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REPORT OF PROCEEDINGS BEFORE

STANDING COMMITTEE ON SOCIAL ISSUES

**INQUIRY INTO HOMELESSNESS AND LOW-COST RENTAL
ACCOMMODATION**

At Sydney on Wednesday 10 June 2009

The Committee met at 9.00 a.m.

PRESENT

The Hon. I. W. West (Chair)

The Hon. G. J. Donnelly

The Hon. M. A. Ficarra

Dr J. Kaye

The Hon. T. J. Khan

The Hon. M. S. Veitch

CHAIR: Welcome to the third public hearing of the Standing Committee on Social Issues' inquiry into homelessness and low-cost rental accommodation. Today we will be hearing from representatives of the Federal Department of Family, Community Services and Indigenous Affairs, the New South Wales Department of Housing and the Aboriginal Housing Office, as well as representatives from the Park Residents Association. After the lunch break the Committee will hear from representatives of City West Housing and the tenants of City West Housing, as well as recognised academics who have recently undertaken research into the provision of housing. During this month the Committee will be holding three more public hearings, the next being tomorrow. Details of these hearings will be made available on the Committee's website as they are finalised.

Before we commence I would like to make some 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 the media must take responsibility for what they publish or what interpretation is placed on anything that is said before the Committee. The guidelines for the broadcast of proceedings are available on the table by the door. I remind everyone that any messages for Committee members or witnesses must be delivered through the Chamber and support staff or the Committee clerks. I remind everyone to turn off their mobile phones.

CHRISTOPHER WOJTAS, Acting Section Manager, National Rental Affordability Scheme, Department of Families, Housing, Community Services and Indigenous Affairs, and

CLARE WALL, Senior Housing Adviser, Department of Families, Housing, Community Services and Indigenous Affairs, affirmed and examined:

CHAIR: If you should consider at any stage that certain evidence you wish to give or documents you wish to tender should be heard or seen only by the Committee, please advise the Committee and it will consider your request. Would you like to make some opening comments before we start?

Ms WALL: If I may start with an opening comment just to clarify the name of our department. "Housing" is now officially in the title of the department. It has changed a bit from the information you have on the sheet you distributed. We did not have "Housing" in the name of the department. Other than that we have provided a submission and we will be referring back to that submission in our responses to some of the questions.

CHAIR: Could you define the following types of housing and the differences between each: public housing, community housing, social housing, affordable housing and co-operative housing?

Ms WALL: I do not think there are absolutely fully agreed upon definitions but I will give you what we use as our working definitions. Certainly the Australian Institute of Health and Welfare has particular definitions it uses in the collection of information around public housing, community housing and social housing—public and community housing, in particular. In general, we regard "public housing" as housing that is owned and managed by a State government authority and it is directed towards lower-income people. It does not include employee housing, for example.

The "community housing" definition is a little more general. In some cases "community housing" is also owned by the State government but is managed by a community-housing organisation. In other cases it may be owned and managed by a community-housing organisation. In general, it is a not-for-profit organisation and, once again, the focus is on the provision of housing for lower-income people. "Social housing" is a term that is usually applied to both public and community housing, added together, so to speak. "Co-operative housing" is basically a subset of community housing, where the management of the housing is very much under the control of the tenants so they have a much greater role in the management of the housing. Once again, those definitions are not clear-cut. There are some grey areas between what falls in one category and what falls under another category.

CHAIR: And affordable housing?

Ms WALL: The general definition of "affordable housing" would be housing that is available to people for less than 30 per cent of their income for those people in the bottom two quintiles of the income spectrum. There are some grey areas, once again. That is a very commonly used definition in relation to rental housing. There are some grey areas when we are talking about access to home purchase and those areas with an income restriction around the bottom two quintiles. That is often taken up to be the bottom half of the income spectrum or the bottom three quintiles. So, once again, there are some grey areas in the way those terms are used.

The Hon. MICHAEL VEITCH: Could I talk to you about a speech Minister Plibersek gave to the Sydney Institute on 19 March, where she spoke of a new regulatory environment with time frames for national regulation and registration? Could you elaborate on what these regulations may include in the time frame and, if it is possible, what they may even look like?

Ms WALL: I will start responding to that and Chris may be able to add more detail. Certainly there has been some discussion between Commonwealth and State housing offices and Commonwealth and State Ministers around having a more consistent regulatory framework for the not-for-profit housing sector. That has been going on for a couple of years now. In general there has been a recognition that if the sector is going to be able to expand and be able to borrow funds for expansion, there needs to be a better regulatory arrangement so that financiers would have more confidence that funds they were providing were being used appropriately. In

the sense that funding for not-for-profit community housing providers is also being provided by governments, governments need to have some reassurance that those funds are being used appropriately too.

In a number of different jurisdictions there are different stages for developing a regulatory framework but there was a certain amount of inconsistency between what was happening, and certainly the feedback that we had from a number of larger organisations was that that was an impediment to the growth of the sector across State borders and it was also an impediment to financiers who were looking at not having to examine a regulatory framework that was different in each jurisdiction. They were looking for more national consistency. That is a bit of the context of where that work has been going. Minister Plibersek is keen to see that happen a bit faster than it has over the past two years, particularly in the context of the very substantial additional funding that has been provided from the national stimulus package and the potential that provides to increase the supply of housing for not-for-profit housing providers. So, that is in the context of the statements she made in the speech.

As to the specifics of your question as to where we are actually at with that, more work is happening. Commonwealth and State officers are working together better to update some work that started two years ago, and the Commonwealth Government is also doing its own; it has consultancies specifically looking at where we would like to go as a Commonwealth perspective on that. We are sharing all that information with the States. Chris, do you want to update any of that?

Mr WOJTAS: I do not have any further information about that, only to say that the work is being undertaken through a subgroup of the Housing Minister's Advisory Committee. It has tasked a working group to do that policy research work. Unfortunately, I cannot give you a time frame for that at this stage.

Ms WALL: As we said in our submission, some work is being done by the Commonwealth Government as well and we are looking to have that finished by the end of June.

The Hon. MICHAEL VEITCH: As part of that consultancy are you trying to identify the inconsistencies between the States' jurisdictions and the Commonwealth legislative framework? Is that part of that process, with a view to bringing them into line?

Ms WALL: We do not have a Commonwealth legislative framework at the moment. What we are looking to have is, if we did have a nationally consistent framework, what would we want to have in it? We started with what some of the bigger States have in place and are looking to build on that rather than starting from scratch.

The Hon. MICHAEL VEITCH: Would that include a prescribed governance model that would include the not-for-profit sector?

Ms WALL: Certainly, that is one of the options that is being considered. We are still talking options at this point.

The Hon. MICHAEL VEITCH: The Minister also said in a speech that growth providers were able to work more flexibly than State-run housing authorities and can provide a range of housing products, such as social housing, subsidised rental homes for key workers, et cetera. Can you elaborate on the financial and administrative aspects of how this is to happen in New South Wales?

Ms WALL: The context for that is that we appreciate that the funding that has been provided in the past through the Commonwealth-State Housing Agreement has had to be targeted to those in greatest need. We are very aware that the wait for the public housing waiting list, for people waiting for public housing in New South Wales, is quite a considerable waiting time and that people on that waiting list or people who are trying to get on to the waiting list are often in quite dire circumstances. We acknowledge that. I guess that tight targeting of the way in which those funds were used was responding to those circumstances.

What has also been identified is that there is another group of people who also are having difficulty in the private rental market and they are probably not the group that is necessarily going to get priority on the public housing waiting list. They may not even get access to the public housing waiting list but they are still paying more than 30 per cent of their income in rent and they are probably still in the bottom two quintiles so they are meeting that definition of housing stress. One of the objectives of the aim of the increasing role of the not-for-profit community housing sector is that they will be able to access funds from outside government and

they will be able to introduce more schemes targeted a little more at people a bit further up the income scale, and because they are not just using government funds those additional funds will not have to be so tightly targeted to people on the very bottom rung, so to speak.

So to the extent that the growth of the not-for-profit housing sector will be able to bring in additional funds and be able to actually cater for people who might, as I said, be a little bit better off, the key workers, the people who still cannot afford to purchase a house in the private market, we are looking to bring in funds through the not-for-profit housing sector to be able to achieve that and to help people to actually move from what might be public or community housing into potentially home ownership down the track or through a shared equity or some other sort of arrangement that will help them move through the system.

The Hon. MICHAEL VEITCH: You talked about "key workers". What is the definition the Commonwealth uses for "key workers"?

Ms WALL: This is another grey area.

The Hon. MICHAEL VEITCH: That is why I thought I would ask.

Ms WALL: We do not have a specific definition. We are certainly aware of a lot of working definitions. There has been quite a bit of research done in this area. To some people, key workers are employed persons basically on a low income and they can be retail workers, they can be cleaners, they can be people in the hospitality industry. For others, they can be more government employees. They may be nurses, teachers or firemen. Not all of those are necessarily in the lowest income groups but for some of those people whose work is actually located in what is a relatively expensive location it is still difficult for them to afford to live in the area where they work. So, as I said, in some of the research some of those people are also identified as key workers—childcare workers, aged-care workers and cleaners sometimes fall within the definition of "key workers". But as I said, I do not think there is an agreed definition.

The Hon. GREG DONNELLY: I refer to the questions on notice that we provided to you. Question No. 3 was quite a broad one in its nature, but I would like to take you to it and to see if you can provide us with some additional information to what you provided in your submission. It goes to the question about the barriers to the growth in the number of low-cost rental accommodation and the speed of delivery of such housing. Can you provide us with additional information about those two points critical to growth?

Ms WALL: Sure. As we have identified in our submission, we have touched on a number of the points there. I am not sure we can add a lot to the answer we have given there. If you have a more specific question—

The Hon. GREG DONNELLY: Are there any particular points amongst those that you would like to give particular emphasis to?

Ms WALL: If I can just give a little bit of context. Obviously our department is putting a lot of effort in the short term on implementing the economic stimulus package so that will very much add to the supply of low-cost rental accommodation properties. At the moment, because the global economic situation has led to a downturn in the housing industry, it was obviously a good opportunity, in one sense, to achieve two aims at once, which was to increase the supply of low-cost accommodation at a time when the building industry had the capacity and it was not going to be pushing up the prices elsewhere. If you had asked that same question two years ago I probably would have said the housing industry is operating at capacity and it is very difficult to get any increase beyond what was already being delivered and to focus on low-cost housing would have required a particular focus.

So we are having to deal with, I guess, not just the focus on low-cost housing but also the circumstances in the building industry as well. If I come to part B, the speed of the delivery of new low-cost rental properties, certainly in terms of delivering the economic stimulus package, there has been quite a focus at the State Government level—I notice that you have State Government coming to speak to you after this session—on overcoming some of those barriers in the short term. I think there will be some interesting learning from that in that, yes, we have managed to do it in these circumstances, where there is certainly pressure to get jobs on the ground and get new stock on the ground. What would be the impediments to doing that in the longer term? I guess that is a question, and I guess we will learn from the implementation of the stimulus package whether we might be able to achieve some greater efficiencies or greater turnaround in planning and building approval processes in the longer term. How can this be addressed? As I said, a lot of this is at the State and local

government levels. The Commonwealth Government does not have a major role in relation to delivery on the ground.

The Hon. GREG DONNELLY: Question No. 9 refers specifically to an initiative that we had the opportunity to have a firsthand look at a couple of weeks ago. It is a body called City West Housing Pty Ltd, which is based at Pymont. It has a very impressive building over there. Others can speak for themselves but I think the question picks up the points that struck me about the nature of what was start up funding of about \$50 million but very strict governance and management structures in the arrangement and a mixture of income groups within the whole structure of the arrangement to provide some underpinning stability. I am just wondering whether models like that are models that you are aware of and/or are encouraging State governments in particular to look at with some enthusiasm?

Ms WALL: I think the model you are speaking to was funded with some joint funding from the Commonwealth and State governments through the Better Cities Program, as I recall, in the early 1990s and it took a little while to get off the ground. It was a major planning exercise, but as you say it has obviously been very successful. It is a good model to look at as to whether it could be duplicated in the future. That is one of the, I guess, objectives of the growth of the not-for-profit housing sector. That is a good model of what can be achieved if you add funds from outside government to government funds to get a better overall result, particularly if it is in a well located area, as this one obviously is, and you can get a mix of people living there. It is a very good outcome.

In terms of potential future funding through another Better Cities type arrangement, the Commonwealth Government is providing fairly substantial funds obviously in the short term through the national stimulus program but also through the National Affordable Housing Agreement and there is quite considerable flexibility in the way that those funds can be used. But I do appreciate that \$50 million for one project like this where there was a relatively long timeframe to achieve all the planning outcomes associated with the project has to be, I guess, judged against some of the other priorities for meeting housing need.

Mr WOJTAS: In relation to the previous question about the speed of delivery of new low-cost rental properties, under the National Rental Affordability Scheme, the Commonwealth has set some targets over the four years of that scheme and that target is to achieve 50,000 affordable rental properties by 2012-13. We have had one funding round which has been announced. The Commonwealth is currently assessing, in conjunction with State and Territory and government officials, the second round. We believe that the target of 50,000 is certainly on track. Adding to what Ms Wall said, when that is added to the 20,000 social housing dwellings that are being rolled out, we know there is a definite number of at least 70,000 that are being rolled out at this stage.

CHAIR: But in terms of the targets and the roll-out that is one issue if you are talking about assessing outcomes. What are the barriers to achieving the roll-out? Has there been any work done on the basic barriers like ownership, participation, access? There must be some themes in terms of barriers that are causing no concern but they must be addressed in terms of achieving the targets and achieving the roll-out. What are those barriers if you are talking about roll-out in the not-for-profit sector, for example? Is it ownership? Is it price? Is it geography?

The Hon. MICHAEL VEITCH: Title.

CHAIR: Is it title? Is there a paper that has been done that gives some assistance in the frustration of the Minister or whoever it may be in terms of the speed of the roll-out and the involvement of community housing and cooperative housing?

Mr WOJTAS: I suppose my response to that is that again I work with the National Rental Affordability Scheme. I cannot point to a specific paper that we have had produced but under the National Rental Affordability Scheme [NRAS] we are certainly identifying that, given the global economic crisis, the availability of money is difficult with some of the private profit investors, also for a number of community not-for-profit-based organisations. In terms of what we do about that, we are working with industry to provide them with some information soon about modelling. What is the benefit to them in terms of the construction of new housing? That is one of the barriers, and we are working with industry to work through those issues. As for the availability of money and in fact the desire to invest in low-cost affordable accommodation, the Commonwealth is putting as many positives in place as it can, one of those positives being the refundable tax offset arrangement that exists under the National Affordable Rental Scheme.

Ms WALL: If I could add to that? We have had quite a lot of interest in terms of interest from people putting in bids for incentives under the scheme. It has effectively been oversubscribed. I know that because there is an assessment process going on at the moment of all those applications. It is not failing through lack of interest, let us say.

The Hon. MARIE FICARRA: Just continuing on, Mr Wotjas, from what you were just saying, what do you believe to be the projected impact of changes to the Commonwealth rental assistance on current and future social housing residents? What do you think will be the impact on those residents down the track? Has there been any research into that?

Mr WOJTAS: I am not too sure what—

The Hon. MARIE FICARRA: Just carrying on from your submission and talking about your rental assistance and what is given. Do you see any positives down the track in the direction that we are going in terms of availability, in terms of mix?

Mr WOJTAS: Certainly in terms of availability the target is to have 50,000 additional new dwellings available for affordable rental by 2012-13. Those dwellings, as I said, need to be new dwellings or dwellings that have been rehabilitated to, essentially, be new dwellings. It is adding to the housing stock. It is providing—and, again, it is new accommodation—a 20 per cent discount to a market rental. So, it is assisting the low- to moderate-income households access additional housing stock. That has to be seen as a positive.

Ms WALL: If I could just add to that? Many of these people are people that would not currently be getting access to public housing. So they are people that would otherwise be having some difficulty in the private rental market and this is a way of assisting them but also increasing the stock of affordable rental accommodation. Because under the scheme you could provide assistance for 10 years it means that those people have a little bit more stability than perhaps they otherwise would in the private rental market; they are not subject to the landlord saying in six months time, "I want to redevelop your property", or whatever, "and you have to move on". It does provide a little bit more stability as well.

It potentially also provides a pathway for current public housing tenants who are able to move on into the workforce perhaps, but to do that need to relocate from their current property. That is often quite difficult to do within the current public housing system because properties might not be available in that location. But to the extent of your increasing the supply of properties that are available for rent and would be affordable to those people, it provides a better pathway for some existing public housing tenants to move on.

The Hon. MARIE FICARRA: So you see a number of good social benefits coming from the scheme over time?

Ms WALL: Absolutely, yes.

The Hon. MARIE FICARRA: Just on the Nation Building Economic Stimulus Plan, and we read that its direction is to create mixed communities to improve social inclusion, how do you think we can achieve this? What do you think we could put in place to drive it through the State and local government levels? Is it a priority to look at creating sustainable communities into the future? Is this relevant to your provision of Commonwealth funding in the program? In terms of the stimulus plan, how important is it to create these socially inclusive communities that would be sustainable? It is lovely rhetoric and we would like to see it put into action.

Ms WALL: I think the critical issue that has been identified with some of the large housing estates that were built perhaps 20 years ago or 30 years ago is that really it is too much public housing for one location and it does not have a mix of people living in those communities. Perhaps when they were built 20 or 30 years ago they were largely built for blue-collar workers. The reality is that that is not the tenant profile that is there today and we know that that is causing a lot of social difficulties for people in those communities now. The current generation of administrators of public housing know very well that that is not the way to go. But it has just been reinforced, I guess, in the requirements that have been attached to the economic stimulus funding that clearly this funding is not to go out and build another two or three suburbs for 100 per cent public housing. That is clearly not what they would have done and they are using these funds, to some extent, to try to break up some of those large concentrations of public housing.

In terms of the other side of the coin where you are saying building inclusive communities, I do not know that the housing department people are necessarily into social engineering in that sense, but they are certainly into putting the arrangements in place that will lead to more sustainable communities and would be the better mix of employed and unemployed people and a mix of pensioners and non-pensioners, for example.

The Hon. MARIE FICARRA: So when you are looking at housing estates to be sustainable into the future, to be inclusive, to be a happy community, do you make provisions for recreational facilities—pathways, cycling tracks, closeness to public transport? These things that perhaps we never thought about in the past and we reaped the consequences of it. You do not look at issues like that or work with the State and local governments to make sure that someone looks at issues like that?

Ms WALL: Certainly in the past a lot of the responsibility for the details of the on-the-ground planning has been with the State governments, and that is still largely the case now. But, as I said, the current generation of public housing administrators would certainly not be building the vast housing estates that were built in the past, and I do not think any developer—be it public or private—goes into building housing estates without thinking about all those things that we have identified as pathways and recreation. In fact, local governments will not approve them, I do not think; they are not part of the current thinking.

Dr JOHN KAYE: I wish that were true.

The Hon. MARIE FICARRA: So at the Federal level you just have implicit trust that this is part of the requirements at State and local government levels; there are no checks, balances, feedback, you just trust?

Ms WALL: I think in the past that was really the way that the Commonwealth-State Housing Agreement operated. There were objectives built in, but I have to say I do not think they were very effectively measured beyond asking State governments to provide some input into the annual report on what they were doing. We are now working with the State governments to put in place some performance indicators so that we can measure performance to ensure that new public housing is built in a way that does not further disadvantage the residents.

The Hon. MARIE FICARRA: So there are performance indicators?

Ms WALL: We are developing those performance indicators. The difficulty is that we are dealing with very different scenarios between different States and different regions. So, yes, we are having to work on those, but, as I said, we are not starting with a blank page, we are starting with very different histories in public housing development in a number of jurisdictions. So from the Commonwealth Government's perspective we are having to take that into account as well.

The Hon. MARIE FICARRA: I refer to question No. 8 of the questions that have been supplied—a discussion about the importance of providing tenants of social housing with choice. It asks for your comments about the increased role of the not-for-profit sector and how it would be able to provide more choice and greater social and economic opportunities to the social housing tenants. I know you have touched on some of those aspects but could you just further elaborate? Is it seen as a priority to look at the not-for-profit sector in terms of providing more choice, and is this a positive thing? What do you base it on?

Ms WALL: I think in general, yes, providing people with choice is certainly something that is important, and I think providing people with alternative means of meeting their housing needs is also important. The obvious difficulty we have had in the recent past, and to some extent it is still a difficulty, is that for people on public housing waiting lists we know that many of them are in really dire circumstances. So there has been this trade-off between the number of houses that can be provided and the diversification of what has been provided. Certainly, if we are looking at other models internationally, the growth of not-for-profit housing has meant that people who are in need of housing assistance have options other than public housing; they can look at community housing.

We know that some people prefer community housing; we know some people prefer public housing. But to the extent that they have a choice I think that is important to them and it does give them some potential trade-offs in terms of the sort of housing that suits their circumstances and their needs. I guess in many other areas of public policy, to the extent that there is not a monopoly provision, I think that that is healthy. Certainly on the other side we are looking at better coordination of waiting lists, for example, between the public and the

community housing sector so that people have an understanding of what is available to them and that those choices are offered up to them in a way that is fair and equitable.

The Hon. MARIE FICARRA: I refer to the age tsunami that is heading our way—baby boomers plus. Given that we do not want to put all elderly people or ageing people into one area, is this an area that the Federal Government at your level is looking at into the future? Is there an awareness of ageing Australian communities and how better to supply appropriate housing and still maintain that social mix for our ageing communities?

Ms WALL: That is an interesting one because some older people do not want to be in mixed communities but some do. So, once again, it is a little bit of a choice issue there. But certainly the Federal Government is very aware of the ageing population and the potential impact of that in terms of the implications for housing. I think 28 per cent of current public housing tenants are on an aged pension as their main source of income now. So quite a high proportion of public housing tenants are currently older people.

The economic stimulus plan specified that priority will be given to new dwellings that are both accessible and adaptable for people with disabilities, which, of course, largely means frail, older people who would like to age in place rather than have to move to specialised accommodation. So, yes, there is quite a bit of thinking going on around that space. Many people moving into aged-pension age would be homeowners, but there are others that we are very aware of—a group who are currently in employment who can afford to live in the private rental market while they are fully employed but if they have not achieved homeownership by the time they reach the aged-pension age and they can no longer work full-time there will be a need to ensure that they have appropriate and affordable housing and that, yes, be that through public housing, community housing, the retirement village community or other options. I guess there is quite a bit of research and a bit of awareness of the population grid.

Mr WOJTAS: Could I just add a couple of extra specifics to that? Again, going back to the National Rental Affordability Scheme, to respond to your earlier question in terms of the amenity pathways, community facilities, shops, et cetera, one of the assessment criteria that is used in assessing applications under the scheme particularly looks at the proximity and what are the amenities within a new development and they are very clearly used in the assessment sense. Similarly, in terms of looking at providing affordable rental accommodation to older Australians, to people with disabilities and to indigenous people, they are also considered as separate criteria as a priority group. When assessing, they are looked at in those terms. So, there are some quite specific criteria that we look at in those assessments.

Dr JOHN KAYE: Thank you for your evidence; it has been quite enlightening. What effects will the transfer of title of public housing properties to the not-for-profit sector have, firstly, on the sector itself but, secondly, on the tenants?

Ms WALL: Certainly sector representatives have been asking for some time that they get not just to manage the community housing, but they actually get title to the properties. This is certainly critical in their capacity to be able to leverage and to borrow from other financial sources to be able to increase their stock. So, that is really a key part of the move towards transferring title. But as Commonwealth and State representatives will certainly be very aware, you do not want to just give away the title without some sort of confidence that it will be effectively managed and that you will not lose access to that resource for the target group you wish to assist. So, it has happened to some extent in some States already, but it is happening in a sort of measured way. Part of the way in which that might be speeded up really, a process speeded up, will be through having a national regulatory system in place. So, as I said, there is quite a bit of work going on around that at the moment as well.

Dr JOHN KAYE: Do you think in the long run it will lead to more social housing units?

Ms WALL: That is the objective, yes.

Dr JOHN KAYE: Do you think in the long run that it will lead to a high quality of social housing units?

Ms WALL: Yes. I think that is obviously the objective. I mean, quality is measured in lots of different ways but, certainly, I think better diversity will be part of that and certainly, yes, quality in general—as I said, a lot of different aspects of that.

Dr JOHN KAYE: We are confident of the capacity of the national regulatory framework or system to secure quality from a diverse range of not-for-profit providers?

Ms WALL: As I said, we are still working on the national regulatory system, but that would certainly be—

Dr JOHN KAYE: No, my question is not about the specific one you are about to produce but the capacity of a national regulatory system to ensure that all not-for-profit providers live up to an adequate standard?

Ms WALL: That would certainly be an objective, yes.

