHAIR:** I understand that. My point comes down to this simple factor: If there are 300 to 500 people sleeping on our streets on any given night in the Sydney central business district, if they chose to go to a bedsit where there was shelter over their head and a bed for the night is the capacity there for that to happen?

**Mr MOORE:** Okay. There is not a full capacity to have 500 beds—there are not 500 beds to match those 346. It is certainly true there is probably 100 to 200 who could be assisted in that regard. I want to put two things to you. First, if we are thinking about solutions it has got to be about offering options other than just a bed for a night where people are there.

**CHAIR:** I understand that.

**Mr MOORE:** You cannot divorce one thing from the other, I suppose.

**CHAIR:** I understand that, coming from health care. For instance, one-third of those 300, 12 per cent, could immediately find some help if the Department of Veteran Affairs had housing in its portfolio?

**The Hon. SOPHIE COTSIS:** It is getting rid of it.

**CHAIR:** I understand what you are saying.

**The Hon. SOPHIE COTSIS:** At Central Station are there homelessness support community workers—whether they are non-government funded or government funded—who talk to people who get off the train and need some sort of support?

**Mr MOORE:** No, there are not those sorts of people but there are people like Mission Beat and others dealing with people who are having a hard time in those locations. There is not an information kiosk, if you like, for people.

**The Hon. SOPHIE COTSIS:** Would you support a program that has qualified experts who move around Central Station and the Domain area and talk to homeless people and refer them? What is your view?

**Mr MOORE:** I think we do support—that is part of assertive outreach, a term that was used before, so the answer would be "yes". Whether it is a specialist service or it is added on to what people currently do, that would be another debate. I do remember being on the Social Impact Committee for the Sydney Olympics when I was at the Council of Social Services of New South Wales and that is exactly what happened in the run-up to the Sydney Olympics and Paralympics when the homeless protocol was first put down. Part of it was additional staff were employed out of some of the major charities to work with people, and there was some additional emergency accommodation found. That is actually what happened in the year 2000 before we got to the Olympics and the Paralympics. That all disappeared within six months but that is what we did. To stop people being moved on we actually moved them into something and, of course, we had the protocol. Am I able to table two other things for the Committee?

**CHAIR:** Yes.

**Mr MOORE:** I know we did not talk about the planning side, and I know it is not necessarily in your remit. This is the Housing New York Plan that came out 10 days ago from the new Mayor of New York, mandated inclusionary zoning. This is the Greater London Plan that has been in operation since 2011, mandated inclusionary zoning. If there is one thing that New South Wales has to step up to the plate on it is to actually try to get social and affordable housing in the mix in development.

**The Hon. SOPHIE COTSIS:** Talk to the Housing Industry Association as well.

**Mr MOORE:** I am sure you did.

**The Hon. SOPHIE COTSIS:** You will do a great job convincing them.

**CHAIR:** I thank you for your contribution. This is really the business end of this inquiry. At the end of the day this is what happens when our most vulnerable cannot get a roof over their head. I thank you for what

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you do and for your commitment to this cause. I am sure the Committee will embrace what you do and hopefully it will reflect it in its recommendations that fall on ears that want to hear, and hearts that want to move and hands that want to act. The Committee may forward further questions to which you have 21 days to reply.

**(The witnesses withdrew)**



**MARY O'SULLIVAN**, Executive Member of the Women's Electoral Lobby NSW, affirmed and examined:

**CHAIR:** Do you want to make an opening statement?

**Ms O'SULLIVAN:** Yes. I am very aware that it is the end of the day and that the Committee has had an intensive hearing, so I will make a brief statement. Women's Electoral Lobby NSW is an independent, non-party political feminist lobby group with members over the decades from across the political spectrum. It has worked for more than 40 years on campaigns, advocacy and policy to improve the position of women in New South Wales. Through our affiliation with other State-based branches we constitute Women's Electoral Lobby Australia. Using data largely from New South Wales Government sources, some of which is research commissioned by New South Wales Government agencies and which the Women's Electoral Lobby NSW has been privileged to provide some advice in relation to the management and final production of this research.