Dr JOHN KAYE: We are confident that that objective can be fulfilled?

Ms WALL: That is why we are doing it, yes.

Dr JOHN KAYE: I take you to another allied issue. In your submission on page 5 you suggest that with more flexible funding arrangements community housing and not-for-profit providers might be able to play a role in assisting people to make the transition from social housing to the National Rental Affordability Scheme. What impact will that have on the availability of affordable housing? Will there be enough affordable housing to meet the needs of people moving out of social housing into affordable housing? By doing that, are we going to increase the pressure on rents at the low end of the market?

Ms WALL: One of the objectives of the National Rental Affordability Scheme is very much to take the pressure off the rents at the low end of the market by increasing the supply. So, I am not quite sure I understand what you are suggesting that it might put more pressure on the rents at the low end of the market.

Dr JOHN KAYE: Well, if you are moving people out of public housing into low-rent housing, is it not true that there will be a greater demand for low-rent housing?

Ms WALL: The demand is there now, I guess, being a demand for public housing or private affordable housing. There is nothing much in between at the moment and this is certainly looking to increase the supply for those people who are in the private rental market at the moment, and that is where most of them are. But to the extent that some people who access public housing, either current public housing tenants or future public housing tenants, then, as I said, want to sort of move on through the system, we would envisage community or not-for-profit housing providers being in a position where they could provide both public housing, which is generally set where people pay 25 per cent of their income, but also an element through the NRAS where people basically pay 80 per cent of market rent. If they had this broader range of housing available, that will provide opportunities for people to, as I said, move through the system; also provide some better opportunities for people who really needed to access public housing or highly subsidised housing because, as I said, we know it is very difficult at the moment to access public housing because there are people in quite dire circumstances who are not able to access public housing.

The Hon. MICHAEL VEITCH: I want to talk about international housing models, particularly in the United Kingdom, which is moving towards a fixed rental system where all tenants would pay the same rental regardless of income and housing associations pay a subsidy to make up the shortfall. Do you think a similar system would work here in Australia, particularly in New South Wales? If it is possible, could you perhaps proffer some of the pros and cons around that arrangement?

Ms WALL: It is a bit of a different environment in the United Kingdom. They certainly have a much larger social housing sector than we do in Australia, and that is basically history. They also have one less layer of government, although in many respects the local governments in the United Kingdom have taken on more of a provider role that is done by the State governments in Australia. In a sense, yes, there is a whole range of options for the way in which rental arrangements might work. Having said that, we are also very aware that the housing benefit that is provided in the United Kingdom is very substantial. So, I guess that is certainly one of the impediments to the adoption of that scheme in Australia from a Commonwealth Government perspective, assuming that it was the Commonwealth Government that was providing the benefit.

The Hon. MICHAEL VEITCH: Are you aware of any other affordable housing models around the world that perhaps we should look at?

Ms WALL: Most countries, or most developed countries, have a sort of public community social housing model. There is quite a bit of research. The Australian Housing and Urban Research Institute website provides access to quite a bit of information on various studies that have been done comparing Australian circumstances and different countries around the world. The difficulty always is that there is a lot of different market environments and taxation and subsidy arrangements outside the direct housing sector that complicates, I guess, our ability to be able to say, "Yes, we could just pick up this model and move it to Australia" without having to sort of look at those broader circumstances. But certainly there is quite a bit of work done, particularly around some of the European countries and the Canadian model. We looked at what we have done and what the American model is. In some respects Australia has a better system than some of those countries. In other respects you could say probably Australia's social housing system is really a relatively small proportion of the total stock compared to some of the other countries, and on that basis you might argue that perhaps it should be larger.

Traditionally Australia has had a significantly higher rate of home ownership than many other countries, but many other countries have now caught up to us. So, I guess the question is: Were we right in the 1960s to sort of promote homeownership? I think for most people they would probably say yes, at the expense of probably developing social housing during that phase. So, in terms of being able to try, for example, to answer the question what is the right level of public or social housing, I am not sure anybody really has the answer to that. But most people would probably say that while there are people in quite difficult circumstances on waiting lists, we need to be looking to expand the stock in a variety of different ways now. That is really the message that Minister Plibersek was giving in her March speech.

The Hon. MICHAEL VEITCH: You mentioned in your answer the implications of taxation. What are the implications of the Henry Review of Taxation for providers and tenants of affordable rental accommodation in Australia?

Ms WALL: The review will not be reporting until the end of the year. So, I cannot necessarily foreshadow any comments they might make in that report. But housing affordability was certainly identified in their terms of reference. So, yes, they will be looking at that in the broader sort of taxation context.

The Hon. GREG DONNELLY: In answer to an earlier question you referred to the large housing estates and I think you described how they were originally developed in line with accommodating the traditional blue-collar-type workers. But, if I understand you correctly, that profile had changed and was different today to the way it was when the estates were developed originally. Could you explain how that profile has changed? What are we finding in these housing estates today that is so different from the past?

Ms WALL: I think Minister Plibersek actually gave some of the statistics in her March speech that are a broad comparison, but we certainly have in the Commonwealth-State housing agreement annual reports and information on the profile of tenants at the moment. We do not have them broken down by larger estates and those who are not in larger estates. But certainly a very high proportion of public housing tenants—it is close on 90 per cent—are in receipt of rent rebates, which means that they are having to get subsidised rents. A high proportion of them—I think I said 28 per cent, from memory—were aged pensioners and I think a similar proportion are on disability pensions. I think it is about another 20 per cent or 25 per cent who are single-parent families. So, as I said, it is a very different profile. A high proportion are actually single-person households, meaning those living in three-bedroom accommodation.

So, it has become very much not a sort of stepping stone as it used to be for people on low income working families to sort of rent and potentially to buy in the future; it has really become, I guess, an area where many public housing communities are now quite concentrated. Households with various forms of disadvantage and where they are all concentrated in one suburb or in one area, and particularly where that often means there is not very good access to employment opportunities or good access to public transport or services, then that causes intergenerational problems and that is certainly one of the issues that is a key concern of the Commonwealth Government. But also, as I said, our State counterparts are very aware that they have inherited a model, which is not something that they would want to start again if they were starting from scratch. The difficulty is the transitional process. It is very costly to redevelop some of those large estates, but really that is probably what has to happen. And I am aware the New South Wales Government will be giving you some evidence later this morning, so probably they can provide a bit more detail about specific circumstances.

The Hon. GREG DONNELLY: From the Commonwealth point of view, is that the way you actually see it, that over time it will be something that will need to be addressed because the nature of these estates are such that we really need to look at how you fundamentally address some of their issues? In effect, as they have become what they have and have settled with a particular cohort of people, you will need to tackle those communities by introducing some initiatives to bring about change?

Ms WALL: There has already been work done in different ways of approaching it. You are probably aware of a major redevelopment process going on in Bonnyrigg. In other areas there has been the demolition of houses. West Dubbo I think is an example of where that was seen as the best way. I do not think there is necessarily one model fits every circumstance. Some of the large housing estates—not necessarily in New South Wales—where there are multiunit complexes, they may be very well located, so there might be different strategies that apply in those areas to reduce the concentrations of disadvantaged.

CHAIR: In accommodating those flexibilities and the need for a model that enables flexibility, there must be some overarching framework. I assume that someone is about to come up with or has come up with that overarching framework that gives the various barriers and the skeleton, if you like, to work from. Otherwise we could have all the objectives and key performance indicators [KPIs] in the world. Speaking for myself, and I assume others also, I am still searching for that framework.

Ms WALL: As I said, from the Commonwealth Government perspective we had to work across all the jurisdictions. We are certainly very aware that we are starting from very different circumstances in some States than in others. But also we will be reporting to the Council of Australian Governments [COAG] at the end of this year on progress in relation to this range of initiatives. There will be an expectation that there will be a public reporting process: what is happening and how we are going to measure progress. But, as I said, there will not be a one size fits all. We will not be saying that within 10 years we will have no suburbs with greater than 10 per cent of public housing, for example. We started out looking at those sorts of figures. Some States are virtually there now. For other States, even with the current funding levels, it would be extremely difficult probably to achieve that. So we are looking at what is the best way of transitioning, given what we have got on the ground.

CHAIR: To enable the flexibility to occur when you are doing that framework you must have by now identified the major barriers to flexibility and the ability to roll out different types of social housing—barriers such as ownership, title, geography, size and so on. I am searching for the basic barriers that have come up in terms of supply.

Ms WALL: Are you suggesting in terms of building new stock, that there are constraints that we are addressing in terms of where to build new stock? I am sorry, I am trying to explore—

CHAIR: I assume that is one of the barriers. There must be others.

Ms WALL: Certainly, yes, that is an issue. But having said that, it is also an issue of what to do with the existing housing estates and the fact that there are many people who like living on those estates and their communities are there. To outsiders, they might think that it is a dysfunctional estate. But that is not necessarily the view of some of the people who live there. Other people do not like living there and would like to move if they had the opportunity. So there is a whole range of scenarios that is being addressed. Certainly Mike Allen will be able to give more specific stories about their experiences.

As I said, they are redeveloping Bonnyrigg, Minto and West Dubbo. They can tell us what they learnt from those; what they might do again; what they might do differently; what the costs are; what the needs are of the people who are currently in public housing versus those who need to be in public housing or in community housing. There is a whole range of circumstances that have to be taken into account in those processes. As I said, what we are certainly looking at is developing some performance indicators that we can use and can look at nationally, but we are very much aware that we have to start with what is on the ground now and that that is very different from State to State and even from region to region.

CHAIR: So one of the major issues would be flexibility?

Ms WALL: That is right from a national perspective. As I said, we cannot set what we might say is a performance indicator for one State to apply to every other State because it is just not going to be realistic, given what is already on the ground.

The Hon. MARIE FICARRA: In looking at the various States and trying to get a cohesive picture or an alignment, are there any States that you believe have been particularly successful? Is there anything you have noticed or identified in some States that have been pleasing and, therefore, you pick it up and pass it on?

Ms WALL: I think there are a few different issues. Some of it relates to history, as I said. The current public housing administration in New South Wales is dealing with a lot of history that was none of its making. If you were starting all over again you would probably use the Australian Capital Territory public housing model, which was there was public housing in every suburb, family public housing in every suburb. There are no particular suburbs that are seen as public housing suburbs. The children of public housing families go to the local primary school with children of non-public housing families. There are certainly big advantages if you were starting from scratch for that sort of a model. But that was also a circumstance where the government controlled the land supply absolutely. So they were able to do things that were not always possible in other communities. As I said, we have different problems in different States. You are probably aware that in Victoria there is a lot of public housing in inner-city flat complexes that used to have really bad reputations. Probably all of the public housing authorities learnt that it is not a good idea to put families in high-rise housing.

In New South Wales much of the inner high-rise housing, I think, is actually now used for older people and some of that works quite successfully, particularly where there is a caretaker on-site. So some of that has worked quite well. In terms of breaking down the large public housing estates, in some areas, as I said, it is better just not to build them to start with. We have all learnt that now. In some areas there have been joint ventures with private sector developers where there has been some salt and peppering of public housing in a new estate. So once again you do not get high concentrations. That obviously works well in many circumstances. If you are starting with a large public housing estate that you have to break down, that is quite a bit harder.

My understanding is that part of the problem in New South Wales is that a lot of those properties are not separately titled and because of the infrastructure it is very difficult to separately title them. So the way in which a lot of the housing estates, for example, Green Valley estate, were broken down in the past is that many of the public housing tenants were able to buy their houses or to sell them. That did lead to some mixing of the communities over time. But if you cannot separately title the houses, that is probably not going to be possible. Mike Allen will be able to give you a bit more information about that. That is certainly one of the very specific constraints that New South Wales has with some of its large estates.

CHAIR: Of course, there is the issue of indigenous housing, the issue of ownership, and again the need for care and flexibility where there is ownership, the quality of housing and issues of country—all those issues that relate to a feeling of connection with a particular place. One major problem that is occurring with Aboriginal housing, for example, is where they have taken over ownership of housing in ex-missions and reserves that is of extremely poor quality and in need of repair.

The Hon. MICHAEL VEITCH: At the time of takeover.

CHAIR: At the time of takeover. Is that being looked at? Do you play a role in that area?

Mr WOJTAS: I could probably add a little bit there. Under the National Affordable Housing Agreement there is a National Partnership Agreement on Remote Indigenous Housing where the Commonwealth has specifically targeted within that partnership agreement remote indigenous housing. But the Commonwealth has also recognised that in non-remote areas there is indigenous housing that previously has been funded under the former Community Housing and Infrastructure Program [CHIP]. Certainly before that can be, if I can use the term, handed over, there needs to be a fair amount of remedial work in a number of those communities, as well as houses. Under the remote indigenous housing package, the Commonwealth has certainly provided funds to address those issues. So that whatever housing is handed into the mainstream public housing-like environment, it is handed over in a very habitable and good condition. There is certainly funding built into the housing partnership agreement for that.

The Hon. MICHAEL VEITCH: I am not being flippant, but what percentage of New South Wales is eligible for that remote program?

Mr WOJTAS: I am not sure I can give you the percentage, but I can tell you in terms of over the 10-year lifespan of the remote program, I do have the figures—

The Hon. MICHAEL VEITCH: I am happy for you to take it on notice and get back to us. I have heard in other forums that a very small percentage of New South Wales is actually eligible for that remote housing package.

Mr WOJTAS: That was based on the Australian Bureau of Statistics Accessibility/Remoteness Index of Australia [ARIA] classifications—that is, the remoteness index classification of the number of communities and areas in New South Wales that were regarded as remote or very remote. I think overall—

The Hon. MICHAEL VEITCH: I am happy for you to take it on notice and get back to us.

Mr WOJTAS: Over the 10 years, from memory—and I am happy to give you the specifics—I think around \$190 million, approximately 10 per cent of the funds, were directed towards New South Wales remote indigenous housing. Within that there is a percentage—again I have not got the figure—that was being directed to, if I could use the term, the buyout of the non-remote housing.

The Hon. MICHAEL VEITCH: I am happy for you to take that on notice and get back to us with the detail.

Mr WOJTAS: Certainly.

The Hon. MICHAEL VEITCH: In the very last statement of your submission you refer to:

The Committee may also wish to refer to the Joseph Rowntree Foundation report "Social cohesion in diverse communities", which provides some suggestions for addressing disadvantage associated with concentrations of low income people.

What should we be looking at in that report? Obviously there must be some items that you are drawing our attention to.

Ms WALL: That report once again I should say has been developed in the kind of United Kingdom context and it is a little bit different. They had to put in a very concentrated effort into breaking down very large estates where there was quite a bit of social disadvantage. So they have had to put some really substantial effort into getting into some of those estates a more positive image. Sometimes that is done through redevelopment or some combination of creating jobs as part of that process, for example, working with the arts community, working with the youth sector in particular to identify opportunities. A range of different strategies often has to be used in combination to reduce the adverse impact for people in those circumstances.

The Hon. MICHAEL VEITCH: Is any consideration or weighting given at the Commonwealth level to caravan parks and cabin parks as part of the low-cost rental accommodation sector?

Ms WALL: We are not specifically promoting—

The Hon. MICHAEL VEITCH: I am not suggesting that, but where do they fit?

Ms WALL: We are aware that for many people they provide at least transitional accommodation that meets their short-term to medium-term needs. We are also aware that there are some older, retired people who actually live in those coastal communities as a lifestyle choice. It is partly an affordability choice, but it is also a lifestyle choice. It certainly has been raised as a concern that a number of caravan parks that were providing options for people in difficult circumstances are being redeveloped and that those options are disappearing. In Queensland, for example, the State Government has been purchasing some caravan parks that have come on the market, not to run them as public housing but to lease them out to ensure they continue to be available as low-cost accommodation options for people in transition, and sometimes that can be relatively long term. As I said, whether you call them caravan parks or mobile home parks—

The Hon. MICHAEL VEITCH: Cabin parks.

Ms WALL: Yes. We are aware that they are long-term options for people. It is one of the other issues that will be considered as part of any national regulatory framework. We will look at to what extent we should be attempting to pick up those sorts of housing options within a more consistent national framework. There are certainly very different regulatory arrangements operating with regard to those sorts of facilities at the moment.

The Hon. MICHAEL VEITCH: I spent a number of years working in the disability sector and I am aware of people in receipt of the disability support pension in rural New South Wales who have for a long time—for decades—lived in caravan parks. That is a choice.

Ms WALL: Yes.

The Hon. MICHAEL VEITCH: It does have a role. To what degree and how is that picked up in policy settings?

Ms WALL: We do not wish to take away choices that people see as suiting their needs. However, we are also very aware that every so often a community that is long established—the sort of community you are referring to—suddenly finds that the developer wants to sell and it is left in very difficult circumstances, and sometimes at short notice. Part of our interest in that is looking at what role government has in protecting those sorts of opportunities where they are meeting people's needs.

The Hon. GREG DONNELLY: I refer to our question on notice No. 2. Can you elucidate on part (b), which talks about the question of accountability? This was raised in earlier questioning. I am interested in this in the context of ensuring there is no duplication between the levels of government. Obviously a lot of money is being spent on the initiatives that were described earlier.

Ms WALL: We continue to have very regular meetings, telephone hook-ups and every other sort of communication with our State government counterparts. We do not wish to put in place dual regulatory arrangements that cause excessive red tape for operators. We are still very conscious of the potential for that to occur with the Commonwealth Government getting more actively involved in the regulatory environment. As I said, we are certainly working with our State and Territory government counterparts to ensure that we do not duplicate effort and cause extra red tape for operators on the ground.

That could happen by delineating who is responsible for operators of a certain size. However, there will be a question about whether a community housing organisation that has perhaps 12 properties needs to be governed by a national regulatory framework or whether that is more appropriately done at the State level. Those issues are being discussed at the moment. If we do have a dual system, we do not want too many barriers to organisations potentially moving from one system to the other. We are looking for an arrangement that provides much greater national consistency.

The Hon. GREG DONNELLY: Do you have direct dealings with local government or do you primarily deal with local government through the State Government?

Ms WALL: The Australian Local Government Association attends Housing Ministers' meetings. There is a direct level of representation there. They also attend Council of Australian Governments meetings. There is obviously direct dealing around local government planning and regulatory areas, which the Commonwealth Government has not been involved in at a great level of detail in the recent past. However, it is becoming more actively involved in areas such as environmental initiatives. There is interaction at all levels of government.

The Hon. GREG DONNELLY: I take you to question on notice No. 15, which makes specific reference to page three of the submission and the revamping of the Commonwealth property disposal policy. Can you elaborate on that and its impact on the provision of affordable housing in this State?

Ms WALL: Yes. There has been a couple of recent initiatives—that is, over the past few years—to identify surplus Commonwealth Government land that might be able to be made available for housing purposes. The previous Commonwealth Government initiated the first of those programs. A lot of information was collected about the Commonwealth Government's land around Australia—what it was used for, whether it needed to continue to use it for that purpose and whether it might be available. Sites become surplus to requirements over time as Commonwealth Government agencies' roles change.

The Department of Finance and Deregulation monitors those sites, identifies them and assesses them for sale. That list of properties has been recently updated. The new Commonwealth property disposal policy was launched on 25 February this year. It has a slightly different focus on the way in which surplus land might be used for housing and community purposes. That policy is on the Department of Finance and Deregulation website. The department has also identified on the website some of the surplus government properties that are

likely to become available in the next year or two. That list will continue to be updated. There are two or three properties in New South Wales on that list at the moment.

The Hon. GREG DONNELLY: Can you nominate them?

Ms WALL: The former Naval Stores Depot, Spurway Street, Ermington; West Wattle Grove, Moorebank; and Nirimba Drive, Quakers Hill, Schofields. The Moorebank property site was advertised for sale about a year or so ago but there were no satisfactory bids, so it is effectively surplus. They are surplus Department of Defence sites. As Commonwealth land becomes surplus and when it is located in areas where it might be useful for housing, it will be identified on the website and potentially released for housing or community purposes. Having said that, we will not solve all the affordable housing problems by identifying surplus Commonwealth Government land. State governments have also been asked to do audits of their surplus land to see what they might be able to make available for housing.

Dr JOHN KAYE: When you say "make available for community housing purposes"—

Ms WALL: Housing purposes.

Dr JOHN KAYE: Is it the Commonwealth's intention to sell that land at market value or to make it available to community housing providers, including the State, at a submarket price?

Ms WALL: The State Government will have the opportunity to identify where it thinks land is well located or would be suitable for housing purposes. Most of the State governments have policies stipulating that, for example, 15 per cent of a development will be available for affordable housing. An announcement was recently made about the release of the Maribyrnong site in Victoria. A proportion of that site will be available for affordable housing. The negotiations take place around what is then effectively a market price for that land with that constraint or requirement attached to it.

CHAIR: Thank you very much for appearing this morning. It has been extremely helpful for the Committee. I think there was a question on notice.

Ms WALL: I would like to ensure that we have the right question. It was about the proportion of housing funds provided to New South Wales through the remote indigenous housing program.

The Hon. MICHAEL VEITCH: And where it was spent.

Ms WALL: You may have to ask the New South Wales Government for that information.

Mr WOJTAS: It is up to the New South Wales Government to target those funds in remote areas. Over 10 years the package has identified \$145 million for New South Wales for new housing and housing repairs and maintenance, and repair and replacement within remote regions of New South Wales.

CHAIR: We will send you a copy of that question. We would like a response within 21 days of your receipt of the question.

(The witnesses withdrew)

(Short adjournment)

MIKE ALLEN, Acting Chief Executive Officer, Aboriginal Housing Office, 223-239 Liverpool Road, Ashfield, sworn and examined, and

ALLEN GRAHAM HEDGER, Deputy Chief Executive Officer, Aboriginal Housing Office, Level 6, 33 Argyle Street, Parramatta, and

CLAIRE CROUMBIE-BROWN, Acting Director, Policy and Strategic Development, Aboriginal Housing Office, Level 6, 33 Argyle Street, Parramatta, affirmed and examined:

CHAIR: If at any time while giving evidence you wish to tender any documents you may do so. If you take any questions on notice, please return the answers to those questions on notice within 21 days. Would you like to make an opening statement?

Mr ALLEN: Yes, I would please, if that would be acceptable. Thank you for the opportunity to provide some opening remarks. I would like to begin by firstly acknowledging the traditional owners of the land on which we are meeting today, the Gadigal people of the Eora nation, and pay my respects to their elders, past and present. New South Wales is home to almost one-third of Australia's indigenous population and this population continues to experience significant and entrenched social and economic disadvantage compared to the broader community.

The Aboriginal population in New South Wales is expected to increase beyond its current level of just over 160,000 people to almost 200,000 by the year 2021, with a corresponding increase in demand for low-cost rental housing. The unmet Aboriginal social housing need across New South Wales was 4,270 dwellings in June 2008 and is expected to increase to 4,830 dwelling by 2011. The majority of this unmet need is in urban and regional locations. One-third of Aboriginal people live in social housing, so with such a rapidly growing Aboriginal population in New South Wales the need for social housing and support services, as well as homelessness services, will intensify.

Aboriginal people are disproportionately affected by homelessness at a rate of 110 people per 10,000 being homeless compared to only 40 per 10,000 people in the general population. This means that while Aboriginal people constitute 2.6 per cent of the national population, they make up almost 10 per cent of the homeless population. Aboriginal people's experience is in many ways similar to that of non-Aboriginal people, but there are also significant differences. The differences include hidden homelessness in that Aboriginal people who would otherwise be homeless stay with members of extended families and often for extended periods of time. This results in overcrowding of houses, which have significant ramifications for other members of the family and for the household itself.

A second key difference is the level of mobility within the Aboriginal population where Aboriginal people move from one location to another for purposes such as work, training, family matters or funerals. With this mobility comes periodic homelessness as opposed to entrenched homelessness. This is not to say that entrenched homelessness does not exist among Aboriginal people. Indeed it does. High levels of family and sometimes even community breakdown will often result in entrenched homelessness. The other factor I would particularly like to draw your attention is that in New South Wales there are 63 ex-Aboriginal reserves or missions. These reserves are often isolated from employment, training and education and other services, which the general community take for granted. There are approximately 1,200 households living on these ex-reserves and many residents of the ex-reserves are more likely to be mobile or at least more frequently mobile as they look for work and visit family members elsewhere.

Let us not also forget that discrimination is also alive and well in New South Wales. This impacts directly on Aboriginal people's access to the private rental market. This, in addition to the high cost of private rental housing, against a backdrop of a very high level of unemployment and socioeconomic disadvantage, results in reduced access to private rental housing. Of particular concern is the large number of Aboriginal women who are homeless who report family violence as their reasons for being homeless. Women identifying as Aboriginal and Torres Strait Islander made up over 24 per cent of Supported Accommodation Assistance Program [SAAP] clients and 43 per cent of Aboriginal women in remote areas and 32 per cent in urban areas reported family violence was their main reason for seeking SAAP assistance. This data is alarming and sadly the stories are tragic.

We also want to emphasise the dreadful impact that homelessness, insecure housing and overcrowding has on Aboriginal people. It contributes to family and community disruption; it contributes to poor educational outcomes for children; it contributes to family violence and dysfunctionality; and it contributes to poorer health and higher mortality rates at younger ages. I now want to turn briefly to describe what are some of the key initiatives that are currently taking place, which will have a positive impact on reducing homelessness amongst Aboriginal people. The New South Wales Government has, as of last week, signed the implementation plan with the Australian Government for the remote indigenous housing national partnership. This partnership, whilst focusing on remote and very remote New South Wales, will provide an important impetus for reforms to the Aboriginal community housing sector, delivering funding to address the significant backlog maintenance liability—over \$100 million provided to the Aboriginal community housing sector dwellings and will deliver 310 new dwellings.

It will also deliver increased employment for Aboriginal people. As a total package this will contribute to reducing homelessness. The remote indigenous services delivery national partnership will see new economic opportunities made available in Wilcannia and Walgett. These opportunities specifically focus on Aboriginals. The economic stimulus package will deliver 6,500 additional dwellings in New South Wales approximately. Of these, around 10 per cent will be transferred to the Aboriginal Housing Office for exclusive allocation to Aboriginal people. Concurrently Housing NSW is setting targets for Aboriginal households in mainstream dwellings. Indeed, whilst the detailed work has yet to be done, we are optimistic that around 15 per cent to 20 per cent of the total new stock will house Aboriginal people.

The Aboriginal Housing Office is leading work to reform the Aboriginal community housing sector. The reforms will deliver a sector that is viable and sustainable and one in which government and other agencies will have confidence to grow. We know from the mainstream community housing sector that the community housing sector is an important vehicle to borrow private sector finance and to increase new supply in a very tax effective manner. This is where we want to be for the Aboriginal community housing sector into the future. The Aboriginal Housing Office has undertaken detailed demographic analysis to identify the long-term housing needs of Aboriginal people by local government area. In the past data crunching related to future demographics, which informs long-term planning for new housing supply, has focused on the general population.

Such data has failed to capture local government areas where Aboriginal population are significantly increasing. For example, between 2001 and 2006 the non-Aboriginal population of Dubbo declined by around 0.8 per cent but the Aboriginal population increased by 15 per cent. This LGA level data on population growth for Aboriginal people is critical to medium and longer term planning for housing and related services. The Aboriginal Housing Office undertook a survey in 2008 to identify the extent of housing need for Aboriginal people. This survey, using a multi-measure approach, found that the unmet social housing need was 4,270 dwellings in 2008 and expected to increase to 4,830 dwellings by 2011. Thank you.

The Hon. TREVOR KHAN: Mr Allen, you have given an indication, both at the start of your presentation and right at the end, in terms of the shortage of affordable accommodation, which is—

Mr ALLEN: Which is 4,270 dwellings. That was the 2008 figure and it is expected to increase.

The Hon. TREVOR KHAN: To 4,830 by 2011?

Mr ALLEN: That is correct.

The Hon. TREVOR KHAN: And that is housing for the Aboriginal community?

Mr ALLEN: That is correct.

The Hon. TREVOR KHAN: Does that data take into account the remote indigenous housing program creating 310, and the additional housing of 650, which will be transferred to the Aboriginal Housing Office?

Mr ALLEN: No. The figures I quoted do not take into account the additional funding that has been provided very recently.

The Hon. TREVOR KHAN: So, with that 310 and approximately the 650 we are getting close to 1,000. Does that mean that by 2011 the unmet demand will be something in the order of about 3,800 to 4,000 dwellings?

Mr ALLEN: Yes, that is broadly correct. It does depend on how consistent the demographic growth continues to be. If our predictions are right, that is about the amount by which that unmet need will be reduced. We are hoping, of course, to do better than that by working with other government agencies and with the indigenous community-housing sector, but that is broadly the right answer, yes.

The Hon. TREVOR KHAN: What is the cost you would work on for each dwelling?

Mr ALLEN: The cost per dwelling varies by the location. Obviously there are contributing cost pressures when you are dealing with housing accommodation in remote locations, because of the geological nature of some of those areas, because of the soil conditions, and so on, which cost more for footings and foundations to individual homes. So, when you get conditions like black soil, you have to add a higher cost engineering solution to your foundations, and it also depends on whether tradespeople are available locally or they have to come from other areas and you need to pay the accommodation costs for those people because in remote locations it is simply too far for them to go home at the end of each working day. In general terms, we work broadly at around \$350,000 cost in locations outside of remote areas; costs can increase quite significantly in remote locations.

The Hon. TREVOR KHAN: But if we were to look at what it would cost to fix the problem for the Aboriginal community, we can take a figure of about 4,000 dwellings times \$350,000, and that will give us a ballpark figure of the sort of money we need to overcome the problem?

Mr ALLEN: I think that is broadly correct. The funding broadly, with the numbers projected in the remote indigenous national partnership agreement, is around that \$350,000 mark. But that is a broad figure because it will go up eventually in some of those locations for reasons that I mentioned earlier.

The Hon. TREVOR KHAN: Whether the figure be 4,200 or 4,830 or 4,000, are you able to map out—not right now but perhaps later—the distribution of where those shortages are by local government area or some other measure?

Mr ALLEN: Yes, we would be able to provide that information, broken down by local government area or possibly more specifically by other locations, but certainly by local government area, yes.

The Hon. TREVOR KHAN: I refer briefly to Dubbo, because you referred to the changing demographic of the town. Do I take it that what we are seeing in Dubbo is that Aboriginal families are moving from centres such as Walgett, Wilcannia and Bourke and relocating to Dubbo? Is that what is happening?

Mr ALLEN: Two things are happening. Certainly there is some migration happening to those areas where services exist. You also are seeing a faster natural growth in the Aboriginal population than you are seeing in the general population. By and large the Aboriginal population is much younger. So, while some people are migrating from towns further west into Dubbo, you are still seeing reasonable growth in those towns, despite the fact that some people have left, because of that natural growth in the population.

The Hon. TREVOR KHAN: I do not know the numbers, but let us suppose by way of natural increase you are getting 2 per cent per annum in natural increase and maybe because of higher birth rates 3 per cent. If you are talking about Dubbo at 15 per cent growth, you are talking about a significant translocation that is occurring, is that right?

Mr ALLEN: Both significant migration and significant natural growth occurring through the existing Aboriginal population in Dubbo.

The Hon. TREVOR KHAN: Are you able, later, to break down in figures what the natural increase is in the community and what percentage is attributable to translocation and, if so, from where?

Ms CROUMBIE-BROWN: We have not tried to do that work. It would be an extremely difficult piece of work to do because the data is based obviously on census data. Because you have temporary movement, because we are talking about a much more mobile population, it would be terribly difficult to unpack what is a temporary relocation, what is a permanent relocation and what is the birth rate. It could be done; it would be a very difficult task and we have tried some research to try to understand the level of mobility, permanent mobility, moving, as you said, from Walgett, Wilcannia, Bourke, et cetera, to places like Tamworth and Dubbo.

There is very little information or research available and the census data is unfortunately a bit too crude to capture the permanent versus the temporary.

The Hon. TREVOR KHAN: Let me muse with you to this extent: I am wondering, with the remote Aboriginal housing project, if what we are seeing is a relocation of people from centres like Bourke, Brewarrina, Walgett, Wilcannia to centres like Dubbo and Tamworth, whether the money is better spent in Tamworth and Dubbo rather than in places where people are making an informed decision to leave to try to find work and better facilities somewhere else? I invite a comment in that regard.

Mr ALLEN: That is an issue we have discussed at some length with the Commonwealth Government in the course of negotiations around the remote indigenous housing implementation plan and the national partnership agreement. I think broadly the Australian Government is still convinced and satisfied there is sufficient demand and continued growth through natural increases in the remote and very remote locations and, indeed, there is sufficient empirical evidence to demonstrate that people in those locations are living in worse housing circumstances than those in more regional and urban locations, to justify the funding being provided there.

But some of the funding under the remote indigenous national partnership has been provided to undertake repairs and maintenance outside the remote and very remote locations to both improve and maintain the continued condition of Aboriginal community housing properties elsewhere in New South Wales. The Australian Government argued recently, persuasively, that the additional funding provided under the nation building and economic stimulus plan provides sufficient alternative opportunity to house Aboriginal people in regional and urban locations.

The Hon. MARIE FICARRA: I refer to the coordination between the remote indigenous national partnership and the nation building and economic stimulus package. How do you coordinate where you allocate those resources, what communication is there between those different sets of people involved in rolling out indigenous housing? How does it work logistically?

Mr ALLEN: It works by virtue of the strong working relationship between the Aboriginal Housing Office and Housing New South Wales. Housing New South Wales is charged with the responsibility of delivering the nation building and economic stimulus package accommodation and the Aboriginal Housing Office has been working very closely with Housing New South Wales around the delivery of that accommodation in terms of its location and the dwelling sizes and dwelling types. We know from the Aboriginal Housing Office perspective we need different locations and, likewise, the same thing is happening around the delivery of the national indigenous partnership funding. The Aboriginal Housing Office has a strong role in working with a number of other organisations in the delivery of that—the New South Wales Aboriginal Land Council, for example, as well as local Aboriginal land councils and the Department of Aboriginal Affairs. So, there is a strong level of coordination around the delivery of housing under both those programs, if I can call them that.

The Hon. MARIE FICARRA: You mentioned earlier in your introduction the good opportunities for indigenous employment involved in those issues. Can you just elaborate on that?

Mr ALLEN: Yes. There are a couple of different ways Aboriginal people can be involved, both by the direct employment of Aboriginal workers in the delivery of housing, as well as the involvement of the people in the local communities where the housing is being constructed, through them having opportunities to gain some work skills and being part of the delivery crew, if you like, of that new accommodation. Both of those are specific aims of the delivery of the housing, to use Aboriginal building companies as well as creating opportunities for local people to be employed, but also to gain the skills that will leave a positive legacy after the housing has been completed.

The Hon. MARIE FICARRA: Out of the money allocated in those initiatives, how much would be allocated towards maintenance or necessary refurbishment of some of the housing stock—as you know better than us, some are in varying degrees of condition? How much of that would be put towards maintenance, refurbishment?

Mr ALLEN: Under the remote indigenous partnership, \$130 million has been provided for repairs, maintenance and upgrading existing accommodation, separate from the funding provided to construct new

housing. Under the Nation Building and Economic Stimulus Plan there is approximately \$130 million provided for maintenance and upgrading in addition to the funding provided for the construction of new homes.

The Hon. MARIE FICARRA: Presently do you believe you have enough tradespeople, et cetera, available to get on with it and fulfil your time frames?

Mr ALLEN: We believe we do. We have had consultations with the Master Builders Association and the Housing Industry Association and we have worked very closely with them to make sure there are sufficient tradespeople available. I understand Housing New South Wales has increased the size of its pool of available builders as well as other consultants and professionals—engineers and architects—that are necessary. There has been a significant downturn, as I am sure the Committee is aware, in the home building industry in New South Wales and there is a fair bit of unused capacity—that is the advice back to us from industry—and the early indications, I am told by Housing New South Wales, is that there are sufficient tradespeople and we are seeing that in the initial projects that are being delivered on the ground, literally, as we speak.

The Hon. MARIE FICARRA: I refer to coordination, communication, with local government areas, with councils. How much of that occurs in the planning and then building and subsequent rollout of services phase to these communities?

Mr ALLEN: All councils, all local government authorities, are being and will be consulted as part of the delivery of the nation building and the remote indigenous housing. They are important players in their communities and the Aboriginal Housing Office, and I understand Housing New South Wales, are working closely with local government around the delivery of that housing, both in social terms and in physical terms.

There is one addition I would like to make to one of my earlier answers with regard to the employment opportunities. I would also like to mention that significant focus is being placed on creating opportunities for provisions in both programs, the remote indigenous housing and the nation building and economic stimulus plan. There are specific requirements for contractors, in general terms under the New South Wales government construction contract requirements, to employ apprentices, but we are working with industry, particularly the Housing Industry Association, to create additional provisions, particularly for young people living in social housing whether it is government-owned or community housing, to create additional provisions for those young people.

There are steps in place to engage an organisation both to monitor the achievement of the number of apprenticeships and also to make sure those people are receiving the most appropriate training and educational support that is required in their apprenticeship but also to help source apprentices and work with them through pre-apprenticeship training programs to get them to the requisite skills base. We have had discussions with Housing New South Wales about working with TAFEs, which is a reasonably general practice to have a number of homes constructed by TAFE students. They do cost marginally more and they do take a little bit longer, but they are always well built in my experience and the young people involved in that not only gain some valuable skills, it is something they can stand back and look at and say they worked on that, and get a great deal of satisfaction and hopefully encouragement to continue their career in the building sector.

The Hon. MICHAEL VEITCH: I want to work through the range of funding possibilities for Aboriginal housing providers in New South Wales. My first question is: Are Aboriginal housing providers able to access funds under the affordable housing initiatives innovation fund? It is like debt equity.

Mr ALLEN: Yes, I am familiar with that funding program and, yes, Aboriginal community housing organisations are able to access the broad range of funds under that program, under the national rental assistance scheme and some of the other State and Federal funding programs that exist for community housing providers. There is no distinction made in providing that funding as to whether the organisation has to be a mainstream community housing provider, if I can describe it as that, or an Aboriginal housing provider. The opportunities are reasonably the same.

The Hon. MICHAEL VEITCH: Are you able to give us an idea about how many housing units were purchased via the various schemes, like 100 per cent government provided, those that were purchased through debt equity arrangements, the myriad of other arrangements?

Mr ALLEN: I cannot give you those numbers off the top of my head, but I am certainly happy to take that as a question on notice and provide that information later.

The Hon. MICHAEL VEITCH: I think the Hon. Trevor Khan was leading on a line of questioning that—I do not trust his maths all the time; he is not very good with numbers. I think he was saying that it is about \$1.4 billion in round numbers which would almost extinguish the housing need, if you were to use those broad numbers he was questioning you about. I guess that is where I was going; in my mind that is not a very big number if it is to go a long way to fix a social housing issue in Aboriginal communities. There must be a range of funding mixes that could be used to help meet that need, would you agree?

Mr ALLEN: Yes, I would agree. If you look at a broad level, there are still something in excess of 40,000 households on the Housing New South Wales public housing register for public housing. That would include Aboriginal people who are registered for public housing. The housing owned by the Aboriginal Housing Office is Aboriginal public housing, if I can describe it as that, so those demand figures would be reflected in those housing register numbers for Housing New South Wales. As I mentioned in my opening remarks, there is a significant level of unmet demand and in a sense unregistered demand that all of the housing need is not reflected in those sorts of housing register figures.

The Hon. MICHAEL VEITCH: In your opening remarks you spoke about the hidden homelessness within Aboriginal communities. I am trying to work through my mind how you are able to quantify the hidden homelessness. I am not denying that it exists; I am simply trying to work out how you can quantify it. Governments like numbers, as you would know. Is there a possibility of putting a number around the hidden homelessness in Aboriginal communities?

Mr ALLEN: At a broad level it is possible to put a number around it because we get a lot of those numbers through the ABS in terms of the level of overcrowding in existing homes. We would generally define that as hidden homelessness because that overcrowding is usually the result of people not having somewhere else to stay so they literally turn up on relatives' doorsteps and seek to stay for indeterminate periods.

The Hon. MICHAEL VEITCH: With regard to the Commonwealth rental assistance schemes that are available, how is that applied within Aboriginal communities and are Aboriginal housing organisations or tenants of Aboriginal housing organisations able to access the Commonwealth's rental assistance schemes?

Mr ALLEN: In principle, the answer to that question is yes. It certainly does depend on the rent level that people are paying but in general terms, yes, Aboriginal people in community managed properties, whether they are managed by an Aboriginal organisation or a non-Aboriginal community housing provider, are able to access Commonwealth rental assistance. Indeed, tenants of Aboriginal Housing Office homes are also able to access Commonwealth rental assistance. There is a distinction there that people in non-Aboriginal public housing are not able to access the same assistance.

The Hon. MICHAEL VEITCH: At the start you said "in principle" they are. What about in practice?

Mr ALLEN: In practice I think it is probably patchy is the fair answer. I could not really quantify that. It depends on the operation of the individual community housing provider and to some extent, I said, the level of rent charged. The level of rent charged varies across Aboriginal community housing providers. So yes, they can, but it depends to some extent on the circumstances and, I guess, the level of skill and management maturity of the organisation to make sure that the tenants of those homes are made aware that they are able to access that particular Commonwealth funding source.

The Hon. MICHAEL VEITCH: My final question relates to the transfer of title to public housing properties to the not-for-profit sector in New South Wales. In principle, how would that work for Aboriginal housing, and is it an effective way of addressing low-cost affordable housing issues in Aboriginal communities?

Mr ALLEN: I think it is potentially an effective way for Aboriginal community housing providers to both access funding and increase their asset base, increase the number of homes that are available. Where organisations have title to properties, then they are on the balance sheet. The finance sector, banks and so on, have shown that they will lend to organisations where they are satisfied they are sufficiently well managed and governed. If there is not a high risk of default on loan they can borrow and if there is a reasonable income stream to support the borrowings, then the organisation has the opportunity to leverage the funding provided by government to a much higher level than simply if the funding was just used directly to provide housing. There have been a number of debt equity pilot programs that have been undertaken by Housing New South Wales for the mainstream community housing sector, and they have proven very effective.

There is no reason why they could not be applied to Aboriginal community housing organisations so long as they are sufficiently well managed and governed. There is probably a lower level of maturity, if I can describe it as that, generally in Aboriginal community housing organisations. Their level of management skills and capability has not had the same opportunities, I suppose, as mainstream community housing providers have for a variety of reasons—often because they operate in more regional and remote locations where the pool of skilled people to sit on boards and so on and to take up senior management roles are much smaller. So we have been working through the Aboriginal Housing Office with the Aboriginal community housing sector more broadly to try to increase that skills base and look at a range of things to make a positive contribution to sector reform.

The Hon. GREG DONNELLY: Thank you for coming along and being able to speak to your submission. On page 54 of the submission there is the heading, "Strategies to attract private sector investment in low-cost rental housing". Can you provide the Committee with a sense of the proportion or the percentage, if it can be quantified, of the private sector involvement in the provision of low-cost rental housing? Can you give us a sense of the history of how it has developed and whether it is increasing, decreasing or becoming stagnant over time, just to give us a snapshot of the picture at the moment as best you can describe it?

Mr ALLEN: I think it is fair to say that most community housing providers, whether they are mainstream or Aboriginal housing providers, still largely depend on direct government support but there is an increasing level of involvement of the private sector both through loans, in some cases through philanthropic donations and in some cases through organisations that have worked with local government, the not-for-profit sector and have received pro bono support from the private sector to increase their housing at no direct cost or much lower direct cost to government. In terms of being able to quantify in the sense of numbers, I could not do that off the top of my head.

The Hon. GREG DONNELLY: But what you are saying is that there is certainly a trend, which is an upward trend, which we can observe. Is that what you are saying?

Mr ALLEN: Yes, there is an upward trend. We are certainly seeing that through the work that Housing New South Wales has done with the mainstream community housing sector. There is an upward trend in some regards to the private sector involvement. That has been supported in a large part by the national rental affordability scheme which the Australian Government has put in place. That is looking in many ways to try to create an institutional investment market for residential housing because it does not exist in this country but it does in a number of other countries. We have seen institutional investors involved in investment in the retail sector, the commercial sector and the industrial sector but not in the residential sector to any extent. There is a positive upward trend and certainly the Aboriginal Housing Office sees that as an important way of increasing the pool of social housing available and affordable housing into the future.

The Hon. GREG DONNELLY: On page 54 there are a number of dot points of a range of different New South Wales Government and national initiatives. They are all listed one after the other, and I find it hard to establish whether there are any particular ones that show some particular promise or potential, or are they just a general mix and they all deserve some appropriate attention? Is there any way of prioritising or listing those in terms of ones which perhaps show greater prospect than others, or is it just a broad mix?

Mr ALLEN: I think I would have to say it is a broad mix. Some things will work better in different locations. Sometimes a bit of a geographic slice means some of these measures come into play. For example, planning contributions and working with local government might be more easily achieved in rural and regional locations where there is lower cost of land and there is less pressure and more land availability versus the opposite situation that operates in the metropolitan area where tax credits or capital gains arrangements or even shared investments might be the better solution. So I think it is a bit of a mix and match, and—another cliché—there is not a one-size-fits-all solution in this housing space.

The Hon. GREG DONNELLY: With our questions on notice to you, I specifically take you to question No. 9, which refers to a comment on page 26 of the submission about what seems to be an exploratory examination of the costs and benefits of subdividing former reserves and missions with a view to enabling private ownership of such land and in some cases improved use of land for housing purposes. Are you in a position to elaborate on that in a little more detail and provide the Committee with a status report on where that is up to?

Mr ALLEN: Perhaps briefly or generally—and that is not to avoid the question—because some of this work is happening between the Australian Government with some funding that it has provided to the New South Wales Aboriginal Land Council to specifically subdivide some of those former reserves and missions, they have engaged the private sector, a particular engineering firm, to work with the State Land Council and the local land councils around the subdivision of those former reserves and missions. The Aboriginal Housing Office is part of the broader consultative process around delivering their work and we are certainly providing advice and support. As I understand, Housing NSW is providing that support. But other than that I cannot comment more specifically.

Mr HEDGER: Just to add to that. To understand the complexities of the reserves, their locations are very important in terms of this particular question. I come from a reserve up on the North Coast and to subdivide that particular reserve does not do anything to add to the benefit of the community at all; it does not add any wealth creation, as opposed to maybe looking at, say, the reserve at La Perouse, which is in a prime location and may provide some benefits. However, they are the areas that need to be looked at in terms of this question of subdividing. But it is going to be very different across the State and have a different need and demand.

The Hon. GREG DONNELLY: So it is a case-by-case examination of the particular circumstances of the mission reserve and dealing with a range of issues associated with it?

Mr HEDGER: Yes.

Mr ALLEN: That is correct. In general terms, yes it is a good thing to do, but in terms of creating homeownership, as Allen has pointed out, that is very important, and certainly Aboriginal people are significantly underrepresented when you look at homeownership rates in the general community. But you still have to finish up with a tradable asset for it to have any real value, and having a subdivided property that has its own separate title in a very remote location still does not mean you can sell it. So the inherent value is not there, and that questions whether that work should be a priority in that location and perhaps there should be a priority provided in other locations where perhaps you get a more meaningful outcome.

The Hon. GREG DONNELLY: Is that to say that a number of these reserves are in pretty remote locations, a good number of them? I am not familiar with the actual geographical location of the range of reserves in the State. Are a number of them in pretty isolated locations?

Mr HEDGER: They are spread right across the State. The bulk of them are on the eastern seaboard. They are certainly in very remote and discrete areas, which will have no consequent value to the communities that reside there. For all intents and purposes the Aboriginal people believe that it is their land and that they have ownership anyway, irrespective of whether it is subdivided or not. That is an important factor and that is going to be a critical issue in terms of trying to tackle this issue of trying to address the matter of subdivision.

The Australian Government is pushing very strongly the issue of housing on indigenous land, and looking at these particular areas to be subdivided there seems to be a lack of understanding of what those communities represent and where their geographical locations are and there seems to be a misbelief in terms of that being wealth creation. It is not going to happen; it will not happen in the majority of these communities. The Aboriginal people that are on these reserves, whilst their living conditions at the moment are very poor, nevertheless they understand that that is, one, their land and, two, their ongoing repairs and maintenance and other costs, et cetera, et cetera, that are associated with living on that land are met by the local land council who is there to represent them and who manage the properties.

The Hon. GREG DONNELLY: Just finally, question 17 in the list of questions on notice about the role of local government. We have heard much from evidence and submissions about the Commonwealth and the State and the relationship between the two, with some mention of the role of local government, but not a great deal. Would you like to elaborate on this issue of the role of local government and perhaps its connectedness to the State and the Commonwealth in terms of having integration so we can, where possible, avoid duplication?

Mr ALLEN: That is a very broad question. A couple things in response: First of all, local government does play a very important role for housing providers in a number of ways, particularly through administration of planning legislation and the establishment of planning requirements in their local government area. They can establish voluntary planning agreements and other such facilities that can encourage and facilitate the creation of additional affordable housing or low-cost housing of one form or another.

Councils can enter into partnership and joint-venture arrangements with community housing providers using some of their own land, and I have seen some very successful models pursued by some councils in their area. They are generally more willing to work with community housing providers than they necessarily are with government agencies in terms of using some of that land, and that is for understandable reasons, I guess. I think the other thing that local government plays an important role in is that they are the link and often the provider of a variety of different community services that people in affordable or low-cost housing need. So I think it is imperative that housing providers are working with councils to make sure the right range of services and the right level of services are available to people living in that accommodation. How much further councils can go in the provision of low-cost accommodation is really a matter for them. Some are more actively involved; some are less actively involved.