We argue in our submission that the housing affordability crisis has particular impacts on women which need to be factored into the Government response. I will finish my introductory statement with two key themes: first, the critical importance of gender disaggregated data to understand the dimensions of social disadvantages insofar as it relates to housing, which is obviously related to one of the Committee's terms of reference; second, women's specific needs in relation to housing and the increasing number of women likely to face housing stress and homelessness. I will leave the introduction at that, and take questions from the Committee.

**The Hon. SOPHIE COTSIS:** Thank you for your important submission. One of the issues you raised in your submission was that of gender data. Can you elaborate on what you mean by that and how it can be used by agencies, planners, non-government organisations to improve long-term plans in this area for women?

**Ms O'SULLIVAN:** Yes. For example, I will cite some data from Women NSW in 2013—an annual report produced by Women NSW within Family and Community Services. The 2013 report draws attention to significant numbers of single women living alone in New South Wales who suffer from housing stress. The Committee would have heard numerous times the standard definition of housing stress: 30 per cent of household income spent on housing or housing-related costs. Women NSW states that in the over 45 age group single women living alone or as sole parents are the group most affected by housing stress. Of the total over 45 age group paying rent or mortgage, single women made up 60 per cent of those experiencing rental stress and 55 per cent of those experiencing mortgage stress.

There are numerous other statistics that our submission cites, not just from the annual report of Women NSW but also from a research study that was commissioned from the Australian Institute of Family Studies by Women NSW and Family and Community Services. That research provides some additional information in relation to women at the most disadvantaged level, particularly in relation to housing. They discuss the extent to which women's individual resources, both within a household and in relation to their housing tenure, may differ from resources indicated by conventional measures made at the household or area level, for example. They say it is very important that, by implication, government agencies and other planning bodies disaggregate household measures in terms of gender when considering women's vulnerability in the event of change of household living arrangements arising from divorce, separation or domestic violence, especially since women are often at a financial disadvantage or are working part-time, outside or on the margins of the labor force.

I was very pleased to be able to hear the evidence of the witnesses from Homelessness NSW. It is very relevant to the issue of emergency housing that we consider not only statistically that women are the major users of emergency housing in relation to domestic violence. In our submission we signal concerns relating to the current process but acknowledge here that it is a live process. It is also critically important to look at the under-reporting of women in need of emergency housing who may actually not leave these situations, not only of domestic violence in the conventional sense but also elder abuse, for example, and who are actually undercounted in the potential homelessness category because they are terrified of homelessness in a way that possibly some men, albeit with the multiple motivations that drive men out of domestic situations and out of their established homes, may not be. We need to do research as to the extent to which women are as vulnerable to homelessness but are not actually showing up in the homelessness statistics to the same extent that men are in that precarious situation in which many women find themselves.

In particular, we need much more data in relation to Aboriginal women and we heard the examples of gross overcrowding in parts of Sydney. When you think about who constitutes that overcrowding—women,

children and families muddled up together with all of the social consequences that has. In terms of how it should influence responses, how these disaggregated statistics can assist government and other bodies to respond to the homelessness crisis, it seems first of all that we need to get the data on the table. I have looked through most of the peak bodies submissions to this inquiry, many of them obviously excellent and thoroughly well researched, but only a couple only used this disaggregated data, and primarily that is in relation to fugitives from domestic violence. Clearly we have this data already on the table, some of it significant data, through the New South Wales Government's publically available research—the support of the previous Minister for Women, for example, who was very data driven in relation to gender. But we need to factor this information, these statistics and more into, for example, the Social Housing Strategy that we understand is under preparation.