The Hon. TREVOR KHAN: Could I come back to the issue of the location of the missions? Would you agree with me, Mr Hedger, that the location of the missions really reflects an historical perspective; that is, they were placed, in many cases, on land that was less than prime in a sense, that is, the Aboriginal community was moved to locations away from towns, away from services and away from even good agricultural land?

Mr HEDGER: I agree totally with that. Notwithstanding that there were placements done, they were on Aboriginal land anyway in many cases. I will give you an example of my community, which is Baryulgil on the North Coast, the pastoralists that moved there took the prime land where the Aboriginal people traditionally lived and moved them to Baryulgil, which was actually on an asbestos area, as it turned out to be. However, you are very correct, they did move from various places into areas that were not beneficial to accessing services and removed them from their traditional areas that they actually lived on. Whilst the traditional area is broader, it is very big, the Aboriginal people chose particular locations where they traditionally lived—close to a river, close to game, all of those sorts of issues. However, being removed into these other areas took them away from their traditional way of life and in later years away from services.

The Hon. TREVOR KHAN: What it therefore means in terms of the subdivision aspect is that in many cases what we are dealing with, as I think Mr Allen referred to as well, is that essentially what we have got to subdivide is something that few people will be able to find a market to sell?

Mr HEDGER: Absolutely, and that would be with a number of those communities and, again, some of those communities will not be interested in that. It is also tied up in the Aboriginal Land Rights Act, which has a lot of complexities and constraints about how they deal with land dealings.

CHAIR: After the inquiry that we just completed on Closing the Gap and the issue of local participation and ownership of outcomes by the indigenous community, I would have assumed that the definition of wealth and ownership would be determined by the local indigenous community and not by some other instrumentality or manifestation of whatever kind. So in those 63 remote reserves and missions I would hope that the community would be most disturbed if anyone other than the local communities determined the definition of wealth and ownership. With those opening comments can I ask what is the situation following our previous inquiry in terms of the impact of the stimulus package on housing and the residents of the Block and other city and urban-based indigenous populations?

Mr ALLEN: In general terms, the Aboriginal community will benefit from the Nation Building and Economic Stimulus Plan, and quite specifically we are talking of numbers up to around 10 per cent of the total package for New South Wales will be provided to the Aboriginal Housing Office for direct occupation of those properties by Aboriginal people. Certainly we are working with Housing NSW to make sure a reasonably significant proportion of the mainstream housing, if I can describe it that way, will provide housing opportunities for Aboriginal people in a variety of communities across New South Wales.

There is no specific funding for the Block as a result of the Nation Building and Economic Stimulus Plan. Certainly the Aboriginal Housing Office has had some discussions with the Aboriginal Housing Company of the Block around repairs and maintenance and any support that might be needed from the Government there. But in terms of funding for new housing, there is no funding for new housing for the Block at this point in time.

The Hon. GREG DONNELLY: Question number 10 on notice about the identification in your view of the largest barriers or blockages for the growth of low-cost housing and the speed at which such housing can be delivered, I appreciate the very general nature of those two questions but could you ponder those two questions and, if you can, give us your view about what are these key barriers or blockages that you see?

Mr ALLEN: It is not always about the money, but in terms of the barriers to creation or provision of low-cost accommodation, obviously the availability of funding is fundamental, whether it comes from government directly or whether it comes through facilitation by government through debt equity programs and by providing title of properties to the organisations so that they can borrow, they are certainly some of the biggest hurdles. There certainly is still in the broader community a significant stigma about low-cost rental accommodation. I do not think we in this country more generally have publicised or highlighted the benefits of affordable accommodation, whether it is government owned or community owned.

We see in Europe and in other countries, indeed, even in the United States, a much higher value placed on having affordable accommodation available both to house people and as a direct benefit, and also as a contribution to a homogenous social mix within communities there is some value placed on affordable accommodation. There is still not the level of recognition, and I have to acknowledge that I say this from an exceedingly biased position, that stable and affordable housing is really an essential service, because we know from a variety of studies and levels of research that if people do not have stable and affordable accommodation their health outcomes are worse and their educational outcomes are worse. But when we have discussions about essential services we tend to talk about health and education and police and public transport and so on, not about housing.

I think in terms of barriers there are some physical ones—the funding, the availability of land, the planning mechanisms to facilitate that—but also some philosophical ones, if you like, in, I guess, a failure by many of us to recognise just how important stable and affordable accommodation is. I apologise that that sounds a bit sermon-like, I realise, in my answer. But I think it is important. As a social housing professional for over 30 years it is certainly something that sticks with me.

CHAIR: Seeing I agree with you, it was a good sermon.

The Hon. TREVOR KHAN: I believe there would be no disagreement at the table.

The Hon. MARIE FICARRA: Yes, I think we all agree.

The Hon. MICHAEL VEITCH: In testimony provided earlier today by the Federal bureaucrats mention was made of West Dubbo and the position taken to the wholesale removal of people from their houses, knocking down the houses and reconstruction. As an update, what is the view of the Aboriginal community about the success or otherwise of that, I will use the phrase, aggressive process? I am asking in relation to people's perception of pockets of disadvantage.

Mr ALLEN: Three things: First of all, it was very strong action, relatively unprecedented. But it came about for a variety of reasons, one of which from an Aboriginal perspective was that the bulk of people living on that estate in West Dubbo were Aboriginal families. Again, the bulk of those Aboriginal families were good citizens of their community, as is the case in the general population. A relatively small number of people cause difficulty to the majority. But one of the, I guess, attributes of that estate was that it attracted troublemakers from a variety of different locations. Not all the people causing trouble in the estate were, in fact, locals. It had become a magnet, if you like, for troublemakers. That, in part, was an important consideration in the action taken. The bulk of people from the estate, in excess of 80 per cent, were rehoused in Dubbo. As so many of those were Aboriginal people, certainly there were concerns. The community there expressed at the outset there may be increasing racial prejudice against them in some of the wider areas of Dubbo.

Housing New South Wales has undertaken a survey of all the people who were relocated in Dubbo. Pleasingly, the feedback from those families, both Aboriginal and non-Aboriginal, was that they were very satisfied with their alternative housing that was provided elsewhere in Dubbo; they were seeing higher school attendance and better educational outcomes for their children; and indeed Aboriginal people fed back to us that in fact they were suffering less racial discrimination in their new location than they actually did on the estate. The estate was both a magnet for troublemakers but also a focus for negative attention like racial discrimination. When people lived in the broader community that reduced significantly. They were direct survey results. Again, I am probably a little bit biased because I was involved in another role in that work. But I think it is generally a very positive outcome. New housing is being built in that area and it has a new name agreed by council and the local community. It is now called Rosewood Grove. The area is moving ahead quite positively and we have a homogenous mix of social housing and Aboriginal Housing Office properties elsewhere in Dubbo.

The Hon. MICHAEL VEITCH: That begs the question, is it possible to provide low-cost affordable accommodation, either rented or privately owned, without creating pockets of disadvantage?

Mr ALLEN: The simple answer to that question is yes. I do not think through social housing that pockets of disadvantage have been created in the last couple of decades. I think what we are living with is the sad history of pockets of concentration of public housing from three and four decades ago when some of those sorts of schemes like the Radburn scheme were a popular planning solution. They have not stood the test of time. I think housing authorities right around the country have learnt a lesson from that. I know there are active discussions with the Australian Government around how some of those concentrated areas can be further reduced over time.

The Hon. MICHAEL VEITCH: The survey you mentioned in relation to the estate at West Dubbo, which is now called—

Mr ALLEN: Rosewood Grove—the survey of the tenants that were relocated.

The Hon. MICHAEL VEITCH: Is that available for the Committee to look at?

Mr ALLEN: We can certainly take that as a question on notice and provide some information on the results of that survey.

The Hon. MICHAEL VEITCH: Thank you.

Mr HEDGER: If I may add, picking up from the West Dubbo issue, the Aboriginal Housing Office board, all of whom are Aboriginal, do not support concentrated Aboriginal populations. They certainly support strongly an integrated approach within the broader community.

The Hon. TREVOR KHAN: I refer to question No. 15 of the prepared questions, which relates to the role of the land councils and specifically the whole-of-government submission and the statement that if land councils were unable to demonstrate the viability of their housing services they may be required to transfer management to an external agency. Can you tell us how that issue of viability is to be determined? How many instances are there where this has happened? Who manages the services once they are transferred? Has it made a difference in outcomes for the tenants?

Mr ALLEN: There are three answers to that question. Viability is around a number of, I guess, performance benchmarks. It is things like maintaining the properties; are sufficient moneys being dedicated to repairs and maintenance; is the rent being collected; are the organisations properly governed in terms of their organisational structure; do they have the requisite skills to properly manage the housing? It is these sorts of things you would expect to see in the assessment of any housing organisation, any housing provider, whether they were land council or otherwise. The final form of that assessment of viability has not yet been determined by the New South Wales Aboriginal Land Council. Secondly, the Aboriginal Housing Office is working very closely with the State Land Council on viability criteria, as well as how the assessment will be undertaken. Certainly there is provision through the remote indigenous implementation plan to provide some financial assistance to the State Land Council to undertake those assessments.

Thirdly, who is going to manage them? That is a decision for the individual local Aboriginal land council, but it could be a range of alternative providers. In some cases I know already the land councils are using local real estate agents to manage their properties. It could be mainstream community housing providers or it could be Aboriginal community housing providers. I suppose the Aboriginal Housing Office could take some responsibility, but I imagine in most cases the communities involved would prefer a non-government provider.

The Hon. TREVOR KHAN: What is the timeframe for this process to be undertaken?

Mr HEDGER: It has happened immediately, as we speak. We are currently looking at and assessing the viability of all providers to be able to access funding from the Aboriginal Housing Office. A new regime, which we are exploring at the moment, we expect to have in place within certainly the next six months. That will be a more rigorous process in terms of assessment and registration and will go to the heart of the viability of those land councils.

Mr ALLEN: So we are working to try to make sure, as Allen said, that we provide through the Aboriginal Housing Office some form and structure around reform and some base level of criteria and assessment that would apply to all community housing providers, whether they are independent indigenous housing providers or organisations, land councils or mainstream—but working towards the same end. In general terms though, the New South Wales State Land Council has set June 2010 as the deadline for local Aboriginal land councils to demonstrate their housing viability before decisions need to be made about who the provider is going to be.

CHAIR: Who is facilitating and driving that relationship between the land councils and the Aboriginal Housing Office? Does the Department of Aboriginal Affairs have any involvement in the facilitation of that relationship? Is it being driven by Mr Hedger or the State Land Council and the outcome is determined by, I assume, the land councils?

Mr HEDGER: The Aboriginal Housing Office since its inception has been undertaking a reform process. That was one of the reasons why it was established: to improve social housing, community housing in the indigenous population. That reform has taken over a 10-year period. The land councils form 60 per cent of the community sector. They are a critically important player in the provision of community housing. The Aboriginal Housing Office, as we stated earlier, has in recent times been working in close partnership with the New South Wales Aboriginal Land Council to ensure that there is a cohesive direction being set that enables better outcomes for people in terms of community housing, but importantly ensuring that the land council system, as it stands, is able to effectively deliver on the programs without any impediments to the actual land rights Act.

CHAIR: Who is the final assessor of efficiency and outcomes?

Mr HEDGER: As it stands at the moment, the Aboriginal Housing Office. For any community organisation, whether it be a land council or community provider, the decision making rests with the Aboriginal Housing Office in terms of providing funding. As I said, we are in partnership with the New South Wales Land Council in exploring a new regulatory process in terms of assessments and decision-making. But at this stage until such time as there is any difference in terms of what that might look at, the Aboriginal Housing Office is the final decision maker.

Mr ALLEN: To be clear about that, as Allen said, that is where the Aboriginal Housing Office is the funder, the AHO is funding the housing operation. Whether it is a local land council or another community housing provider, the AHO is the final decision maker. In terms of the arrangement that we were discussing in the earlier part of this conversation around whether local land councils will continue to be housing managers themselves, that decision would have to be taken by the State Land Council. They are the ones that are determining that. The AHO is working actively with the State Land Council to establish the criteria and the assessment process. But the final decisions will have to be made by the State Land Council themselves. The Department of Aboriginal Affairs is working with us as part of that process. The Aboriginal Housing Office is playing a strong facilitating role and, as I said, will look to make some funding available to assist in that assessment process.

The Hon. TREVOR KHAN: I am interested in your last comment in relation to the Department of Aboriginal Affairs working with you. What is the Department of Aboriginal Affairs doing? How is it working with you?

Mr ALLEN: It is part of a working group that the Aboriginal Housing Office established to work on this particular aspect and provide some support to the State Land Council. It came out of conversations between the land council, the Department of Aboriginal Affairs and the Aboriginal Housing Office on how to make this process work best, not just for the organisations but also for the people who live in the homes that are really under consideration in this new process. So they are playing a role. They have got an important role to play in more broadly representing the Aboriginal community to government. We certainly look to them for that sort of advice and support in this process.

CHAIR: Thank you for attending the inquiry today. Your evidence is greatly appreciated. There are questions on notice. Those written questions will be sent to you by the Committee secretariat. We ask that you return your answers within 21 days.

(The witnesses withdrew)

JAMES CLARK, Vice President, Lake Macquarie Park Residents Association, affirmed and examined, and

ROBERT BROWNING JONES, President, Central Coast North Park Residents Association, Bevington Shores Village, Budgewoi,

PAM MEATHERINGHAM, Secretary, Lake Macquarie Park Residents Association, and

RONALD McLACHLAN, President, Port Stephens Park Residents Association, sworn and examined:

CHAIR: Thank you for attending today. If at any stage you consider that certain evidence you wish to give or documents you wish to tender should be heard or seen only by the Committee, please indicate that fact and the Committee will consider your request. As well as any questions you may take on notice today, additional questions may be forwarded to you. The Committee would appreciate it if the response to those questions could be sent to the Committee secretariat within 21 days from the date on which the questions are forwarded to you. Before proceeding to questions, do any of you wish to make an opening statement?

Mr CLARK: Yes, I would like to just give a brief history of the alternate housing lifestyle that exists. It started in a legal sense in 1987 when the Local Government Ordinance 71 was introduced, which legalised permanent living in caravan parks. Manufactured homes were also on the market then. In 1989 the Residential Tenancies Act was amended with the addition of the mobile homes clause that still allowed visitors fees and other caravan park levies. In 1994 ordinance 71A was introduced in response to manufactured home sales on the market. The CCIA, which is the Caravan and Camping Industry Association, added to its name at this time with MHIA, the Manufactured Home Industry Association.

In 1998 after a long and hard battle we achieved special legislation for this alternate housing lifestyle with the introduction of the Residential Parks Act 1998. In 2005 the Residential Parks Act was amended with a number of other amendments. Despite the good intentions of the Government, this has not stopped rent increases being forced on the most vulnerable people in society—aged pensioners—who are captive. Many single pensioners are unable to afford to live in their own home, nor can they afford to get out. An example of how these rents have gone up, on 1 February 1995 a single pension was \$163.50 per week, rent was \$73 per week; on 20 September 2007 a single pension was \$268.65 per week, rent was \$104 per week. Pensions have increased by 60 per cent; rent has increased by 70 per cent. The same applies to pensioner couples.

It is our view that this blatant exploitation of pensioners must be stopped. In my view, a new direction is needed to combat this blatant greed of park owners. The CCIA sent out staff to target age pensioners. There was massive advertising aimed directly at pensioners where, indeed, they built an entire village of manufactured homes at Rosehill racecourse. Massive advertising took place in the paper sense and we had a campaign supplement in the pensioners' newspaper, which extolled the virtues of this alternate housing lifestyle. Indeed, it was then a very good lifestyle, well within the means of the pensioners to meet their commitments as far as rent on a small piece of land on which they have their own home. But that has gone way beyond the pale and indeed there are some single pensioners paying 50 per cent of their pension to live in their own home. We are very much of the opinion that an inquiry into all aspects of this lifestyle should take place. An inquiry on affordable housing in New South Wales was held not so long ago. It mentions every form of housing but does not mention the manufactured home form of housing. We would like this Committee to conduct an inquiry into this.

CHAIR: Do you want to tender that document?

Mr CLARK: Yes, I will.

Report of a Ministerial Task Force on Affordable Housing entitled "Affordable Housing NSW—The Need for Action" tendered.

The Hon. MICHAEL VEITCH: From your opening comments and, indeed, the submissions you have all lodged, I take it you firmly believe that caravan parks—I call them cabin parks—and manufactured homes clearly have a role to play in low-cost affordable accommodation in New South Wales?

Mr CLARK: I would qualify that by saying it could be. But as we stand at present, it is certainly not affordable for the people who are living there now. For example, some parks have 95 per cent of age pensioners

who had the wherewithal to purchase a manufactured home and move into a caravan park. We are trying to get rid of the word "caravan park" because it is the caravan park mentality that is really the biggest barrier. The public perception is caravans that you drive along the street. We are trying to establish that as an alternate housing lifestyle, which could be very important in any affordable housing strategy, but there have to be changes.

The Hon. MICHAEL VEITCH: You comment in your submission about that. Are the parks in which each of you reside owned by council or private operators?

Mr JONES: Private.

Ms MEATHERINGHAM: Private.

Mr CLARK: Private.

Mr McLACHLAN: I no longer live in a manufactured home village. I was evicted.

The Hon. MICHAEL VEITCH: You were evicted?

Mr McLACHLAN: Yes, because I was the President of the Parks Residents Association and I assisted the residents to defeat an excessive rent charge. So I was legally evicted under our present legislation.

The Hon. MICHAEL VEITCH: Do the caravan park operators use a specific calculation to set the rent? Is it based on Valuer General information?

Mr JONES: It is usually based on the consumer price index, which is the whole of Sydney CPI.

The Hon. MICHAEL VEITCH: So it is calculated on the Sydney-based CPI?

Mr JONES: Yes.

Mr McLACHLAN: That is in theory.

Ms MEATHERINGHAM: Yes.

Mr JONES: Usually with possibly \$1 or \$2 attached for their maintenance, et cetera.

The Hon. MICHAEL VEITCH: Someone else owns the land upon which you have your residence.

Ms MEATHERINGHAM: Yes.

The Hon. MICHAEL VEITCH: You therefore pay rent to the person who owns the land?

Ms MEATHERINGHAM: That is right.

The Hon. MICHAEL VEITCH: Are you able to buy and sell your residence on that site?

Mr JONES: We can buy and sell the home, but not the land. The land is in the ownership of the owner.

Mr McLACHLAN: A person selling their home has the legal right to assign their agreement or lease and the conditions that go with it, which fix the way in which the rent is determined. However, many park owners refuse to consent to the assignment and the resident then has to go to the tribunal and apply for an order, which they always get. But by the time they get the order the purchaser has gone.

The Hon. MICHAEL VEITCH: For the sake of this inquiry and our terms of reference, we are looking at a raft of low-cost, affordable accommodation and trying to work out the mix. Mr Clark, you are quite right that people often forget about your arrangements as a component of that. What recommendations would you make to ensure that you are included in the mix?

Mr CLARK: It is a form of housing and it is or could be affordable if the rents were at a rate that recognises that there are two parties involved: the landowner and the homeowner. As we see it now, the legislation is all very biased towards the landowner. We have found that it is almost impossible to go to the residential tribunal and win a case about excessive rent. The Government, in its wisdom—and I think with the best of intentions—included in the Act a clause providing that if a proposed rent increase was at or lower than the CPI the resident could not challenge it. That was designed to get the park owners, who are mainly motivated by greed, to leave the rent at that level. But while they listened, it went out the window. Most rent increases are way beyond the CPI. Park residents pay a high percentage of their income in rent. That is particularly so for single pensioners. It is almost half, and in some cases more than half, of their pension. I do not think that is proper recognition of the homeowner.

The park owners' profits are far greater than those made by non-park landlords. It must be emphasised that the homeowner in the park is required to pay all the normal expenses involved in owning a home. The landowner does not do that. The homeowner also has to look after the small piece of land their house is on. Some of these parks are beautiful. I know that Pam's park, in particular, is a joy to walk into. Some of the residents cannot afford to get out and cannot afford to stay. It has got out of hand and that is why we need an inquiry into all these aspects. All the homeowners in the park know is that they have to pay a certain amount for the land, but not what they are paying now.

I will provide a brief history. The park residents pay well over \$1 million a year in rent. The land is worth only \$2 million. You would not find any another form of rental property getting that percentage of rent income above what it is worth. As I said, the homeowner has all the normal expenses involved in running a home. Two-bedroom and three-bedroom manufactured homes are very common. It could be part of anyone's strategy for an affordable housing program to be involved in that, but there would have to be a very big change in ownership.

Mr McLACHLAN: I would like to enlarge on a couple of points. It is important that the Committee understand the extent beyond the CPI that typical park owners are asking. I recently conducted a case where the CPI would have provided a \$4.50 a week increase, the park owner sought \$16 a week and the tribunal granted \$13 a week—almost three times the CPI figure. The other point relates to investment. The owners of one of our villages—a typical village—bought it for \$4.4 million. The market value of the residents' homes is \$26 million. Their investment far exceeds the investment made by the park owner. In this case, that park is making a return of 28 per cent on an investment of \$4.4 million.

CHAIR: How much did it cost you to go in to the park?

Mr McLACHLAN: Legally there are no park admission fees, but there are park owners who extract them.

CHAIR: What restrictions are there on the improvements you make on the land that you occupy?

Ms MEATHERINGHAM: I am not very good speaking out, so I have some written notes. I will remember your question about the restrictions and I will bring that in to what I have to say. In the park where I live there are 180 individually owned homes at a total value of \$30 million. The value of the wasteland that our park is on—many parks are on wasteland fit for nothing else—is \$2 million. In addition, I pay 46 per cent of my pension to rent the small site that my home sits on. The rental income from those 180 homes is \$1.12 million a year. I was able to work out the total running costs based on some figures I obtained. Those costs last year were \$302,900. That represents a net profit of 72 per cent. I am sure that other landlords would dearly love to make such a large profit. I pay \$6,240 a year for the little bit of land I have. For that my council rates are paid. My council rates for a full year are \$87. I also get my garbage picked up twice a week. I pay everything else—water electricity, repairs, maintenance, insurance and so on.

You asked about doing alterations. It is very difficult. You have to get permission from the park owner to do any alternations. For one reason or another it is not granted very often. There are provisions in the Act and also in our site agreements dealing with what we cannot do. You can alter the inside of your house, but the way they are built does not readily allow walls to be pulled down and that sort of thing. I was recently approached by a lady who lives opposite me who had decided that she wanted to remove the roses in her garden and replace them with shrubs. She had to get permission just to change the flowers in her garden. She asked for permission and was refused. I thought that was very petty. That is an example of the control that the park owners have over us. They are very good when you first go in and until after you sign the contract and pay for the house. Of

course, that payment is made to the previous owner. I have not heard of anyone being able to take over a site agreement from anyone else, although that is allowed under the Act.

Once you are in you are in, and, boy, do you know it! The rules and regulations are a nightmare sometimes. A lady I am fighting for at the moment has water under her house all year round. There is something wrong with the drainage leading from her house. We have raised the issue with the park owner—who owns the land—but the owner refuses to do anything about it. The lady is about 80 years old and she is extremely concerned because she was told, "If you don't like it, get out." She was then told that she should stop complaining about the problem and if she did not she would be evicted and her house would be demolished and she would have nothing to sell. Of course, she is frightened. There are many old people like her who are very frightened about approaching the office or management.

Our park does not have a park manager. All the services have been reduced. Often no-one knows when things happen in parks. There was a small fire behind some lady's house. Park employees had put some leaves and so on in a pile and it started to smoke. She went to the office and knocked on the door. There was an office girl there but she would not answer the door. The lady eventually became irate and was banging on the door, so the office girl responded. She told her that there was a fire in the little area at the back of her place where employees had been dumping rubbish. She was told that the office was closed and that she should come back the next day to report it. What gives with these parks? We have to wonder. We are not encouraged to go near the office to lodge any complaints.

Ron McLachlan mentioned that he was evicted. I have not been evicted; nothing that bad has happened to me. But I have had letters and forms sent to me. I was to be taken to the tribunal because it was alleged that I was running a house of ill repute. That was because so many people were coming to ask for advice. Women were seen coming to my house. I have nothing to hide. The CPI figure was mentioned. It is just dreadful. The Act is not tight enough to make the park owners stick to it.

We cannot challenge it. If the park owner gives us a rent increase for consumer price index [CPI] or less we cannot challenge that in the tribunal. If it is over, we can. I am fighting one at the moment, not quite as high as Ron's but it is for \$8 a week and the CPI figure was 2.3, which would give them about \$3 a week—plenty to cover any additional costs—but they are not satisfied with that. They want their \$8 and because the way the Act is set up, they probably will get a large proportion of it, because the Act is not really suitable for the manufactured homes that we have. We have the landowner, the homeowner and the Act covers mainly homes that are rented out. This is where all the problems are within the Act.

The Hon. TREVOR KHAN: You are going to have to assist me with regards to the Act. Do I take it that the Rental Tenancy Tribunal covers you?

Ms MEATHERINGHAM: Yes. Does the tribunal cover us?

Mr McLACHLAN: The tribunal has a residential parks division and that is our division.

The Hon. TREVOR KHAN: But the tribunal has various categories. The same tribunal essentially covers it?

Mr McLACHLAN: It is the same tribunal.

Ms MEATHERINGHAM: It is the same tribunal, yes.

The Hon. TREVOR KHAN: Do you say that the powers that the tribunal has in terms of, for instance, assessing rents, are different from that that would apply in terms of a normal rental tenancy?

Mr McLACHLAN: No.

Ms MEATHERINGHAM: It is the same, is it not?

The Hon. TREVOR KHAN: I am getting two different answers.

Mr McLACHLAN: In the Residential Parks Act section 57 sets out the factors that the tribunal may take into consideration in determining whether a rent increase is excessive. There is quite a range of things. One

of them refers to an index such as the Sydney CPI, but it does not actually say the Sydney CPI and that is a problem. One says comparable rents in the same location for so and so. The industry of park owners is demanding higher rents from new residents coming in, and so establishing what they then turn around in the tribunal and says is a comparable rent.

In Middle Rock Village, which is one of ours, the owners agreed to accept \$5 a week from the bulk of the residents—25 of them. Another five residents pay more than that. When the matter that I referred to recently went to the tribunal, the tribunal member said that the comparable rent in this park was \$100 a week, yet 25 of the 30-odd owners are paying, with the owners' agreement, \$95. This is where the whole structure of the Act is simply nonsensical.

The Hon. TREVOR KHAN: I will take that on board. You say that the net profit is producing a return of 72 per cent?

Ms MEATHERINGHAM: Yes.

The Hon. TREVOR KHAN: That seems to be an extraordinarily high figure.

Ms MEATHERINGHAM: It does.

The Hon. TREVOR KHAN: If any investor is achieving 72 per cent, why have we not got manufactured home villages all over New South Wales?

Ms MEATHERINGHAM: There are quite a number of them, I believe. There are a lot of manufactured home villages.

Mr McLACHLAN: The current figure is in excess of 900 throughout New South Wales.

The Hon. TREVOR KHAN: That may be so, but if you are producing a 72 per cent return, that is far higher than most investors in land would get by an extraordinary factor.

Ms MEATHERINGHAM: I think you will find that a lot of investors are now buying our parks. Some investors own six and seven parks. They are making a fortune out of them.

The Hon. TREVOR KHAN: Are you saying there is an increase in the number of affordable villages that are being created in New South Wales?

Mr CLARK: There are manufactured homes in caravan parks. There are 1,500 caravan parks in New South Wales. They can legally have manufactured homes in their caravan park. They brought in ordinance 71A to deal with residential parks and manufactured home estates. But all they did was increase the land size in the caravan park. It has to be a minimum of 80 square metres, and in a residential park it has to be a minimum of 135 square metres but there are only half a dozen of them in New South Wales. The rest of the manufactured homes are actually in caravan parks. It is that aspect of it that we feel needs real examination to get the facts, and you are suggesting we try to get that, and that is the difficulty.

The CCIA, which is the Caravan and Camping Industry Association, and also the Manufactured Homes Industry Association [MHIA] have a monopoly in relation to this whole alternative lifestyle. I agree with what you said: They should be all over the place because the profits are. I went into the real estate agent the other day and asked what amount of real estate I would have to own to engender an income of more than \$1 million a year. They said I would have to own, on present-day prices, about 54 houses valued at \$300,000. That is a lot of money in order to get the same level of return, which caravan park owners get. One caravan park, which used to be called the Nine Mile Beach Caravan Park, then it went to some other name, and now it is the Sanctuary, is making more than \$1 million a year—just one park. It certainly needs a real good look and all the talking and going on about affordable housing, we suggest there could be an avenue where you could achieve quite a lot but there have to be new laws.

CHAIR: Without questioning for one moment what you are saying, why would the council sell the caravan park if there were that much profit to be made out of it? Why are councils selling those caravan parks to private owners?

Mr McLACHLAN: Given the current economic and in the last several years situation many councils have been attempting to stabilise their own thing by selling off assets, and caravan parks are very readily saleable. This goes to the earlier question: Why are there not a large growing number of caravan parks? Availability of appropriate land is the big problem and the reluctance of many councils to approve, to issue development applications for manufactured homes and caravan park villages. We are talking to Port Stephens Council at the moment, inviting them to come and have a look and to find out what a manufactured home is. There are 16 in their area and they do not know even what they are. I cannot explain that, but it is a fact.

CHAIR: Sorry, 16 that they own?

Mr McLACHLAN: No, there are 16 villages in the area controlled by Port Stephens Council.

The Hon. TREVOR KHAN: Manufactured homes or caravan parks?

Mr McLACHLAN: Some are manufactured home villages and some are a mixture of the two. Port Stephens Council owns four holiday parks from which they have evicted all the permanent residents over the last few years, moved them out. For some reason or other, we cannot explain that. We are not seen to be welcome anymore with the council.

Ms MEATHERINGHAM: The 72 per cent, 78 per cent I obtained from documents that Paultrus supplied. That is the company that Paul Craig goes under.

CHAIR: Who is Paul Craig?

Ms MEATHERINGHAM: He is a well-known park owner on the Central Coast in the Gosford shire. He has bought and sold parks; mainly buys them and puts nothing back into them, he evicts most of the people, that sort of thing.

CHAIR: We do not need to go there.

Ms MEATHERINGHAM: He is quite a well-known man. He owns our park. He has owned it for three years and we have been suffering for three years. Those figures came from some of the documents that he supplied. When he put in papers for the rent increase last year and he quoted percentages—rates were so much per cent of the total running costs. Rates at that time were, say, \$10,000. The rates were 3.4 per cent of the total running costs. From doing that sort of exercise I was able to calculate this out.

The Hon. TREVOR KHAN: In terms of decisions where increases have been awarded or agreed to by the tribunal, was there a published decision or a decision handed down in writing?

Ms MEATHERINGHAM: Yes, they are all published.

Mr McLACHLAN: No, I am sorry they are not. They are only published if we request a written decision.

The Hon. TREVOR KHAN: Have you received copies of those written decisions?

Ms MEATHERINGHAM: Yes.

The Hon. TREVOR KHAN: Are you able to provide us with copies of those written decisions?

Ms MEATHERINGHAM: Yes, certainly.

CHAIR: Is this the Consumer, Trader and Tenancy Tribunal [CTTT]?

Mr CLARK: It is the CTTT.

CHAIR: It is not the Landlord and Tenant—?

Ms MEATHERINGHAM: No.

CHAIR: It is the CTTT?

Ms MEATHERINGHAM: Yes.

Mr McLACHLAN: Yes.

The Hon. MARIE FICARRA: Is there is some agreed position between you and other people who could not be here who represent park residents associations of what you would like changed in the legislation because ultimately this Committee will make recommendations to the Parliament? Is there some consensus that you could provide us with? It could be within the next 21 days.

Mr CLARK: I submitted an opinion by the member of Parliament Chris Hartcher, who set out in some detail the rights of homeowners in parks in which he says—and I do not particularly agree with what Chris Hartcher says all the time but in this instance I do—

The Hon. MARIE FICARRA: That is what we say in the party room too.

Mr CLARK: He has let me know in no uncertain manner what he thinks of me but he said that the division between the park owner and a homeowner is very biased towards the landowner and he sets out that any legislation should reflect the fact that there are two investors in a caravan park and residential park: the homeowner and the landowner and the legislation should reflect that. We say quite easily that the present legislation, which is the Residential Parks Act, is just a throwback to the Residential Tenancies Act with a few fiddly bits. It is still basically biased in favour of the landowner.

Mr McLACHLAN: If we take an issue on excessive rent, the obligation under the Act is on us to prove the park owner is wrong. The park owner has no such obligation. He does not even have to produce his books. We have to argue from a totally negative situation.

The Hon. MARIE FICARRA: And that particular submission from Chris Hartcher, your local member of Parliament—

Mr CLARK: He is not my local member of Parliament. He does not like me.

The Hon. MARIE FICARRA: Can you provide that submission?

Mr CLARK: Yes.

The Hon. MICHAEL VEITCH: It is here. It was a speech he delivered in 1989 and it is attached.

The Hon. MARIE FICARRA: And nothing much has happened since?

Mr CLARK: He has delivered speeches since then in 2002 and 2004.

Mr McLACHLAN: In answer to your question about what our targets would be, we have talked about this and we would be quite happy to embellish those, but I wrote down four to deliver today. One is appropriate specific legislation, appropriate formula for rent setting, modification of existing planning legislation to protect this unique lifestyle and socioeconomic entity, and introduction of compulsory specialised training for park managers such as already exists for retirement village managers and strata title unit managers. TAFE is ready to introduce that course but the Caravan and Camping Industry Association does not want it introduced.

The Hon. MARIE FICARRA: Is there a situation where some of these parks have been sold and turned into other private developments? If it is so profitable, have any of them been sold?

Mr McLACHLAN: Yes, Banora Point has been sold at last.

Ms MEATHERINGHAM: I believe the development application has to be put into the council first, and then the normal procedure is to sort of get rid of everyone from the park.

The Hon. MARIE FICARRA: How much time do they give you?

Ms MEATHERINGHAM: I think 12 months is in the Act. Where do you go? I have no family. I do not know where I would go except to put myself on the bottom of the Housing Commission list. Many of the older people in the past, they go into nursing homes, and they go to relatives—granny flats

The Hon. MARIE FICARRA: What happens when they have to move on because of health or whatever? Are you allowed to sell your dwelling?

Ms MEATHERINGHAM: Yes, if you can find a buyer.

Mr McLACHLAN: Not if it is up for redevelopment, no.

Ms MEATHERINGHAM: It is very difficult. There are not many sites out there to go to. They say move your house and go. Where do you go?

The Hon. MARIE FICARRA: What about buyers for your dwellings?

Ms MEATHERINGHAM: There are not very many at the moment because the rents are going up so much.

Mr McLACHLAN: Once a park becomes subject to a development application for redevelopment there are no buyers.

Ms MEATHERINGHAM: Usually we will make you an offer of about a third, if you are lucky, of what it is worth.

The Hon. MARIE FICARRA: Where have you gone, Ron?

Mr McLACHLAN: I rent on the private market. I pay slightly more than the average park rent but I get no maintenance costs, no insurance costs on the building. I get free power; I get free water. Compared with what I was experiencing in the park, it is heaven.

The Hon. TREVOR KHAN: You get free power and water under your lease, do you?

Mr McLACHLAN: Yes, I have a very benevolent owner. I mentioned before that I was evicted. Where did I go then? I went into a psychiatric hospital. This is what Pam is saying, that over and over again the older people—I was not that old when it happened—are being moved out, bullied out, and they have nowhere to go.

The Hon. TREVOR KHAN: If you have any copies of decisions where people are evicted, I would be interested in seeing copies of the tribunal's determinations in that regard as well.

The Hon. MICHAEL VEITCH: This is what happens, people who are evicted have the potential to become homeless.

Mr McLACHLAN: Yes, that is right.

CHAIR: We will send you a number of questions on notice, but before you leave I have another question. On 7 April the Department of Housing advised us that a review was taking place into residential parks and manufactured homes estates. Are you aware of that?

Mr McLACHLAN: I have those. All I could find on Housing's website. The first one is called Planning Mechanisms for Affordable Housing, and the word they used in their submission to you was "mechanisms". The latest information in that is dated 2005. It is not a current review at all; it is just simply handy hints for planners, and so on. I am quite prepared to table that with you. The other one I found was headed "caravan parks". It is similar handy hints for planners, and so on, but it at least is more recent. Some of the documents in it are 2006, 2007, but I could find no evidence of a current review being conducted by Housing.

CHAIR: It is true that it may not yet be published if it is current, but that is not to say I am putting forward any brief for Housing.

Mr McLACHLAN: I could not even find an invitation, though. That is the point.

(The witnesses withdrew)

(Luncheon adjournment)

VIVIENNE RAE MILLIGAN, Associate Professor, City Futures Research Centre, Faculty of Built Environment, University of New South Wales, Sydney, and

PETER JULIAN PHIBBS, Professor, Urban Research Centre, University of Western Sydney, affirmed and examined:

CHAIR: If you should consider at any stage that certain evidence you wish to give or documents you may wish to tender should be heard or seen only by the Committee, please indicate that fact and the Committee will consider your request. As well as any questions you may take on notice today, additional questions may be forwarded to you, and the Committee would appreciate it if the response to those questions could be sent to the Committee within 21 days. Would you like to make an opening statement?

Dr MILLIGAN: We have come today to talk to you specifically about some research that is related to your inquiry that concerns the models for the provision of affordable rental housing by not-for-profit housing organisations. Dr Phibbs, myself and other colleagues whose names are on the report I will speak to you about in a moment have been monitoring developments in the provision of affordable housing by not-for-profit organisations across Australia over the past decade. We have also done active research on comparable international models that operate in Europe, the United Kingdom and America and the government policies that underpin those models. That has included some field research in some of the countries in those regions.

We have sought permission from the Australian Housing Urban Research Institute [AHURI] to offer the Committee a prepublication draft of our latest research on this sector. This is research that we completed a month or so ago and that is currently in a prepublication process. It has been peer reviewed with a positive outcome, and it is currently being prepared for publication. The AHURI process is that government is notified of the publication before it is released through their web publishing service. So I can provide this to the Committee, and AHURI Ltd has confirmed that in an email to secretary this morning as a prepublication copy. AHURI's request is that this not be quoted or cited before publication, which is anticipated to be July 2009, which I think is within sufficient time for that not to be a major impediment to using the findings of the research later in the process.

CHAIR: Thank you for that.

Dr MILLIGAN: We will draw on that report today as well as other experience and research that we have published. I have extracted from the report a list of eight or nine key references that are our work, as opposed to others' work that we have drawn on, which you may find bring more focus to the issues that we will raise. I have a copy of those references for the members of the Committee because it may be useful for you to look at them. Just about all of them are available on the web and I think there are two there that are not, which I can provide electronic copies of. The research that we have done provides an up-to-date picture on the policy environment for funding and regulating affordable housing across all Australian jurisdictions. We did most of the research in 2008 and completed it earlier this year in what was a rapidly changing policy environment. We have tried to keep apace of what has been happening out there.

It builds on a picture that we established in 2004, which was the first research on the sector and that is also published and is on that list that has just been circulated. As part of the 2008 research our colleague Dr Julie Lawson from the OTB Housing and Mobility Studies Research Centre at the Delft University of Technology in the Netherlands did firsthand field work in Austria, Switzerland, France and the Netherlands. So there is quite a deal of interesting European casework in the report. My understanding from the briefings we have received is that you probably have considerable background on the need for affordable housing, the causes of housing affordability problems and the role of a potential supply side response enabled by government. We were not planning to revisit that today because we expect that that is on the record, although there is certainly plenty of material we have contributed that we could refer to.

The starting point for our discussion today is to say that based on our comparative examination of how modern housing systems are responding to the problems of affordability, which are shared problems across the developed world, is that Australia has lagged considerably in innovation in supply of affordable housing more than many other countries and they have perhaps not put in place some of the institutional arrangements that would enable that to happen on a greater scale. To support that claim I mention some examples that are selective of other countries in terms of the role of their social and affordable housing systems and their housing stock, and

the role of the not-for-profit sector in those. To take an example of another Anglophile country, the United States, like us, only has a very small social housing system; 5 per cent of all housing is social housing, and many people miss out on affordable housing in the United States. But within that sector, 50 per cent of the provision is other than by government, by not-for-profit developers of affordable housing so they are making a very substantial contribution.

At the other end of the spectrum you have a country like the Netherlands where 35 per cent of the housing system is made up of forms of social and affordable housing. Government regulates that to ensure an affordable housing rental, and all of that sector is diversified away from government, delivered by housing associations and housing corporations that operate for a social purpose on a not-for-profit basis. Traditionally, much of the housing was in local government but has been moved outside government to create more opportunities for growth and so forth. Then there are many examples in between. In England, which has moved to significantly diversify away from traditional local government public housing models, 18 per cent of all housing but 50 per cent of that is in the not-for-profit sector. Canada, 7 per cent social housing system, two-thirds of that in the not-for-profit sector; France, 17 per cent social housing, 92 per cent of it in limited profit housing companies.

So there is a pattern of having more providers who can create more opportunities for providing affordable housing. That is now an emerging model in Australia and it is one that we believe could be fostered to a greater extent through a national policy framework. I would like to table two diagrams taken from the report. It will be quite okay to treat these diagrams as on the public record because they are our intellectual property and we use them in presentations all the time.

CHAIR: For the benefit of Hansard, can you give those documents a title?

Dr MILLIGAN: They have a title on them.

CHAIR: Yes. Can you read them out?

Dr MILLIGAN: I do not have them in front of me now. The first diagram that I wish to speak to is a schematic framework for an affordable housing industry, and later I will refer to a table that looks at the types and numbers of not-for-profit housing developers operating in Australia in 2008. I wanted to give you the framework because I think it will be clear as to what we wish to talk about. What we are arguing in our report is that you need to think of the development of affordable housing as a quasi market or an industry, something in its own right with its own objectives and frameworks and that the government encourages but partners with others to achieve. The key elements of the framework that need to be discussed and developed are: What is the housing purpose? What housing outcomes are we trying to achieve? What are the funding mechanisms? We would expect those to be a mix of public and private finance. How is it regulated?

What are the requirements of government to account for any public funding to achieve the policy objectives and to encourage investment in this industry? What is the supporting infrastructure and institutional arrangements to enable the industry to grow, be healthy, flourish and adapt as circumstances change? How would you deliver the products of the industry? What are the delivery vehicles? In particular, we are talking about the role of not-for-profits. You can envisage an industry where for-profit providers also have a role in delivering the services and indeed in some of the countries I mentioned both for-profit and not-for-profit players contribute. We have not particularly studied that in Australia; it is very under the radar, shall we say, at the moment. The important thing is that they are regulated.

CHAIR: Do both profit and non-profit come under the same regulations?

Dr MILLIGAN: Not necessarily. It varies from country to country. A good example where there is extensive regulation of the private sector would be Germany. In America there would be different compliance requirements for not-for-profit and for-profit developers. They do not come under the same framework. Quite often the for-profit developers are more involved in the home ownership end of the spectrum of products. You tend to see the not-for-profit sector more involved in the rental spectrum. What our report does is look at which of those mechanisms are in place and to what extent in the different States of Australia at the moment. As a general observation, we would say that since 2004 all Australian States have been quite active in developing a model that fills in some of this map that you have in front of you.

But they have all done it in different ways. They have given different emphasis to different levers. There has been a different scale of incentives available. They have had different ideas of how the delivery should be undertaken, different policy settings. So we have a bit of a laboratory where you can look at how different approaches are working but you would also have to say we have a rather fragmented and somewhat inconsistent system at the moment. In the report we come to the view that the State that has had the most impact in terms of creating an environment where not-for-profit affordable housing supply can occur is Victoria. Especially since 2005, Victoria has had a strong and well-coordinated policy that is dominated by significant government capital investment—\$355 million since 2004—and a specialised regulatory framework under which so far they have registered eight of the largest not-for-profits in that State as preferred providers for funding.

Their business model in Victoria is essentially that partner providers are expected to bring about 25 per cent private finance to a project deal. The Government may fund up to 75 per cent, in broad terms—it varies from project to project—from the fund that I mentioned and the partner will bring about 25 per cent finance. That could be comprised of some debt, it could be some land that is available, and it could be other forms of own equity or philanthropy or surplus from other parts of the organisation's business. That is, as I said, probably the State where we can see the most expression of an affordable housing developer model. There are a few other practices around Australia to highlight briefly.

In the ACT the Government has taken a whole-of-government approach to encouraging a company called Community Housing Canberra, which was established by the ACT Government in 1988, to be a provider of affordable housing. They have done that by putting together a package of arrangements that meet the conditions for that company to be able to develop its own housing. That includes a public finance facility—a rolling credit fund—of I think, and I can correct this later if I am wrong, \$30 million. So they can continue to use that fund. It includes access to land through the Land Development Authority without going to the market; so it is direct access to land, and the Land Development Authority is required to provide land for that purpose for affordable housing.

It has included the transfer of former public housing sites to the organisation and the sites transferred to it have been those with developable potential so that densities can be increased and more yield obtained from what is essentially former public land; a new regulatory model so that government can be assured, through legislation and regulation, that the company performs; and a commitment to work with the company directly on product development—for example, the Government and the company have been working on a shared equity scheme. So a number of things put together: public finance, transfer of assets, direct access to land, et cetera, to enable the company to develop housing.

What the ACT Government has not done, which Victoria did, is provide a capital stream. The instructive lesson there has been that it is difficult for the company to operate in the ACT market and make housing affordable for the lowest income households, and, indeed, currently they are offering their products in households with incomes above about \$32,000. They cannot get further down the income stream without an additional subsidy of some kind, and that has not been forthcoming there.

CHAIR: Is that rent subsidy or capital subsidy?

Dr MILLIGAN: It could be either, and that is one of the things that has to be worked out in the policy framework. If it is capital subsidy that means there is less debt servicing, and that means that there are fewer operating outlays. If it is recurrent subsidy then you can reduce the amount you have to charge the tenant without reducing your leverage. So you can do it both ways. There is an example in Tasmania, which is in our report—Tasmanian Affordable Housing Limited [TAHL]—where the Government is providing only recurrent subsidy and the private sector is leasing back the housing that is purpose built in accord with the Government's tender requirements for long-term use as low-cost housing. We did not do a financial analysis of that model but I think instinctively and from our knowledge of these models we would say that that will be a very expensive model in the long run.

CHAIR: Where is title?

Dr MILLIGAN: It is with the private developers, but the lease is for five years with an option to extend. So in that case, effectively the developers are providing a product for the long-term use of the affordable housing system. They cannot effectively realise their asset, and I think that is also an issue, as to what extent investors want to be in that space.

I was going to mention briefly, in terms of the other levers, looking to best practice in planning, and we will probably talk more about planning levers in the questions. South Australia has a statewide approach to an expectation that all major sites owned in the public sector or the private sector that are redeveloped at higher densities will include a target of 15 per cent affordable housing, and what is meant by that is defined in legislation. It essentially sets a price point for which the housing must be delivered; so it gives developers the knowledge of what is expected, and that price point is geared to income of the affordable housing target group. What it means is that a social investor, like a not-for-profit developer, can purchase that housing at a limited price, which will make it affordable.

In terms of the delivery vehicles that have operated around the country, and we will talk more about how many there are in a moment, I would probably highlight Brisbane Housing Company as the fastest-growing highly cost-effective developer who has had the fastest rate of development over five years, from a standing start of nothing to more than 600 dwellings in a couple of dozen projects over that time. I would also mention the Victorian housing providers, who, since the stimulus in Victoria through the Government, and since their regulation, which has given confidence to private lenders—there are seven organisations there that all have development capacity—have done several large projects, have a development pipeline and are in the business, if you like.

One of the things, of course, that happened during 2008 during our study was that the Commonwealth Government re-entered this field with some very significant initiatives, the largest of which would be the National Rental Affordability Scheme, which, as I think you have probably been briefed, is a tax credit offset for an investor in rental housing for 10 years, and it is possible for the not-for-profit sector to access that tax credit and to use it directly as part of their financing for affordable housing schemes. How that works alongside State initiatives is a key issue at the moment that has not been fully fleshed out. I think that is something that governments are looking at.

We had an approach in New South Wales in what was called round one of the National Rental Affordability Scheme [NRAS], where the State Government packaged its own capital investment program for affordable housing with the availability of the Commonwealth subsidy and allowed proponents to apply for both together to make a project work. That was also followed in South Australia successfully and probably is a way forward because the Commonwealth subsidy alone is not enough to make a deal feasible; it needs to be packaged with land or other capital or other recurrent subsidy in some way. The private sector, of course, can also access NRAS, and quite often they are doing that in partnership with the not-for-profit sector as a manager only rather than an owner of the housing.

I have come finally to New South Wales in terms of this scan of the jurisdictions. I think what we have seen in New South Wales is an extremely good demonstration of what can occur through City West Housing, which I understand you have visited, and also through the State Government's debt equity program. But these initiatives have not had scale; they have not been able to be replicated and there is no certainty in New South Wales as to whether there is any future in this industry. It is difficult to get going. There are five or six not-for-profit providers out there who are enthusiastic and who would like to invest in capacity in their organisations to do affordable housing development but they have to beg for funds; they do not know what the policy settings are and they do not know whether there will be a future in the industry.