Even if you look at things like one of the objectives of the New South Wales Government, and this is an objective of all political parties across the mainstream in Australia, to increase the participation of women in the workforce, particularly the workforce participation of young and vulnerable women or women who are in mid-age approaching their late 40s, 50s, who are in the rental sector and who are facing housing stress. We want those people to be in relatively stable employment or in some employment. There is important data, which we don't use in our report, that shows a real incongruity between where there are positions available in, for example, cleaning jobs, caring jobs, retail jobs, laundry work and all those areas that are predominantly low wage female areas, a real incongruity between where those jobs are and where there is rental accommodation that is even remotely affordable for women in those positions. We are not just talking about emergency workers here, we are talking about people who we want to be involved in the workforce and who need to be to avoid homelessness or the threat of homelessness.

**The Hon. SOPHIE COTSIS:** This is an issue that is confronting us now and will continue to front us over the next 10 to 15 years. Budget Paper No. 6 of 2011 contained future projection figures about population et cetera. One of the most interesting figures was about the ageing of women—for example, in the next 15 years some women will reach the age of 90 or 95. As you pointed out in your submission, and there was one other submission that pointed this out, many of the women about to retire over the next 15 to 18 years are retiring with very limited superannuation. In terms of anecdotal evidence, what is happening to those women who are retiring at 65 now, who have been living in private rental and who can no longer continue to work as a cleaner or work in a local club?

**Ms O'SULLIVAN:** What we need to understand, first of all, is that women who face housing costs that go far beyond their income will do everything they can to avoid having to become homeless far more than anecdotally as we understand from the Mercy Foundation report that Homelessness NSW referred to earlier. Also, from St Vincent de Paul research which was undertaken with the Older Women's Network a number of years ago. Women will suffer all sorts of financial constraints to stop themselves having to leave quite abusive sometimes and very constrained situations.

At the moment the only access women in those positions have is to the completely inadequate stock of social housing and obviously to priority public housing. They are not often in the position where they are absolutely destitute but it seems to me that one of the openings for the Committee again comes from the previous presentation and also from some of the discussions we heard from St George Community Housing earlier. We need to think about how we can look at investments and joint projects where community housing is perhaps targeted to particular groups in the community. For example, in a separate submission we have done to the Senate Inquiry into Affordable Housing we looked at the as yet unrealised potential of the National Rental Affordability Scheme and the national agreement in relation to housing—those national agreements.

We could actually look at things like the new boarding-house model, for example, or we could look at community housing arrangements where you did have support for women with communities or relatives, for example—different groups with common bonds. One of the key issues with the data is the projection that by 2026 of the, I think 800,000 or so people nationally over 75 projected to be living on their own, around 600,000 of those people will be women. So you have this hugely expanded population of people living alone and governments need to take into account the implications of that in terms of constituting communities of older people who can support each other but also have supported housing, perhaps something like the hostels arrangements.

A number of submissions have noted that hostels are in decline. I do not know whether any of the earlier witnesses have talked to any extent about that,=but there was a layer of accommodation that older people used to access between nursing homes and at-home care—ageing in place. Perhaps the new boarding-house

project could provide some potential in this regard. At the moment there is very little provision other than the inadequate provision that witnesses have testified to through the hearings conducted so far.

**The Hon. SOPHIE COTSIS:** Thank you.

**Ms JAN BARHAM:** I would like to highlight the point you have made but cannot recall anyone else making around the likelihood of increased homelessness from changes to the single parents and Newstart payments. You have identified it is likely that will exacerbate the numbers of people?

**Ms O'SULLIVAN:** Yes. As yet we do not have data on that because the change was instituted at the beginning of, I think, 2013. It would seem logical that if you move from the single parent benefit through to Newstart, with a little bit of Commonwealth rent assistance thrown in, with all the research that has been reported to the Committee in relation to affordability of rents for people on Newstart in the Sydney metropolitan area and other regional centres, you are going to get another potential group of people who move into that relatively desperate situation.

**Ms JAN BARHAM:** It was a good warning?

**Ms O'SULLIVAN:** Yes.

**Ms JAN BARHAM:** I appreciate the point being made; I am not sure that anyone is looking forward; they are dealing with what is going on. It was a very good indicator point. Do you have other information around initiatives being raised by some of the people in the audience today who have heard about what is essentially elder abuse that comes from intergenerational living on a property where single or elderly parents may be put in the backyard and family members take over financial matters and the house? It is troubling to hear of people being abused in this way. Do you hear much about that?