A growth provider model like Victoria with funds dedicated to it, which would give some certainty to those providers, would allow that industry to go to the next level, the next stage, and indeed that has been the trajectory in Victoria. There was an earlier demonstration-type approach in the early 2000s that led to the more structured approach that followed.

So what we really conclude is that by looking across Australia you can see all the potential elements of a working model that would flesh out that diagram, but they are not really brought together in any consistent way necessarily or with appropriate level of investment, and that clearly now needs leadership at a national level. I do not necessarily by "national" mean Commonwealth; I mean the Commonwealth and the States and potentially local governments working together, which is the concept behind having a national affordable housing agreement, I believe. The national framework would give leadership—a clear statement that Australia is in this space; it will give more scale; it will encourage private industry to sit up and take notice, and private financiers; and there are providers who would like to operate across jurisdictions as well, and a national framework will enable that.

In this study we had a look at who was developing affordable housing at the moment, and I now refer to the second table that I have given you, titled "Not-for-profit Housing Developers Australia 2008". I have mentioned that there are some that have proven their capacity over a number of years now. There are 11 of those, and, interestingly, seven are in Victoria. The other four are one in Western Australia, one in Queensland, one in New South Wales—City West Housing, which operates in two small precincts, Pyrmont-Ultimo and Green Square—and one in the ACT. So you can see that you have had a real take-off in Victoria and just showcases in the other jurisdictions.

The next 11 are established community housing organisations that have worked under government programs for a long time and who have done one or two projects; they are starting to get some procurement experience but they have no business plan or future growth path that is assured. We think there are about 11 of those, and quite a few of them are in New South Wales. They tend to fill in the gaps in the map so quite a few are also in South Australia. They are poised but they need government encouragement. Then there is another group who probably are not as experienced or as large as that group but who have perhaps got some land or have accidentally acquired some housing, so they have a balance sheet and they would aspire to be in this space. We talked to and identified about six of those organisations—again, sprinkled around the country.

There are some non-government organisations that see their growth path not doing development, just doing management, and they are the ideal partners for the private sector where the private sector wishes to retain ownership and invest in affordable housing. There may be more of those in future because of NRAS. Interestingly, there is another group that are not housing providers, they are organisations perhaps like Mission Australia or Adelaide Workmen's Homes or the Adelaide Benevolent Society and STEPS in Tasmania—an employment and training agency, that are looking to affordable housing as a complementary business. These are well-established welfare organisations, if you like, that would like to move into the space. There are quite a few of those being attracted by the incentives that are on the table at the moment. All in all, that gives us more than 40 organisations across Australia that are either in the space, have done one or two projects or who, with some encouragement and some certainty, would like to move into this field, which is not a bad start.

I will just briefly mention some statistics. Those 11 providers on the basis of our research now own about 5,500 dwellings and they have about another 2,300 in the pipeline. The total asset value, if you like, of this industry, fledgling as it is, is about \$1.3 billion. Some of them manage other stock, but in terms of what is on their balance sheet, that is about the size of it, and they vary in size from an organisation with about 200 to one with 1,800. They are small but they are bigger than they were four years ago, and the growth is happening exponentially, particularly in Victoria as I have mentioned. In terms of what their product is, it is a bit of a mishmash. Some of them are delivering a product that we in Australia are tending to call affordable housing, which is priced at 74.9 per cent of market rent. That is an arbitrary setting that comes from the requirements under the charities Act to not exceed that amount. But the idea is that it is a substantial discount from market, and in most markets for most client groups it probably achieves an affordability benchmark around 25 per cent to 30 per cent of income, the main exception being low-income single people.

Other providers tend to follow more the public housing model of actually relating the rent to income, but what they are doing also is drawing in the Commonwealth rent assistance that the client would be entitled to through the way they set the rents. So rent is essentially 25 per cent of the client's income plus their CRA payment passed through to the social housing landlord. There are a few other variations of sliding income scales. City West, for example, charges a higher than 25 per cent rate to its moderate-income clients; there are some that are charging sliding rent scales related to market, 60 per cent or 80 per cent of market, but that is essentially the range. No-one is doing home ownership, shared equity or rent-buy as a product yet in the sector in any significant way. There have been some historical examples, but they have not been repeated. However, we would be confident that that would emerge once the organisations have more capacity. That has been the pattern overseas.

A couple of them—Brisbane Housing Company, I think, is probably the clearest example—are venturing into doing some market housing. They are actually applying their development skills to producing housing for sale in the market. Community Housing Canberra also has done this. That allows a couple of things. It allows them perhaps to do a larger project that is a mix, but it also allows them to take the profit from that, the developer margin, and reinvest that in the social side of their business. That is not something small organisations are going to do quickly, and it is not something they are going to do as their main business because their core business is social, but it is something they can do as part of their strategy for growth. I think that is all I want to say as an overview.

CHAIR: It has been a good overview.

The Hon. MICHAEL VEITCH: Dr Milligan, during your opening remarks you spoke about the South Australian Government's planning legislation and how it contains a lever. I think you said it was 15 per cent. How long has that been in place?

Dr MILLIGAN: It will be in the report. It came out of the South Australian Housing Plan 2005. I think the legislation was passed in either 2006 or 2007. I might have to check.

The Hon. MICHAEL VEITCH: It is legislation as opposed to regulation?

Dr MILLIGAN: Yes. Legislation defines what is meant by "affordable housing". It is not a mandatory requirement; it is a target that is negotiated between the planning authority and the developer. It is a framework within which the government can negotiate, and local government in negotiating for an affordable housing contribution refers to State Government for acceptance of the proposal. So it is negotiated each time there is a development, as I understand it.

Dr PHIBBS: Yes.

Dr MILLIGAN: The person who made the professional contribution to our report of the planning mechanisms was Associate Professor Nicole Gurrán of the University of Sydney. She is responsible for that contribution to the report. If you have any follow-up questions after having looked at the report, I am sure she would be only willing to assist.

The Hon. MICHAEL VEITCH: It has not had a long time to bed down, but to date how successful has it been?

Dr MILLIGAN: We did not evaluate that. Our understanding from interviews is that there has been acceptance in general.

The Hon. MICHAEL VEITCH: By the developers?

Dr MILLIGAN: By the development industry, once it is clear what is required and what is expected. Most of what they are providing for is the home ownership market, but a lot of that is because there are not any social investors in South Australia to take up housing because there has not been the other funding that is needed.

The Hon. MICHAEL VEITCH: I would like to tease out the advantages and disadvantages of a legislative process as opposed to a regulated process in some way supporting low-cost affordable housing.

Dr MILLIGAN: What is important to put into legislation is the Government's objectives and the policy settings around affordability, target groups, social outcomes and high-level objectives because that gives everyone clarity and it also provides some certainty. It is there for business. It is a business model and it is there for people to make a business plan around and for the private sector to engage with. I think what you legislate is that high-level statement of what you mean by it. What has been happening in the absence of that is that governments change their minds about wanting more of a certain type of householder—more very low-income, for example. When you do that, you affect the business and the viability of the business and you do not necessarily understand the consequences of that.

The Hon. MICHAEL VEITCH: Would you advocate for a legislative process?

Dr MILLIGAN: We would advocate for a legislative model of affordable housing. Within that we would advocate then for regulations that can be varied to meet the changing needs of government and the community.

CHAIR: A model or a framework? We know there are a number of models.

Dr MILLIGAN: It is a framework covering the policy objectives and the institutional arrangements.

The Hon. MICHAEL VEITCH: Would it not be better for it to be Federal as opposed to State-by-State jurisdiction, or do you think it has greater impact by New South Wales having its own legislative framework for low-cost affordable housing?

Dr MILLIGAN: The systems we have in place have grown up on a State-by-State basis. The organisations are regulated at State level; they have a history in State programs and policies. State governments have a strong contribution to make; they are responsible for the social housing system at the moment and for a whole variety of housing policies that impact on the rental market.

The Hon. TREVOR KHAN: And planning laws?

Dr MILLIGAN: And planning, yes.

Dr PHIBBS: For planning, yes.

Dr MILLIGAN: I think the State Government has an important contribution to make. I think what everyone is looking for is some harmony. I think the Commonwealth Government's role is around large-scale financial incentives, whether they be direct capital or through the tax system or both, and working with the private sector to find a financing mechanism that will support this industry with which the private sector is comfortable and that they know is going to deliver long-term business for them. I think that has to be national because of the size of the market. So, like a wholesale financing mechanism and a distribution mechanism. In the United States the tax credit operates nationally but it is allocated at a State level and the States make plans for the implementation and use of that in accord with State priorities, State needs, State history, State capacity. I think we are looking for something similar. The overall framework is national in scope, particularly the financial incentives, but the State makes complementary legislation and provides support through planning, through land and the role of government land.

CHAIR: Is it also through title?

Dr MILLIGAN: It is through the potential to use the assets in the system at the moment. We did not cover that before, but the point of having assets on the balance sheet is to give confidence to lenders. It is also so that over time the increasing value of that asset can be leveraged so that there is some growth that occurs in a self-generating way rather than by going to government. The way the Netherlands system grew was that having had assets transferred to the housing associations they could then capture the value in those assets and do more. Theoretically, governments can do that as well but they tend not to because they tend not to, and increasingly have tended not to, have debt on their books. The public housing asset is not highly geared.

It is not really working for the system in terms of producing more opportunities. By putting land outside of the housing agency in Canberra you got an example of the City Edge project. This was a very rundown bed-sit public housing complex, highly discredited in Canberra, a highly unpopular site in the community. It was very rundown and had been available for redevelopment for years but that had never occurred. Community Housing Canberra took the site, turned it into a highly successful, highly showable, mixed tenure development, which includes public housing, community housing and private market housing. I do not think there are any detractors at that site now. It is well managed by a local agency that is known in the community.

The Hon. MICHAEL VEITCH: My final question relates to the South Australian legislative process about which you talked. Is it best that that type of legislative requirement be a separate Act or should it be part of overall planning legislation?

Dr MILLIGAN: The legislative arrangements in South Australia cover more than the planning lever. They also created the Trust, which is the governing agency for affordable housing in South Australia—the South Australian Affordable Housing Trust. The trust is also responsible for the allocation of funds. So, I think that the legislative provisions were part of an amendment to the South Australia housing Act, but I am not sure if that is its correct name. But then I think they were reflected also in regulations under the planning Act. I think probably you are asking me a technical question that is better asked of the legislators. But the important point I think is that the levers have to work together and it is the legislation that can bring that framework into place.

The Hon. TREVOR KHAN: The South Australian exercise is only for developments that reach a particular size and they then have to deal with this 15 per cent component.

Dr MILLIGAN: That is correct. It is for larger developments. I think the numbers are in the report.

The Hon. TREVOR KHAN: The effect of that 15 per cent requirement would be, would it not, that the social housing component of the development to the developer would be of lesser value than the other parts of the development? The developer would get lesser return as part of the development?

Dr MILLIGAN: The theory is, and I think this is probably more clearly demonstrated in data from the UK where provisions like this have operated since the early 1990s, that the impost is passed back in a lower price of the land. What you are really working on is: What is the price of the land that an affordable housing developer can afford to pay and meet a price benchmark? As the arrangement is bedded down and it becomes part of the market, the developer pays less for the land to accommodate the need to reduce the price on some of the lots.

The Hon. TREVOR KHAN: Perhaps that is one of the outcomes; the other is that the other dwelling units in the development must of necessity increase in value to offset the social housing component.

Dr MILLIGAN: I have tabled in the references an extensive report by Nicole Gurran, whom I mentioned earlier, where you can read it, but the argument, as I understand it—

The Hon. TREVOR KHAN: I am not arguing against it.

Dr MILLIGAN: No, no.

The Hon. TREVOR KHAN: There are implications?

Dr MILLIGAN: The market will pay what the market will pay for housing. It is a competitive market. There is not necessarily a price impost in the market if it is a well-functioning market.

Dr PHIBBS: I think that is the age-old debate in the whole literature around affordable housing about even things like section 94 charges: Who actually pays for them? The development industry always argues that it gets passed on to the end user and other people argue that it gets passed back to the landowner. I think I would argue that probably both happen, depending on the state of the market. In a very hot market sometimes they will get passed forward to the end user; in a lot of other markets they will just get passed back to the landowner. I think one of the issues you have to bear in mind with things like the South Australian model is that for things like that to work properly you have to give the developer quite a bit of notice about that process. With the sites they have already bought they will actually end up taking a hit on the project because there has been no opportunity for the landowner to take some of the pain.

Some interesting research has been done in Victoria. The researchers talked to developers about things like an inclusion rezoning model. Developers individually were okay about that as long as they had plenty of notice and the government did not keep changing the rules. However, when you talk to the development industry through its peak bodies they tend to be a little more excitable about things like that. Individual developers perhaps have a broader view of the issue. Those two issues are important. You cannot keep changing the rules. One of the things in the New South Wales context for growth areas is that the levies that the State Government charges have been going up and down for several years. That is a source of irritation to the development industry. People also need plenty of notice. A developer will often buy land substantially in advance of the development process. You do not want to hit them in the neck that way.

Dr MILLIGAN: There are two other issues. First, the use of the planning system is not a substitution for the use of government subsidies. It is a supplementary lever that can make things work better and result in a better social outcome because you will also get social mix. It has never been seen as the primary lever and it cannot be the primary lever. It has worked well in the United Kingdom, but that is because it is accompanied by a social housing grant from government and a generous housing payment that is paid to low-income tenants. It is the three ingredients that make it work. The grant provides sufficient capital, the housing benefit enables the provider to receive a cost rent and to service some debt and the planning mechanisms give access to sites in well-located areas at a reasonable, affordable price for the land.

The Hon. TREVOR KHAN: One witness said that the shortfall in affordable housing in New South Wales was 80,000 dwellings, another witness said today that public housing lists indicate a shortfall of 40,000

dwellings and in the Aboriginal housing market the shortfall is perhaps 4,000, allowing for some recent additions. If we work on 40,000, do we know what effect an additional 10,000 or 20,000 dwellings would have on the overall affordability figure? For example, what impact would a sudden increase in supply have on the price paid for appropriate rental properties?

Dr PHIBBS: I remember doing a study in Nowra some years ago. You have a small change in stock that will have a beneficial impact on rents. It is a characteristic of the way the rental market works. Landlords get rental income in chunks; it is not a continuous flow of income. As you start to get a little more supply, tenants have more choice and landlords discover properties vacant and they will often adjust the rent quickly to cope with the change. My experience is that small changes in supply can have significant effects in taking the pressure off increasing rents.

The Hon. TREVOR KHAN: I think you said that the Victorian Government had thrown \$350 million at the problem. On the basis of the figures we have been given that is the equivalent of 1,000 dwellings. Do you have any idea whether throwing in \$350 million or adding 1,000 dwellings to the housing stock in Sydney will have a significant effect on the availability of affordable housing that is otherwise available—beyond the 1,000 additional dwellings?

Dr MILLIGAN: You mentioned a lot of figures. The evidence is that we have a big problem.

The Hon. TREVOR KHAN: We do?

Dr MILLIGAN: We have a big problem because we have not been addressing it for a long time. It comprises a long-term loss of stock in the private rental market that has occurred as a result of a range of factors—including increasing land values and higher quality, higher cost construction. Research has been conducted by Professor Judith Yates at the University of Sydney and others indicating that there is low-cost stock in the private rental market that is not occupied by low-income people. We have also had declining investment in social housing.

All of those are going in the wrong direction while affordability has worsened and demographic and social change has created a continuing group of low-income people in housing need—and always will. If there is population growth there will be growth in the number of low-income people in housing need. We are arguing for a model that attempts to put a new capacity in the system and to turn that around. It is up to governments how much they invest.

The model of social housing where it is paid for up-front by government is clearly very expensive. The more clever models mix public and private finance and up-front subsidies with recurrent funding. They create something out of nothing in terms of innovation, partnering and perhaps innovative construction. For example, nearly everything that Brisbane Housing Company Pty Ltd has built is studio, one-bedroom or boarding house accommodation. The market is not providing that accommodation and public housing has not traditionally provided it.

In fact, 80 per cent or more of Brisbane Housing Company's 600 units are in that category of accommodation. That has quite quickly filled a serious need in a small area of the market for housing for single people of all ages, and it has done it in a very attractive way. It is a good product; it is good quality and the residents like it. It also works for Brisbane Housing Company because it gets a better yield per site because it is building small units. The market is nowhere near small units. It is really about what niche this market can fill and what you get when you look to do more of it. Governments have been reluctant to do social housing because it has lost political favour.

CHAIR: I refer to those sorts of joint venture arrangements between the Government and the private sector and the question of leverage and the ability to do more of it. Arrangements like City West, where there is some joint ownership, and effectively the Minister for Housing or Treasurer are silent partners in the ownership of the land—

The Hon. TREVOR KHAN: The evidence was that they own the company.

CHAIR: Yes, but they do not get involved in its day-to-day management.

The Hon. TREVOR KHAN: No.

CHAIR: But they have controls. What is the arrangement in Brisbane in terms of joint ownership?

Dr MILLIGAN: All the models are a little different. The City West model involves a private company and that company owns the assets. The two shareholders are the Treasurer and the Minister for Housing. There are preferential shareholders - community organisations. The preferential shareholders appoint board members. The Ministers are at arm's length.

The model was established in 1994 and predates the regulation that now exists in New South Wales. It is a model that at the time was a way forward to meet the objectives we are talking about. I do not believe it would be replicated. For example, Victoria does not have companies with government shareholders. It has independent, private companies that are regulated by government. It is very important from the point of view of some of the tax provisions that the companies are deemed to be at arm's length from government. There is a view that companies like City West Housing Pty Ltd would not necessarily get those concessions now. They got them a long time ago and in a different environment.

The idea of the Government being the shareholder is probably not a direction we should follow. Government must have confidence in the regulatory system. Community Housing Canberra was set up originally with government board appointments. That has been gradually worked out and the company has been becoming more independent. The Government is still a shareholder in the Brisbane company, but amendments have been made to the company's constitution to allow it to set up other subsidiaries to do other things that are separate from the business government actually funded. It has set itself up as a consultant advising other community housing organisations about how to do development and how to finance deals.

CHAIR: In Brisbane the Government is a shareholder?

Dr MILLIGAN: It is. It was a government-founded company, but the Victorians ones are not.

CHAIR: You indicated that the City West model is not one that should be replicated. Can you expand on that? You seem confident that that is not the way to go.

Dr MILLIGAN: In terms of governance, I do not see companies operating all over New South Wales with government shareholding. We would need a number of them because of the different markets, needs and specialities. That is unlikely and it is cumbersome. It is also not necessary when we have regulation.

CHAIR: How is it cumbersome with City West?

Dr MILLIGAN: It must go to government for approval. It cannot develop the business without the Government agreeing. The Government has to be comfortable with anything City West wants to do. It becomes a political issue.

The Hon. TREVOR KHAN: Did you say there were no tax implications in terms of that structure?

Dr MILLIGAN: There may be tax implications. I am not a tax expert, but I understand that there would be tax implications.

CHAIR: That was not indicated by the managers of City West.

Dr MILLIGAN: I do not think that affects the capacity to perform well day to day in procuring and managing housing. The question is whether we need that degree of engagement and control, or whether it is better to have greater separation.

CHAIR: But they indicated that the control is not there. They indicated that they think it is a very good arrangement.

Dr MILLIGAN: But have they tested it in terms of, for example, borrowing private finance?

CHAIR: In terms of leveraging capital, they had that original injection, but ongoing—

Dr MILLIGAN: They have not borrowed private finance. They were well capitalised by government. They have had three sources of funds: A Commonwealth Government grant up front, State Government revenue from land sales, and developer contributions as the precinct has been developed.

CHAIR: What barriers do you see?

Dr MILLIGAN: I want to clarify that the City West model works very well as a delivery model. However, there are a number of existing community housing organisations that could do the same thing if they were also capitalised or given a certain funding stream. That is the idea behind nominating growth providers in New South Wales. It enables them to enter the market in different locations so see what they can do. The more of them—within reason depending on the scale of the program—the more you develop innovation and entrepreneurial activity.

CHAIR: Is there not an issue with title? If governments hand out money they want some governance of it if things do not go the way it was said they would.

Dr MILLIGAN: Queensland, New South Wales, Victoria and the Australian Capital Territory have regulatory models, and each has a different approach to that. We can learn from that and from talking to the regulators about how they feel about the controls. Again, I cannot talk in great depth on that, but there is a capacity for inspection, early intervention, administration and ultimately transfer of title to a like organisation or return to government. Those sorts of mechanisms are used. The main thing is for the regulators to monitor the performance.

CHAIR: Are you suggesting that governments should just give out money?

The Hon. TREVOR KHAN: They do.

The Hon. MARIE FICARRA: All the time.

Dr PHIBBS: We just got \$900. What we say is there has to be regulation that corresponds with that, the provision of government resources that manages that risk, but it is what is the best way of managing that risk. There is quite a substantial cost to government of being shareholders in a not-for-profit company. Is a regulatory system a more efficient way of doing that for government? Certainly when you look at the United Kingdom where there is a very substantial not-for-profit sector there has never been any problem with the assets disappearing into a purpose that is not directed at the original intention. There are lots of ways you can do that by legal means.

You could put a charge on the title of a property, which I think they do in South Australia. You cannot use the property for any other purpose but you can simply regulate the organisation. If the organisation is behaving in a way that the government does not approve of, the organisation can lose its registration. If it does not have registration, it cannot actually operate those assets anymore. There are other ways to do it. Government has so many things to do; does it really want to sit as shareholders on what potentially could be dozens of companies? Is that a good role for government?

CHAIR: They do not do it at City West. They do not get involved in the management at all.

The Hon. MICHAEL VEITCH: Do you have suggestions on which we should go and look at? We have looked at City West. Who else should we go and visit?

Dr MILLIGAN: In New South Wales? There is no other model like this to see in New South Wales yet. The closest for a day trip would be Community Housing Canberra because they really took themselves outside of government and convinced government. That is what happened in Canberra. It was a government company not empowered to do development. They decided to do it to demonstrate what could be done. They acquired a site through negotiation and showed the way with a model. Peter and I did an evaluation of that model so we can explain how that actually happened—and I will provide that—and government was impressed, I guess, with the outcomes and sought to make the partnership that I was describing earlier that would enable them to do that on a replicable basis over and over again.

The Hon. TREVOR KHAN: But there are examples in New South Wales: they are called land councils. The Aboriginal land councils are examples, perhaps not all functioning particularly well, where title does not exist in the government; in fact it lies with the Aboriginal communities themselves.

Dr MILLIGAN: Sorry, I had not appreciated you were asking specifically about title.

The Hon. TREVOR KHAN: Yes, I was.

The Hon. MARIE FICARRA: Other than Canberra, you were going to mention Victoria because Victoria has been very successful. In the past how many years would you say they have been successful?

Dr MILLIGAN: I think the focus of their strategy around growth providers has occurred since 2005 when they brought down their regulatory system. That was the first step. Providers had to satisfy certain performance standards and have certain capacity demonstrated and boards with the right skills mix and a range of other criteria to achieve housing association status, which is the highest level status in Victoria, sort of equivalent to what they are starting to call class one status in New South Wales. Once those providers were through that hoop, they then could go to government with projects that were conceived by them for funding.

They were not actually capitalised, although we would argue that would probably be better because I think one of your questions asked about speed. One of the problems with having a project waiting for government to approve it at a project level as opposed to a business plan level is that it often takes a lot of time and perhaps officials do not always know what they are looking for so there is a lot of toing and froing. I think it is better to give approval to a business plan and to let an organisation get on with it once you have confidence in the organisation. That is what City West is speaking about when it says that its day-to-day business is independent. That is true. It can go into the marketplace and buy a site tomorrow, approved by its board of directors. It does not have to go to Treasury; that is quite correct.

The Hon. MARIE FICARRA: The model may have been correct for that time under those circumstances, but what you are saying is that now we should progress further from that into the future?

Dr MILLIGAN: Yes.

The Hon. MARIE FICARRA: And look to successful models in Victoria and hence improve them?

Dr MILLIGAN: And the other thing is that City West was started from scratch, as was Brisbane. One of the decisions Brisbane took because it had no track record, it had no business systems, it had no staff, it had nothing, was that it would be a developer only and it would specialise. It does not do tenancy management. It is just a developer and an asset holder. It may in future move into tenancy management; it is starting to look at that now that it is established. City West Housing has had quite a slow growth trajectory: 1994 to 2008 it has built 600 properties round about, the same number as Brisbane built in four or five years. These organisations are starting from scratch and that is quite hard.

In New South Wales you have an extensive community housing sector with established organisations. They have business systems, they have boards, they are aspiring—as we said in our story—to move into this space. There are people out there who want to work in the sector that have a social commitment and who are entrepreneurial. I think you probably know that the developer in City West Housing came from the private sector. In Victoria the same has been true. This is a sector that will be a magnet for people who are interested in housing development and who feel good about working for a social purpose.

Also there are consultants who move into the space. We already have in Victoria some specialised consultants. If you look at the United States, as an example where the not-for-profit affordable housing industry is very vibrant, there are a whole set of identifiable for-profit and not-for-profit companies that service and work with this sector, providing planning advice, architectural advice and financial advice.

CHAIR: Are you familiar with the geography of the Brisbane company and the geography of City West?

Dr MILLIGAN: The Brisbane company operates over a much bigger area, seven kilometres round about, but of course Brisbane City Council was a partner in that model and it is a big council. The program under which City West operated and its constitution initially circumscribed its operation to Pymont-Ultimeo. It

was conceived of as part of the Pyrmont-Ultimo redevelopment; that is all. Then government changed the rules to enable it to operate in Green Square because a similar thing was happening there—large-scale urban renewal at high density, but it still cannot go beyond those boundaries with the funding it has currently. It would have to have an independent source of funds.

CHAIR: Were there some fundamental geographical issues between the Brisbane company and City West, because I make the assumption in my mind that there clearly are some fundamental differences between the Brisbane marketplace and City West. Pyrmont-Sydney has to be one of the most complex markets in the country. Is there any understanding of that geographical difference that may have some bearing on the growth rate of City West and the growth rate of the Brisbane company?

Dr MILLIGAN: No, I do not believe so. City West was assisted to operate in the Pyrmont-Ultimo market through receiving developer contributions. That was the offset for operating in that market and similarly at Green Square. Brisbane does not receive developer contributions.

CHAIR: They are fundamentally completely different.

Dr MILLIGAN: In other words, they have to compete in the market for sites potentially at market price. I think they have negotiated with government and have received sites from government as part of government's contribution but they have also bought many sites in the open market with no assistance from the planning system or the developer contributions.

CHAIR: And these are the very issues we need to know to understand the barriers and the issues of how we develop social housing. In coming to our conclusions, we need to understand those intricacies.

The Hon. MARIE FICARRA: In a way, New South Wales being so slow in providing the right atmosphere, the right conditions, the right legislation, the right regulation and the right incentives—being behind the mark—in a way we have learned also from the good things happening interstate within our own boundaries overseas in moving forward. Is it frustrating to you that we have Federal funds coming in and we do not have these things in place?

Dr MILLIGAN: With the exception of Victoria, I do not think any State has got it all together. New South Wales has been at the forefront of some things and other things are just missing from the package, if you like. I mentioned earlier, for example, New South Wales leading the way in terms of packaging National Rental Affordability Scheme [NRAS] with the State funding. That was a good initiative but that State funding has run out. The biggest issue across Australia for all jurisdictions and all governments is that the scale of government capital investment is not there. It is not just about meeting that very large gap in need; it is actually for this to be a sustainable business for a reasonable number of providers.

Coming at it from another way, instead of saying how long is a piece of string, how much affordable housing do we need, which is a large number and probably an unanswerable number, just saying: What will it take for this sector to be of sufficient scale that it would attract and keep 30 or 40 players; they would have a development program each year that justified them having a development manager, having an asset manager; it would attract people to the board because they are interested in the business, they are doing a couple of hundred developments a year, they could be in the marketplace when there are opportunities and they can respond to cycles in the housing market. What would that take? The answer to that is a more feasible figure for governments to grasp and NRAS' 50,000 incentives over four years sounds terrific; that is a nice-sized program. If the not-for-profit sector had set aside, as a component of its funding, say a quarter of that—12,500 over four years, we have suggested in the report—that would be a very good place to start, given that that program is on the table.

At the moment, though, to get that, you have to apply to the Commonwealth in a separate process, which is fragmented. You may or may not get it, so you cannot secure the site or do the deal with partners or the State Government because you do not know if you are going to get the incentive and when you get it, you have to package it with all these other things to deliver the service. We believe that should be used strategically in partnership with what State Government can bring to the table, whether it is a planning target, a land contribution, capital fund, or recurrent subsidy to support very low-income people, who you nominate into the projects—20 per cent will be for this client group, people with disability and we will provide additional subsidy to enable them to afford the rent or whatever. At the State Government level you could put all that together and you could do it and say: in New South Wales we will have eight growth providers and we want them each to do

200 developments a year. There is your answer. We have to fund a couple of thousand a year, and that can increase if government likes what it gets, but funding one demonstration in one area is over, I think.

Dr PHIBBS: I think that was a very good start; we just have to basically replicate that model in some way.

The Hon. MARIE FICARRA: With a good mix of incomes?

Dr PHIBBS: Yes.

Dr MILLIGAN: The same as happened in Queensland, Mackay and the Sunshine Coast, they all can say, "Why can't we have what Brisbane's got?" The Gold Coast did it through the initiative of the council. They set up a company; they put money on the table. They went to the State Government and said, "Match our money". That was ultimately a successful negotiation, so the Gold Coast got started but it took years and it had to be a grassroots advocacy to make it happen.

The Hon. GREG DONNELLY: In the context of the changes in Victoria—you may not be aware of them so feel free to say so if you do not—what built up to these changes in Victoria which have precipitated, compared to other States and Territories in Australia, this successful model? Was there a complete government rethink or an issuing of a paper that precipitated the bringing together of all these things?

Dr MILLIGAN: I do know a little about it and I did provide some advice at some point down there. It was an initiative of the current Victorian Government when it was first elected. It was a two-stage process. In the first stage they had something called a social housing innovations program, which was a joint-venture program where the Government said, "We are looking for community partners, churches and non-government organisations, to bring funding to the table and we will co-fund with you to produce housing." It was called an innovation and it was based on the international models of joint venturing for housing. It was successful in the sense that it was about a 30 per cent more yield than if they had put all that money into straight social housing, but it was fragmented. There were many different proponents and each organisation sort of did one project because they had one site. In a way it exhausted itself because there is not that much free equity out there. That is not going to keep happening. You have to have a more sustainable model.

So, they learned from that. What they really needed to do was replicate that but target the funding to enable growth in a small number of organisations and that if they were going to do that, along with allowing them to own their own land, they would need a regulatory model, so they put that in place. They really built the system from those early learnings. What they have substituted the free equity for is private finance. So, private finance is coming in now as a 25 per cent component. That is sustainable because the organisations are bringing that Commonwealth rent assistance into the financial equation, and we explained that a bit more in our reports. It is a bit technical. So, it was a two-step process. They moved from the first program to this Housing Association model.

CHAIR: Have you looked at all at residential parks?

Dr PHIBBS: Not really, no.

CHAIR: Are there any final comments you would like to make before we close? There are a number of questions on notice—a couple of questions we did not get to and a couple that you took on notice. If you can get your responses to those back to us within 21 days, it would be greatly appreciated.

Dr PHIBBS: Sure.

(The witnesses withdrew)

(Short adjournment)

RICHARD ALAN PERKINS, General Manager, City West Housing Pty Ltd, 2/56 Harris Street Pymont, sworn and examined, and

DONNA JUNE MITCHELL, Housing Manager, City West Housing Pty Ltd, 2/56 Harris Street Pymont, affirmed and examined:

CHAIR: Would you like to make an opening statement or shall we go straight to questions?

Mr PERKINS: I think we can go straight to questions. Having looked at the questions, I think a lot of what I will say will be covered through the questions.

CHAIR: We can start with question No. 1.

Mr PERKINS: With question No. 1, I was not with the company when it was established in 1994 but it was a group of people from within the State Government that established the company. People, I understand, from mainly Planning and Housing were aware that the Federal Government had some money under the Building Better Cities Program and they had been thinking about alternative models of housing and would it be possible to establish a company that might be financially self-sufficient over time, and also a company that would be established that would be a private company, linked to government through a shareholding but operating on an independent basis with an expertise-based board and independent staff on a day-to-day basis.

That was established. We were established under Corporations Law in 1994. An interim board of directors was sworn in until the positions were advertised. After the interim directors, those directors were appointed and part of the charter was that directors could not be employed by government or linked directly to government, they had to be independent, and they were appointed based on their skills and expertise across a number of business disciplines—the usual ones of law and finance, and, in our case, property, development, procurement, community welfare, social welfare—and there had to be a mix of directors with that expertise.

Staff were appointed, three staff at that point. The funds were made available on a progressive basis with the charter for City West to provide affordable housing in Ultimo, Pymont; not only to manage the affordable housing but to act as a property developer and procure the land and develop the property, which was quite an unusual arrangement at that time to do both—the in-house development function as well as the housing management.

CHAIR: With that historical lead-up, can you give us the key features that make City West Housing successful?

Mr PERKINS: I think the main features that make City West Housing successful, one would be the charter under which it was established. It was very clear, very concise, quite precise and it had in place the necessary reporting and governance requirements to ensure that the company would be secure and that any assets that formed part of the company would also be secure in the longer term. Secondly, money: Funding was made available, the bulk of which came through the Building Better Cities Program. That was \$50 million, which was a significant amount of money then.

CHAIR: In what year?

Mr PERKINS: That was in 1994. It came through into the company during the early part of 1995 on a progressive basis. The State Government at that time also committed to funding the company through a percentage of land sales—4 per cent of land sales in the Ultimo, Pymont area. At that point the State Government owned a fair amount of land in that area, so that was a significant contribution as well. Thirdly, and the most interesting form of contribution was through the planning instruments, which determined that with the Sydney Regional Environmental Plan No. 26, which was established for the Ultimo, Pymont precinct, that developers would pay an affordable housing levy based on the floor space of land they wished to develop. That is the funding side of it.

Fourthly, I think the expertise that we had through the board was very instrumental in the early success because we garnered a great deal of business acumen through those directors. They were not voluntary positions; they were appointed positions but a very modest director fee was paid—extremely modest but it was a payment. It was seen as a professional job position and some recompense for out-of-pocket expenses was seen

as an appropriate component. Fifthly, getting the correct staff. In the early stages there were three staff: an accountant, a development manager and the then CEO. That is prior to myself. I just make the comment that those two people, the accountant and the development manager, were there on day one and are still with the company. So it was a small, well-managed, efficiently governed, well-funded organisation with a fairly specific charter.

CHAIR: Can you expand a little bit on the governance structure?

Mr PERKINS: The governance structure, yes. The company, City West Pty Ltd, is incorporated under corporations law. There are two ordinary shareholders and the asset of the company, I guess, is vested through those two shareholdings. The shareholdings are held by position, by the State Treasurer and the Minister for Housing. As each position changes or the incumbent changes, then the shareholding is transferred to the new incumbent. Below that initial shareholding is a structure of preference shares that were issued to companies that had an interest in housing in the inner-city area. They comprised various organisations. It could be local government. There were various banks and property development companies. An example of some of the existing ones are St George Bank, Australand, Lend Lease. We have the Uniting Church Board of Social Responsibility. We had another housing company that was called South West Inner Sydney Housing, an organisation called Churches Community Housing.

There was a cross-section. We also ended up with Star City a little bit later too, being a major employer in the area. We had a cross-section of businesses that had an interest in housing in the inner city, and as preference shareholders they, as well as the ordinary shareholders, were to review our annual business plan that needed to be prepared, and receive the quarterly reports on our performance. Very importantly, the preference shareholders were also responsible for selecting the directors against our articles. They would be advertised externally, a committee from the preference shareholders would review those applications, do the interviews and ultimately make the recommendation as to who would be appointed. I must admit that that process has worked extremely well. We are always inundated with applicants for the positions. I should not be but I am always amazed at the quality and calibre of the people who put their hand up and say they would like to be on the board. I am sure that happens not only for City West but a lot of other like organisations.

CHAIR: In terms of any weaknesses that you might see, in playing the devil's advocate, in the governance process, could you let us in on your secrets as to weaknesses that there may be in the governance procedures? I am heartened by the fact that you get all these directors applying, because that is one of the weaknesses of many structures. Any weaknesses?

Mr PERKINS: No, we have been extremely fortunate with the calibre of people that we have had for directors. Fundamentally, there are no precise weaknesses. I think being honest, there is probably—we have 11 preference shareholders at the moment, and I do not think we need 11 preference shareholders. I think the contribution that they make is quite limited, but I do appreciate the input that they do have and the commitment that they have. I think it is quite nice for the company to say, "These are our preference shareholders" to the industry and to the public. It gives some additional sort of credibility to the organisation. That was probably more important in the early stages than it is now. Other than appointing the directors—and that is to give the independence, I think, from government in appointing the directors—there is not a major contribution by the preference shareholders to the organisation.

As far as the ordinary shareholders are concerned, we report through their respective departments. If anything, the company was set up to operate totally independently of government on a day-to-day basis. With successive changes, et cetera, it is sort of almost pulling us back towards government so that we are almost now treated exactly the same as any government agency. For a small organisation, I think the only negative in that is that there is an enormous amount of reporting, which takes an enormous amount of time of our finance staff. Other than that, I guess there is a benefit, too, in having that scrutiny and being able to demonstrate that to the public.

The Hon. MICHAEL VEITCH: Does City West fulfil the requirements to be a housing growth provider?

Mr PERKINS: I believe we do in that we are in the position of being able to deliver the end result, which is housing people socially, I guess, and doing that well. We have always been a little bit separate from the mainstream social housing providers who have always had government funding and been provided with properties from Housing New South Wales. We are totally different to that by virtue of having all our own

properties, title to those properties and being financially independent. So in that respect we are not the same as the other identified growth providers who were seen to be able to make a contribution and be less financially dependent on government—needed transfer of properties from Housing New South Wales, for instance. We are not in that position. But having said that, we are certainly keen to grow and we have the capacity to do that. So in another sense we could very much become a growth provider but it might be slightly different to the other social housing organisations.

The Hon. MICHAEL VEITCH: In response to the Chair's question about your governance structure, how does your governance structure differ to that of other housing growth providers in New South Wales? There is the obvious one of the two government shareholders.

Mr PERKINS: That is true. The way the company was established, they are more independent, I suppose, of government perhaps in their structure because of the shareholding, but then the funding stream links them more closely than we are. I suspect a number of those growth providers are starting to shift a little in the way they are structured. Some of these social housing providers started off with different board structures. I think over recent years there has been a shift to get more expertise-based boards onto the boards of these companies. In many respects they are moving to more stand-alone private companies with expertise-based boards than they were in the past, so probably not so much difference these days.

The Hon. MICHAEL VEITCH: I am from regional New South Wales so I am keen on your model. Thank you for showing us around the day we went to have a look. That was just an unbelievable experience. Do you think the City West model could be replicated in regional New South Wales?

Mr PERKINS: Part of me says it is possible to replicate it anywhere. The one overrider on that would be how the rent might be structured. I think the high cost of market rents in Sydney ensures that City West will attract people across all the income groups that we need without any difficulty whatsoever.

The Hon. MICHAEL VEITCH: So you get the mix?

Mr PERKINS: We get the mix. I do not really have any in-depth knowledge of what the rental markets are like in the regions. I presume that the rents are less than they are in Sydney but how much so that is or what it is like I do not know for certain, but if the market rents were considerably lower then it may be more difficult to attract the higher income people. There has to be a benefit probably financially as well as the quality of what you are providing to attract those people. I think one would have to do some modelling specific to a region. But I would like to think that that could be worked out, because we charge rent based on a person's income. It could be that a model could be adapted to the region where you set the rates to achieve the income levels that you need to, and then I guess some local knowledge of what sort of rental base potentially there is there would marry up with that and determine if it was feasible.

The Hon. MICHAEL VEITCH: The other thing that impressed me when we were visiting the facility in Pyrmont from speaking to the tenants that we were able to speak to was the interaction they appeared to have with outreach services and access to services external to the project. How important is the location of your buildings to other services in the community?

Mr PERKINS: That is an interesting one for us to answer because I think geographically we are located in an area where these things are accessible, so we have not had to deal with them not being accessible. But we also foster relationships with local community groups, and in particular through one of our preference shareholdings, which is the Uniting Church. They have a community centre in the area and we have a great relationship. Donna, in particular, will refer people to them if we see there is a need and things like that. So we are quite fortunate by geographical location. Some housing providers provide direct links with support providers and have arrangements, but we refer people when we know they need assistance. Even if we become aware when they are being housed we make sure that they have those in place before they come because we cannot provide it ourselves.

The Hon. MICHAEL VEITCH: Is that the same for Green Square?

Mr PERKINS: That is the same for Green Square.

The Hon. GREG DONNELLY: Some witnesses today made some observations and I would just like to put them to you to reflect on and perhaps for you to comment. If you look at New South Wales vis-à-vis other

States, and particularly the city—I will talk about Brisbane in a moment—really we are a little bit behind the eight ball in what we are doing with respect to community housing. It has been put to us that the Victorian Government has been far more on the ball in terms of focus and driving community housing from at least 2005, if not earlier. One of the witnesses today also had some particular focus on the development of social housing in the Brisbane metropolitan area, specifically in the city of Brisbane, the precinct of the council.

Do you have knowledge outside of New South Wales about what is happening in Victoria and perhaps in Brisbane which would have you reflect that there is more that we can do in New South Wales to move things along a bit quicker? One of the witnesses today mentioned—and this was not said as a criticism but as an observation when we were talking about your project—the years that were taken to get up to 600 dwellings, and that in Brisbane they achieved this over roughly a four-year period, or a much shorter period. They are quite different: they are single-bedroom, sort of loft arrangements, are they not?

Mr PERKINS: Yes.

The Hon. GREG DONNELLY: So they are quite discrete and separate. But it was used as an example about how things are able to move quite quickly. The drift that I was getting was that there seems to be a greater drive up there from the State Government down to get things happening. Could you reflect on that?

Mr PERKINS: I think that may possibly be the case. I think there are some other factors too. I think we were set up specifically to operate in a geographical area. That in itself tempered the pace at which we could grow, and a good example of that is now we are two components of the organisation—Ultimo Pyrmont and Green Square. Ultimo Pyrmont is a very clearly defined area, which was the old City West development area, and the bulk of our asset is in that and we can only produce units based on where we can find land, and there is virtually no land in Ultimo Pyrmont. It will trickle through over time but at the moment we are endeavouring to have our boundaries changed to facilitate access to land outside that area. So that restriction has really slowed down the pace of development.

We have been prepared to borrow money against our asset. Each time we have done it it has been a slow process because of the availability of land, but each time we have got to the point where we might draw down some funds, developer funds have come through—because we are only moving at a fairly slow pace there—sufficient to fund the development. Had we been able to buy multiple blocks of land, which were never available in that area, then we certainly would have borrowed money, we would have developed much more and we would a lot more runs on the board, if you like. So that has been an impediment.

But in another respect, and we are well past that now, for the first few years I think slow and steady growth might have been conservative but there was no room for anything to go wrong, I suppose. So that incremental growth in the early stages was not a bad business model, it was something new that was being tested. You referred to the Brisbane Housing Company. I probably spent about six to nine months dealing with them very closely, going through our articles, explaining what we did, probably giving them a heads-up start based on our experience, and I guess we have done that with Victoria, South Australia, Western Australia and Brisbane. We have always had this attitude that whatever we have experienced, any of the problems we have had, we are willing to share that with anybody to help them get going. So I think they adapted to what we were doing to enable growth to occur more rapidly.

The Hon. GREG DONNELLY: Given what appears to be a model that is robust and is delivering in a very real way community housing, how do we accelerate it, push it out, so it becomes a mechanism or a vehicle to be able to deliver in greater numbers housing stock for housing purposes?

Mr PERKINS: There are only three things that have any impact—perhaps four things, but three key ones: one is the restriction on boundaries in which we can operate; two is land and money; and then obviously there is the staff and so forth to ensure that you do that correctly. We are a fairly solid company. For example, in Ultimo Pyrmont we have money in the bank—we cannot spend it at the moment because of the boundaries, but if we could we could borrow against the asset and accelerate the expansion. Without the boundary restrictions and with the funding, that is basically it. It is down to us to get out and buy the land. There is land available. With everything that has happened recently, all of a sudden in Green Square there are a lot of sites that are popping up. They are not all perfect but a year ago or 18 months ago it was very difficult to find.

If you expand into different areas then land will open up. For example, our development manager, who is very capable, is building one building of 57 units at the moment. That is not enough to keep him busy. He

could be doing four buildings at the same time, and with the structure we have we could do that. As far as the end result of managing that, it is only incremental increases in staff to do that, but the fundamental structure and the policies and everything can cope with considerably more than what we are doing.

The Hon. GREG DONNELLY: Without being presumptuous and without having had an opportunity to speak to the Chair about this, if we were saying to you here is the opportunity to bowl up to us some proposed recommendation that we should reflect on and consider in terms of finalising our report, how would we structure a recommendation around the issue of the boundary change? How is that addressed?

Mr PERKINS: There are two things that restrict us. One was the original articles of association, and we foresaw that that could be a problem some years ago when we were asked by the then planning/housing Minister to go to Green Square. We changed the articles, with the shareholders' agreement, quite straightforwardly to allow us to operate within New South Wales. But then the second tier was under the planning instruments, the restrictions by geographical area, and I guess there is an element of local government wanting to have the development within their area as well.

At the moment, to open that up we are looking to expand to the whole of the City of Sydney so that the Ultimo Pyrmont asset can be used in that area. But ultimately, I think not having any of those restrictions would be a better way to go because then the decisions would be made on a business basis. We would not be racing off to operate too far away from a reasonably manageable area; it would not make good business sense to spread ourselves too far initially because of the difficulties then of ongoing management. I guess, again, it is incremental growth outwards. There is no limit to that, but you would not rush out and start out here, I think you would grow outwards on a manageable basis.

CHAIR: Is current geography decided on any economic reasons? What objections would there be to opening it up?

Mr PERKINS: I suspect there was an element initially that—

CHAIR: I mean now.

Mr PERKINS: Not now—none, in my book. I think we have achieved what we set out to achieve. Any development funds that might have been collected, say in Ultimo Pyrmont, we have well and truly expended well beyond anything that was collected in that area, if you like, particularly when the \$50 million came from externally anyway. So any argument that it was collected in the area and it should be expended in the area, we have probably superseded that now.

CHAIR: It is not like in the days of government, King and land grants?

Mr PERKINS: No.

CHAIR: There is nothing to stop you going anywhere—no economic reason? The Government has put the money in, it has been developed; you are not asking for more money?

Mr PERKINS: No.

CHAIR: You are just talking about geography?

Mr PERKINS: The component that is Green Square was all collected within that geographical area and I guess there is still plenty of opportunity to spend that there. I think the City of Sydney, or it was South Sydney initially, were a little bit hesitant about who should receive this money and would it be spent within their government area. That was the background to Green Square. But, again, my attitude is let us not get too precious about that. The bottom line is we want to house people, so fundamentally that is my focus, not whose local government area it is in.

The Hon. MARIE FICARRA: Much has been said about the cumbersome way of decision-making if you have the Government taking such a major role in being made shareholders. Has that held you back because you were getting an expert opinion that that might have been fine for then, but, however, with what they are doing in Brisbane and Victoria it is timely? You would not want that constraint of having the Government as major shareholders. What do you think?

Mr PERKINS: I do not think it is necessary. I think the company can be established to preserve the asset quite adequately without necessarily having the Government as a shareholder. Initially I think I probably would not have done it any differently, to be honest, because there was potentially government money going into a new company and it needed to be able to prove that it was going to be a viable operation and the asset was going to continue in perpetuity. But I think we have outgrown that.

The Hon. MARIE FICARRA: Are there any disadvantages? I mean, they are not interfering, are they?

Mr PERKINS: No, they are not interfering, and I cannot say that I have ever had a Minister who has not been extremely supportive. That is an absolute fact. We have always had good support. The difficulty is purely only by being considered to be a government agency and having to report as any other government agency does. We are a small, very succinct little organisation. But the breadth of reporting and all the boxes that have to be ticked when one is providing information up to Treasury is incredible.

The Hon. MARIE FICARRA: Administratively it is a bit of a nightmare.

Mr PERKINS: It is, and it is a bit of overkill for the organisation that we are. If you are a large government agency, then that is a different matter. But we are totally financially independent of government.

The Hon. MARIE FICARRA: Historically you can understand why it was the way it was. However, in the future perhaps it is not so much required. You still keep the checks and balances.

Mr PERKINS: I would never want any of those to change. The checks and balances are important. I have a banking background, so audit and banking is pretty dear to me, but also very much to the board. Ultimately they have a personal liability and they all take it very seriously. With the way that the charter is you would always attract people with that attitude and acumen.

The Hon. MARIE FICARRA: In view of the Committee recommendations that we generate, is there a maximum size? What is the ideal size? I think we asked you this when we visited.