**Ms O'SULLIVAN:** Again, this is an early area of research. The report that came out two weeks ago from the Mercy Foundation undertaken by the Griffith University cites data that suggests that this is a form of hidden homelessness but I cannot provide anecdotal evidence that would suggest reliably that this is on the table. However, I think that if we look at the data on domestic violence and family violence across the board, there is an assumption often that with the data that this is essentially partner abuse in terms of dysfunctional couple relationships. The research that Family and Community Services commissioned from the Australian Institute of Family Studies indicates that the one area on which we need more work and more data is in the arena of interrelationships between women and other people within the house itself.

At the moment, while we do have anecdotal evidence of elder abuse often coming through the courts or through the legal system and anecdotal evidence through the media, I do not want to make substantial comments on it without actual data at hand, except to say that it is one of the areas where we think Family and Community Services, in particular, and Housing NSW should be involved. If we continue this tradition that Minister Goward initiated with the Australian Institute of Family Studies work and with the Women NSW annual data, if we could get some work in that area, I think that would be very important.

I do not like to use rhetoric here but we are facing a dramatic increase in the numbers of older women, in particular, who are living largely on the pension or are often in their fifties and sixties before they get the pension and whose work is precarious, and for whom I suppose respectability also is an incredibly important dimension of their whole frugal identity, if you like, and who just do not come up in the commonly available statistics. Of course there is also the Older Women's Network. The Women's Electoral Lobby New South Wales [WEL] has consulted substantially with them in relation to this presentation but unfortunately they were not able to be here today. Some of their members are deeply involved in these situations locally, because they have 20 groups throughout New South Wales who work with these women.

**Ms JAN BARHAM:** With that issue, it would be hard to know what is actually going on. Hearing from people who live in the community and who are aware of it, it is almost as if there needs to be some sort of community-based research done to understand it. One thing that we can all learn from this inquiry is that there are things that we have seen going on for years that have only gotten worse. If we can see things that are starting to present in community now then we should be acting on those early and taking the initiative to try to address those before they do get worse. With the issue that you raise and the one that people in the audience raised with me earlier, I think there are two issues that need early attention. You also refer to the Commonwealth rental

assistance issues. Is there anything else you would like to raise about who is affected by that and whether there are any changes that could be made to that?

**Ms O'SULLIVAN:** Obviously this is not within the remit of this Committee. We will see what happens in the Federal budget tomorrow. There are some predictions that it might be the sole area which the Commonwealth retains in relation to housing policy, which would be a good thing in one regard. Women New South Wales presents evidence to show that Commonwealth rental assistance was received by about 397,000 single people and families in New South Wales in 2012, which is quite a large number of people in our State. Single people and sole parents made up approximately three-quarters of recipients. So it is very important for sole parents in particular.

The Women New South Wales report states that Commonwealth rent assistance is paid to alleviate rental stress but there is quite a high percentage of women who receive it, sole parents in particular, who still suffer rental stress—I think it is about 40 per cent. The large number of recipients of Commonwealth rental assistance who are in rental stress are women. More women in New South Wales than men meet the eligibility requirements. I think 91 per cent of sole parents are on Commonwealth rental assistance. I think the socio-economic research that the Australian Institute of Family Studies undertook identifies public housing tenure and/or private rental in receipt of Commonwealth rental assistance as the major determinants of housing risk and also high levels of poverty amongst women in New South Wales.

**Ms JAN BARHAM:** Do you have any other information about employment opportunities for older women? We are hearing about them having to work until they are older. I note that in my local area the opportunities for women in employment are largely in the hospitality area. They diminish as they age, unfortunately. It is a sad reality. What jobs are there for those women? Once upon a time we would have seen them in garment factories or some of those other jobs that really no longer exist in our community.

**Ms O'SULLIVAN:** Thank you for the question. The Commonwealth Age Discrimination Commissioner Susan Ryan has been making substantial commentary in the media about the limited employment opportunities available for older women—and for older men as well, but particularly older women. While I do not have the data at my fingertips I can certainly provide you with data if you think it is relevant to the concerns of the Committee. There is substantial evidence in Australian Bureau of Statistics data that, for example, women aged 45 and older—we are talking here about older starting at age 45—have substantially fewer resources at their disposal, particularly women who are living on their own and who are in the private rental market, compared to their male equivalents. That is obviously about a whole record of having a 17.5 per cent pay gap and half of the superannuation available to them of men, albeit that men have very limited superannuation as well. I think the average superannuation balance for men is about \$180,000 and for women it is about \$60,000. So it is not adequate for either group.

I think the other important thing to emphasise here is that our aim is not to set different disadvantaged groups against each other, far from it. The key thing is that women have a particularly important dimension in terms of housing; first, because of women's particular vulnerability along a whole lot of indicators; and, secondly, because women from mid-age onwards are far more vulnerable financially. Thirdly, we need to look at a holistic view of how we respond to the housing crisis. We need to look at how we construct communities and the ways in which older people can live together, not just in individual housing units but in ways that will enable the Government to not have to intervene at a crisis level, which has huge resource implications.

**Ms JAN BARHAM:** Are we going to hear from the Older Women's Network today?

**CHAIR:** No. They could not be here.

**Ms JAN BARHAM:** There was a point made in the Older Women's Network about cooperative housing for older women. Are you aware of any models for that? I understood that Helen L'Orange was working on one with the North Sydney Council?

**Ms O'SULLIVAN:** Yes, we have not mentioned this in our submission but there are a number of models. I know that at Waverton there is a model being set up called the hub. Helen L'Orange is a former adviser to the national Women's Electoral Lobby and a member of the executive of the Women's Electoral Lobby New South Wales. She is working on this project. I think it is supported by the North Sydney Council. Local political representatives support and are very interested in the project. Essentially it involves volunteer

and grant-based projects designed to not only harness the volunteer energy of women living in that particular community but also enable that volunteer energy to be targeted and put to tactical use.

We understand that isolation is a growing problem with older people. We have this horrifying statistic about the proportion of older women who are going to be living alone. One of the stories the hub team told was about a couple where one of them was facing serious illness in the form of cancer. The hub project organised resources to assist this couple so that the person who was ill could die at home. So it was about not only using palliative care resources provided by the Department of Health but also the latent volunteer energy that is in many communities and localities. That energy can be utilised not just in an ad hoc way but rather in an organised and targeted way.

I think The Hub is an evolving model, but it is relevant to ageing in place. To age in place you have to have a place to age in. The concern relates to a significant and growing group—the 45 to 55 demographic. The statistics in our submission indicate that 35 per cent of them are in the private rental market—that is, they do not own their home and are unlikely ever to do so at that age. Australian Bureau of Statistics show that there is a substantial difference in the level of home ownership in the 35 to 45 demographic from the figures 20 years ago. An increasing number of people from middle age on—from maturity on—who are in the private rental market, who have low incomes and who have insubstantial superannuation will be vulnerable in terms of housing. They do not own property to age in.

While the Commonwealth and the State governments have had a commendable focus on ageing in place—and The Hub is the ideal representative of that type of focus—we must not lose site of the fact that there is a substantial and growing population of people for whom the place they rent now may not be the place they can afford to stay in once their income is further restricted. That is relevant to the Committee's term of reference about projection of future needs.

**The Hon. SOPHIE COTSIS:** You have mentioned a study. Do you have a copy or is there a way for the Committee to get a copy?

**Ms O'SULLIVAN:** The Mercy study?

**The Hon. SOPHIE COTSIS:** No.

**Ms O'SULLIVAN:** There are two studies.

**CHAIR:** There was a foundation report.

**Ms O'SULLIVAN:** "Women in NSW 2013" is on the Women NSW website.

**The Hon. SOPHIE COTSIS:** I do not mean that one.

**CHAIR:** The foundation report?

**Ms O'SULLIVAN:** No. The Mercy Foundation report is available. I can provide the Committee with a copy or with the relevant website. Similarly substantial research was undertaken by the Department of Family and Community Services and WEL and the Older Women's Network contributed in terms of our membership of the management committee. A number of prestigious researchers undertook that research and were on the oversight committee. It is entitled "Women and Socioeconomic Status in New South Wales".

**The Hon. SOPHIE COTSIS:** How can we get a copy of that?

**Ms O'SULLIVAN:** It is not yet available. However, WEL has written to the former Minister asking for it to be made available as soon as possible. My understanding from talking to one of the officers of the department who assisted in managing the project is that it will be on the website sooner rather than later. Obviously the change of Minister may have inhibited that program. It has a whole chapter on housing and it is a highly sophisticated piece of work that, as you can see, we drew on in preparing our report.

**CHAIR:** Is that the socioeconomic research?

**Ms O'SULLIVAN:** Yes.

**The Hon. SOPHIE COTSIS:** Perhaps we can write to the Minister and get it. I refer to the Going Home Staying Home program. Concern has been raised in particular about women's-only services and women's refuges. What is your view?

**Ms O'SULLIVAN:** I heard the evidence from Homelessness NSW and I have read its submission. WEL has consulted a number of expert bodies about domestic violence services. I will not specify them, but we all know the bodies. As the chief executive officer Homelessness NSW said, there are two sides to the coin. There is looking at rationalising the services so that they are focused more on areas of direct need and getting the resources out of the inner-city, and then there is the historic location of many of these services. I do not think the Committee would see this as a relevant piece of information, but I remember the week when Elsie was established in the 1970s

**The Hon. SOPHIE COTSIS:** It is very relevant.

**Ms O'SULLIVAN:** We established it in Glebe. Many women were involved during that couple of weeks who are now very prominent in Australian public life. I have volunteered in those services at times over the decades as a feminist. It is absolutely critical and there is substantial research nationally and internationally indicating over a long period that we need to retain a layer of women-only services for women who are escapees from extreme forms of male violence. I hate to put it that way but it is the reality.

I used to visit a women's refuge in my constituency when I was an elected councillor on one of our inner-city councils. The security issues around that centre were acute. The council wanted to close the street in which the residence had been established to make the area much more amenable. We had endless consultations, but we could never mention that one of the major reasons we could not close the street was that the mansion with a wall around it that they thought was adding to their property values was a women's refuge. In the end reason prevailed.

The thing that I learnt from going into that refuge, which I did on numerous occasions as a trusted visitor, was the intense importance of a soothing women-only environment for those women and children. Obviously, we have centres where multiple clients are seeking emergency housing with an open door wherever it is needed. However, at the same time we must not forget the critical importance of the traumatic environment that many of these women and children have suffered that has led them to this extreme position.

Members of the Committee would know that there is a most impressive and long-term funded national policy to prevent violence against women, which was signed by all the States and Territories, I think in 2010. I will correct that if it is wrong. It is a jointly funded initiative. A key component of that initiative is that it builds on decades of accumulated expertise. In many ways it has been accumulated through these women-only centres that were set up, first of all, by the women's movement in the 1970s, but then by many non-government organisations. St Vincent de Paul is amongst the leaders, along with Mission Australia and the Salvation Army and our other magnificent non-government organisations. It would be a tragedy if that layer of expertise were lost.

**CHAIR:** Thank you very much for your presentation. I was going to ask about ageing in place and women, and you have addressed that very well.

**Ms O'SULLIVAN:** Thank you.

**CHAIR:** That is potentially a very big crack in the dam wall, never mind the other complications that you have mentioned. If you have taken questions on notice, you will have 21 days to deal with them. The secretariat is happy to help you with them. As I said, thank you for your contribution and for being with us today.

**Ms O'SULLIVAN:** I thank the Committee on behalf of WEL and the Older Women's Network. I thank the committee members for the excellent questions.

**(The witness withdrew)**

**(The Committee adjourned at 5.30 p.m.)**

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