Mr PERKINS: You did, and I was thinking around the 2,000 mark was a good size. I started thinking about that afterwards and fundamentally there is no limit to the size. But then it comes back to the structure and the management of the company that becomes so critical. On one side, our personal service, our relationship with the tenants that we have is so important. On the other side, if you have the right people with the right structure, policies, et cetera, in place and the right people managing it, you can replicate that. I think that is the key. Attracting the right people into the positions and then managing it in a way that you replicate the level of service that you want to provide ought to be possible exponentially.

The Hon. MARIE FICARRA: It would be difficult to clone all of you.

Mr PERKINS: That is the big question mark. We have been very fortunate with the people that we have had. We have had very little turnover. We have had people who have been absolutely dedicated to what they do. People have come and worked for us for less money than they would get working elsewhere because they are passionate about what we are delivering. That goes for a number of people in the organisation.

The Hon. GREG DONNELLY: That is very precious. That intellectual capital as an organisation and that culture is something you cannot easily replicate. It is intrinsic to the organisation that has been built up and it is not easily passed on.

Mr PERKINS: No, but what I have seen in recent times, there are a number of people starting to come into social housing from the private sector, if you like, who obviously have the business acumen who do have this passion. I have dealings with another company and that has occurred just recently there, and I have seen it with some of the other social housing providers. So it seems to me there is a bit of a pool of expertise out there who would like to be doing something that is giving a benefit to the broader community, not necessarily just attracting the largest dollar salary. How deep that is, I do not know.

The Hon. MARIE FICARRA: If the Government were to roll out a model modelled on a new City West vision, without the geographical constraints, and inject a lot of money into it, do you think that someone

who has had experience, the runs on the board, such as yourself or similar, should always be in the capacity of overseeing and making sure that that vision is implemented properly? We want to roll it out as quickly as possible, there is Federal funding, but we have to be careful that it is delivered in the correct manner.

Mr PERKINS: I think so. I think it is important. If you have 20 people doing 20 slightly different things, then things can get watered down. I think there needs to be some regulatory code or model for people to follow. I think that is important. It is a bit like having laws, I suppose. It is not needed for everybody but at least it keeps everybody focused and in the same direction. I do not disagree with that as being quite important.

The Hon. MICHAEL VEITCH: One of the indicators of a successful housing model is the rental default. Donna, what is that like? Are people paying on time? Is there a lag time on your rental?

Ms MITCHELL: I have been there five years. When I first started the arrears were quite high. But we put procedures in place and I think we have been really tough to get to a point where we are now. At the moment our arrears are really, really good. But we had to stay on them constantly. We have the same people all the time, so you have to just work on them and ask why they are always in arrears and if they need financial counselling and stuff like that. We work on them one on one.

The Hon. MICHAEL VEITCH: Almost individual case management?

Ms MITCHELL: Yes, and we were work on them every day because if we let them go they just blow out.

Mr PERKINS: That then makes it very difficult for individuals, particularly those who might be on the lowest income, to recover.

Ms MITCHELL: Yes.

Mr PERKINS: The approach that Donna has, which is wonderful, is this very compassionate person who is very firm on the basis that if you do not allow people to get into arrears then you are really doing them a great service because that financial problem can be very, very concerning for them. For example, our arrears as a percentage of our rent roll is about 0.7 of 1 per cent, which is extraordinarily low. In numbers, we are about 5 or 4 per cent. As an example, of nearly 500 tenancies I think the last fortnight was—

Ms MITCHELL: Sixteen.

Mr PERKINS: Sixteen people in arrears in number, no more than 0.7 of 1 per cent in dollar figures.

The Hon. MICHAEL VEITCH: What is the staffing ratio to tenants? Is it comparable to the private sector? How many individuals would you manage personally?

Mr PERKINS: We probably look at it like the social housing sector does as total staff to properties. Wherein the private sector they will look at a housing manager managing 150 or 200 properties. If you just look at our housing staff, we have the equivalent of three housing staff looking after 500 properties. So it is not vastly different in that direct sense. Yet I would say that we do everything—and Donna has worked in the private sector—that the private sector does, except we go a lot further as far as the relationship is concerned. Also we do individual rent reviews every six months of all our tenants. So there are 1,000 reviews a year that have to be done. So collecting all their financial information, calculating it, assessing it, completing spread sheets and putting it into the computer. So, in effect, our staff does a lot more. We do all the other things—we are the strata manager as well as the property manager, all the maintenance and everything else.

The Hon. MICHAEL VEITCH: Is there much staff turnover? Do people come and go? Is it stressful? Do your staff tend to stay?

Mr PERKINS: They are not allowed to go—that is for Donna's benefit! Generally speaking, we have a very low staff turnover. We have been very fortunate. It is a very low staff turnover.

CHAIR: The issue of tenant management is important.

Mr PERKINS: It is. At the end of the day, they are our customers, the tenants. So the management of the tenants and the satisfaction of those tenants is really the ultimate driver of the whole organisation. We exist for no other purpose. We are not there to make a profit for anybody. We are there to provide housing for people who need it.

CHAIR: Without people like Donna, there is a big problem.

Mr PERKINS: Absolutely, that is why she cannot go. Having said that, Donna has been with us five years and we have had other housing managers previously. Interestingly, two of them are back working part-time with us, having left to have families. So even though we do have a little bit of turnover, more often than not we have people saying, "Can I come back part-time?" But we have been able to find suitable housing managers when we have needed to.

CHAIR: Why would you roll out a City West-style structure rather than a cooperative structure?

Mr PERKINS: On the basis, I always think, that the model is so good in that it is financially self-sufficient. Having that independence, that autonomy, it is a very satisfying place to work because to a large degree you are the masters of your own destiny. So there is a lot of satisfaction working for an organisation where you can influence the decisions that are made knowing that the board are very good, very supportive. You can actually make the business work. If the business works, then the financial issues are out. You do not have to worry about that and you can concentrate on looking after the customer, if you like, the tenant and how well we do that. That is not easy. It is a difficult task and a very time-consuming task. With buildings of any description there is always a great deal of maintenance and individual people who might be tenants, they have all got their own individual situations, some of which can be time-consuming. A good portion are not, by the same token. But it is a satisfying organisation to work within.

CHAIR: You indicated with the current geography you have about roughly three staff to 500. Is that three Donnas?

Mr PERKINS: Not exactly three Donnas, because I think Donna is quite unique in that regard, but three people of like mind and like attitude, maybe not of equal experience.

The Hon. MICHAEL VEITCH: Some tenants are in the gallery at the moment because they are next on the batting order. How does the tenant involvement in the management of City West operate, such as satisfaction surveys? We discussed this when we visited. It is important to get it on the transcript.

Mr PERKINS: Tenant participation in its broadest sense is a very challenging aspect of housing. Not every tenant wants to be involved, but for those that do finding ways to work where they can have an involvement is always a challenge. We do a number of things, and there is always more you can do. We send out newsletters on a reasonably regular basis. We do an annual survey. Donna has a program that she has been working on for some time to try to generate other activities, such as an annual Christmas party and meetings at buildings on a regular basis, trying to get groups that might be support groups for one another up and working.

There is one particular demographic group at the moment that has taken off and is starting to work quite well. But it is a challenge and it is quite time-consuming and quite hard work to get it going. But you have to keep plugging away because there are always a number of people who want to be involved. One of the other ways is to have a tenant on the board and contribute. We are going through a program to identify who might be interested and then look at ways and means of increasing their skills so that they can confidently apply when we advertise the position.

The Hon. MICHAEL VEITCH: Would you look at reserving a seat for a tenant on your board?

Mr PERKINS: Yes, we have. That decision has been made and we are going to advertise. We have done it in the past. There was a period where it was difficult to find somebody who had the right skills and experience because they are a director like anybody else in the true sense but come with a particular perspective that the other directors do not have. But we do not want somebody on the board who feels uncomfortable if they do not have the knowledge and experience to make a contribution. So, the approach now is to try to develop those skills through a process over the ensuing three to six months so that we have a number of people who will confidently apply, know exactly what it is all about and be confident that they can make a worthwhile contribution and feel they are making a worthwhile contribution.

The survey done each year—it is good now that we have a few years under our belt—is fairly broad ranging. We try to review the questions each year, but we try to get feedback on the level of service that we provide as individuals, how the buildings are being maintained, how the repairs and maintenance response times occur, et cetera, the way rent is able to be paid, the response of staff for various aspects and so on. It is a fairly broad survey to get some understanding of the overall satisfaction of the tenants. We are not complacent because 100 per cent will do us, but we are not there yet. But we get generally in excess of 90 per cent overall satisfaction rate. But one of the very important things of the survey, and Donna and I spend a lot of time analysing all these surveys by building, is where there might be problems with some of the maintenance or cleaning or other things. Then we review the contractors on an annual basis based on the feedback we get from the survey and either find new people if we need to or give them a bit of a hurry along if they need to lift their game.

The Hon. MICHAEL VEITCH: Are you aware of any other community housing surveys that you may compare your results against?

Mr PERKINS: I am aware that some others do it. We have not compared ours against them directly.

The Hon. MICHAEL VEITCH: It might be difficult as it would be comparing apples with apples?

Mr PERKINS: But I think fundamentally there would be a general overall satisfaction rate, which could probably be comparable.

CHAIR: Thank you for your time. Unfortunately, we have run out of time.

Mr PERKINS: Thank you. I have enjoyed being able to make a contribution.

CHAIR: The Committee would appreciate if you could return to it the answers to any questions on notice within 21 days from the date on which they are forwarded. I believe there are a few we need to send to you.

Mr PERKINS: I am sure we can respond within that time without any difficulty.

The Hon. MARIE FICARRA: This is what comes from being too successful.

Mr PERKINS: Thank you very much. That is a nice compliment to finish on.

(The witnesses withdrew)

RANDOLF FRICKE, Tenant, City West Housing, affirmed and examined, and

DOROTHY RAYLEE FORD, Tenant, City West Housing,

MARGARET EDWARDS, Tenant, City West Housing, and

FRANCIS JOSEPH EDWARDS, Tenant, City West Housing, sworn and examined:

CHAIR: Do any of you wish to make some brief opening comments before we proceed to questions?

Ms FORD: Probably no-one will ask this question, but I heard it asked of Richard. I just want to comment about the tenant involvement. Through City West a single mature lady got in touch with City West and through City West they got in touch with the mature single ladies in City West and we formed a party. We go for lunch or dinner once a month. It is just the older ladies keeping in touch with each other. I thought I would mention that because Richard did not elaborate on it really.

CHAIR: The first question is the most obvious: How did you find out about City West Housing?

Mr EDWARDS: In my case, I found out through my wife, who works with a lady who was a tenant.

Mrs EDWARDS: Yes, at City West. The house that we were living in at the time in Newtown was going to be sold. Frank is a Vietnam vet and he was not able to work. He had had a few problems and he was on a military pension. So, it is very difficult to get accommodation in Sydney that is affordable and we found out through City West and here we are.

Ms FORD: I went with a friend to visit someone who lived in City West. I was living in a studio apartment in Glebe at the time. We were being sent out because the Olympics were coming in 2000 and so I applied at City West, and within probably a month I had a unit. So, I was very lucky.

CHAIR: Randolf, we have heard of your predicament, but would you tell us again?

Mr FRICKE: Yes. Through a personal support program I found out about City West Housing. I was homeless at the time. I was homeless for about 12 months. Prior to that I lived in a building in Newtown, which has since been demolished. I found myself unable to pay the rents in that area. They were too high. So I found myself on the streets with nowhere to live. So I went on a personal support program. I told them that I had made an application with the Department of Housing and there were two community housing organisations that I made applications with. They all had long waiting lists. For Department of Housing I was told 12 years and for the other community housing I was told about six years. So I thought that I would be on the street for a long time. But it was my personal support consultant who told me about City West Housing. I was told that there was a building nearing completion and that I might get in. I was lucky to get in, I think.

Mrs EDWARDS: And so say all of us.

The Hon. GREG DONNELLY: We will try not to overlap too much with our questions. Feel free to chip in and make a contribution or wait until the next question, whichever you prefer. I appreciate the overview we received when we last met about the support services associated with City West. Would you be able to take us through some examples of those support services?

Mr EDWARDS: I had a situation where I set fire to a cooking pot of oil in the kitchen, which left the ceiling pretty black. I was quite prepared to have that rectified, bring in a painter, but City West took care of it within a few days. That in itself left me embarrassed because, as I say, I do not know, that sort of thing would probably cost \$300 or \$400 for a professional painter to come in and do that job. That impressed me. But I have noticed that if anything happens—it may be electrical, we had a blackout there once and I think within an hour there was an electrician there. So, that is my input as far as the City West response approach.

The Hon. GREG DONNELLY: So the response to maintenance matters obviously is very rapid?

Mr EDWARDS: Yes, it is. You do notice the building manager, Derek, I do not know his last name, he is forever inspecting. It is just an observation. He is just looking and taking care. Doing a great job. That is a great sign to me.

The Hon. GREG DONNELLY: Obviously attentive in keeping things in order?

Mr EDWARDS: Absolutely. Obviously something may have been reported, but they all seem to be right on top of it.

The Hon. GREG DONNELLY: Are there any other comments about services you have experienced with City West?

Ms FORD: I replaced my washing machine within the last month—the valve went. So I rang City West and straight away the plumber was there to give me new taps. Anything I have asked for that I have said needs doing—I am not asking a lot anyway—but it has been done.

Mrs EDWARDS: Yes, every time you ask them to help, it is done at least within 24 hours, any maintenance. When we first moved in there was a bit of a problem with an apartment two floors up from us. They were having parties and throwing things onto the awning, which is on the same level as our apartment. I told City West about it and it was rectified and was all fixed and that is the end. There are no problems within the building now. I mean, there is the occasional one, but if you report it, they are on to it immediately.

The Hon. GREG DONNELLY: To help us understand how these matters are dealt with—for example, dealing with an accident inside the unit that led to some damage to paint, and the complaint of noise, which was a different example—with respect to the range of issues you wish to deal with that may arise from time to time, is there a single telephone number you call or are there different sections, departments or areas of responsibility?

Mr EDWARDS: Different contractors' numbers. Although, I think in the case of the time it happened to me, it was during the week, so they were in the office the very next day. But there are a series of numbers for contractors: electricians, plumbers and so forth.

Ms FORD: Or out of hours we can ring particular contractors.

CHAIR: You can ring a contractor out of hours on the weekend?

Ms FORD: Yes. For instance, if something happened in my unit with the plumbing, there is a number I can ring, yes. If I do not ring them, I am responsible myself. But I could ring that number and City West takes responsibility for it.

The Hon. GREG DONNELLY: That is very impressive.

Ms FORD: Yes.

The Hon. GREG DONNELLY: This next question might be hard to describe, but I will attempt to put a descriptor on it. Obviously the nature of the relationship between tenants and management is quite different from other tenant-landlord-type relationships that you probably have experienced in the past?

Ms FORD: Yes.

The Hon. GREG DONNELLY: How would you best describe the nature of the relationship you have as someone living at City West with the management from time to time?

Ms FORD: I have been dealing with Richard since I got the unit. I have known Richard since then and he has been there all that time. Marianne and Donna have also been there all that time. We know them by name and they know us. It is a matter of a phone call and speaking to them.

Mrs EDWARDS: They are also very approachable and very hands on. From past experience with other landlords, it is a vastly different situation.

Mr EDWARDS: They engender a spirit of cooperation. You feel good about doing the right thing. They become friends and family. That might not be the case in every building; in fact, it will not be. What they do not have in the system, because they do not perceive that they need it, is a little manual that every prospective tenant should be given that talks about responsibility to one another and that spirit of community. I heard Richard talking about the percentage of late rent payments. The economic performance of City West is so good because there is that relationship. They would do well to train others to manage other buildings as they grow, as surely they must.

Mrs EDWARDS: It is a credit to their management skills.

Mr EDWARDS: Their people skills.

Ms FORD: The approachable part is that you are not intimidated about going to them and telling them something, for example, if you saw someone doing graffiti or something like that. I believe they keep that confidence. You can ring them and say, "I saw someone from unit No. 1"—I am just using that as an example—"putting graffiti on the walls." I know that my name would never be mentioned and that it would be kept in confidence. I am sure people tell porkies as well. However, overall, you feel you can do to that without any comeback.

Mr EDWARDS: At the same time, they are firm with their regulations. I have not had the experience, but I get the feeling and I have heard from other people that they are very firm in their application of the regulations and what they expect from you as a tenant.

Mr EDWARDS: I think that is part of the reason they have the respect they have. They are seen as very fair people. It is part of the human condition that you want to support that.

The Hon. GREG DONNELLY: To reciprocate that respect?

Mr EDWARDS: Yes.

The Hon. MARIE FICARRA: I do not want to be melodramatic, but this is important. Can you tell me the difference that living at City West has made to your lives? What is it like compared to what you have experienced in the past? How different is it from what you envisaged the rest of your life would be? You have settled in and have lived there for a while. What difference has it made to your life?

Mrs EDWARDS: It is a comfort to know that we are there forever. We have a home forever. It takes away the pressure of worrying about what will happen when the rent goes up. We have that security. That is wonderful and anyone can relate to that.

Mr EDWARDS: I am a totally and permanently incapacitated pensioner, so I have a set Department of Veterans' Affairs pension. We were living in Newtown and watching the rents go up. I cannot work any more than eight hours a week. It was very stressful and I was concerned about the future. That stress has gone.

The Hon. MARIE FICARRA: There is peace of mind.

Mr EDWARDS: It is a contribution to health.

Ms FORD: I have been 10 years in my unit. You take pride in that unit and because you are there you have peace of mind.

Mrs EDWARDS: It is like your own.

Ms FORD: I consider it my unit. My rent is taken out of my pension every fortnight, so I do not have to worry about not paying the rent. It is peace of mind.

The Hon. MARIE FICARRA: Do your acquaintances, family and friends say that they would like to live there?

Ms FORD: They do, all the time.

The Hon. MARIE FICARRA: Do they ask how they can get in?

Ms FORD: People say they would love to live there.

The Hon. MARIE FICARRA: A lot of you would probably have stumbled across it.

Ms FORD: We did. I was a gypsy.

The Hon. MARIE FICARRA: I guess you are really enjoying it, Randolph.

Mr FRICKE: I like it for the simple reason that I have a place to live, whereas I did not before, and it is affordable. Before I was paying a lot of money to a real estate agent and I was not happy with property managers. I just was not happy.

The Hon. MARIE FICARRA: Is it better now being surrounded by a community? Do you feel that it is a community rather than just living next door to individuals?

Ms FORD: A small amount is community. You see the people who have been there for a while in the lift and you talk to them. We have had a tenants' committee for a while and we have working bees to do the garden. On Saturday City West, put on a barbeque for us and anyone who wanted to could attend and we redid all our gardens in the courtyard.

The Hon. MARIE FICARRA: Do you maintain the gardens?

Ms FORD: One elderly man does the watering and looks after them.

The Hon. MARIE FICARRA: But you had a say?

Ms FORD: We all went down and took plants. We planted them and did what we had to do. Arthur, an elderly gentleman, waters the gardens and looks after them.

Mrs EDWARDS: We are going to start a vegetable and herb garden in our area. We approached Richard and he is all for it. They encourage a sense of community. I think that will improve.

Mr EDWARDS: It takes time. It depends on past circumstances. Living in apartments makes people very insular. This experience is quite new. You realise that you are going to be there for a very long time and you are happy about that. Perhaps it is time to get to know people, to smile to the fellow human being you meet every day in the elevator.

CHAIR: You are expecting and waiting for it to turn to tears.

Mr EDWARDS: There is the anticipation.

Ms FORD: In private housing, in a large block of units, you expect people to move in and out all the time. At City West you know people will be there for a long time, so you take the time to speak to them.

CHAIR: You described yourself as a gypsy before you moved to City West.

Ms FORD: Yes.

CHAIR: In other words, you had not stayed anywhere for 10 years prior to that.

Ms FORD: Never.

CHAIR: Can you give us an example?

Ms FORD: I lived in a unit where the rent went up every six or 12 months. Whenever they were legally allowed to put it up they did. After that happens you have to move out and look for another place that you can afford. I lived at Avoca with my sister and then came back to Sydney. I was living in a studio apartment

that was rented out during the Olympics. I would have a very long page of addresses—if I could remember them all.

Mrs EDWARDS: It is also very expensive to move—the removalist, the utilities and so on.

Ms FORD: There are garage sales.

CHAIR: Bonds and so on.

Mrs EDWARDS: Yes.

The Hon. MARIE FICARRA: You would heartily recommend this style of living to others.

Mrs EDWARDS: Definitely. It is the way of the future.

Ms FORD: The personal aspect of it is very important. I am not sure whether it is just me, because I have been there a long time, but I believe the staff—Marianne, Donna, Richard and Eric—know everyone who lives there. They know who lives in which unit without having to look at a piece of paper or a file. That is the difference.

Mrs EDWARDS: They are very good.

CHAIR: How long do you think it would take for it to become impersonal? People might say that it is fantastic and that it should be made bigger and bigger. How big would it have to be to become impersonal?

Ms FORD: I think City West has about 300 units.

Mrs EDWARDS: They would need to train other people as managers.

CHAIR: They say there are about 500 units.

Ms FORD: They still have their finger on the pulse.

Mr EDWARDS: We will all pass on one day. They have to bring in people and train them. There are good people out there who have the right personality type and who could do what they do. We need people with the right spirit. I think they should be given all the help in the world to grow and grow because it is so good for the country.

CHAIR: What is the difference between this type of housing and cooperative housing? Has anyone lived in that type of housing?

Mr EDWARDS: No.

Mr FRICKE: No.

Ms FORD: No. I know the Housing Commission set up because I have friends living in that type of accommodation. It is nothing like mine.

Mr EDWARDS: What is cooperative housing?

CHAIR: It is similar in many ways to what you are living in now, except that the tenants run the show.

Mr EDWARDS: Okay.

CHAIR: What else is different?

The Hon. MARIE FICARRA: It is a small component of social housing.

Mr EDWARDS: I think you need a management system that is independent of the tenants. I heard Richard talking about having a tenant on the board. That is great. But you have to have central management that is independent of that.

Mrs EDWARDS: Definitely.

Ms FORD: I found when I was a member of the tenants' committee a small majority of people took a dim view of those people. The people running the cooperative housing are going to have a little bit of a stickybeak and that type of thing. There are all those small things. I hope I made myself clear.

The Hon. MARIE FICARRA: We can visualise it.

Ms FORD: We do not have that because it is all on Richard.

Mrs EDWARDS: Too many chiefs.

The Hon. MICHAEL VEITCH: We went to City West a couple of weeks ago and people were kind enough to let us look at their unit and we have heard evidence this afternoon. There must be something wrong.

Mr EDWARDS: The colour of the walls.

Ms FORD: You do meet people who say City West this and that. But there are people who are not happy in any situation. They will complain anyway. No-one has a legitimate complaint that I am aware of.

Mrs EDWARDS: When you think about what you have and the alternative, there is really nothing huge to complain about, except trivia like the colour of the walls or the carpet. In the great scheme of things, it is wonderful.

The Hon. MICHAEL VEITCH: Do you keep an eye out for each other? If you did not see somebody for a couple of days—

Ms FORD: That is what the mature ladies group is for.

Mrs EDWARDS: We have a quadriplegic living next door to us. She has carers coming in. But if we have not heard them or seen anyone at the lift, we knock on the door or we ask Donna, Richard or one of the other City West people whether Monica is okay.

The Hon. MICHAEL VEITCH: That is an old fashioned sense of community.

Mrs EDWARDS: Yes, and it is really different from private housing. We have lived in apartments all over the world in different circumstances, but it is not the same.

Ms FORD: One complaint may be security. That is the only thing. I am thinking, "What can I complain about?"

The Hon. MICHAEL VEITCH: You do not have to.

Ms FORD: That is one of the things. It should be updated but it has not been.

CHAIR: You have efficient, compassionate management.

Ms FORD: Yes.

CHAIR: You have geography that people would kill for.

Mr EDWARDS: Yes.

Ms FORD: Yes.

CHAIR: You have access to all the facilities of the city, public transport and the best views in the world just around the corner.

Mrs EDWARDS: Yes.

The Hon. MICHAEL VEITCH: You are heard by the management.

Mr EDWARDS: How could you complain?

The Hon. MARIE FICARRA: We will move in.

CHAIR: There is a lot going for it purely in the sense of geography and modern facilities—the complex is only 12 years old.

Ms FORD: And it is well maintained.

CHAIR: If you were living in a facility that was 50 years old, rat infested, dirty and with no facilities or transport, it would not matter how good the management was.

Ms FORD: No.

CHAIR: It would help?

Ms FORD: We have an inspection, is it every six months or every year?

Mr EDWARDS: Every six months?

Ms FORD: Every six months they come and inspect your unit. They give notice and they come in. There is one thing I would like to say, that after one inspection I got a letter from Richard—it was a few years ago—saying, "Thank you for looking after the unit. Thank you for keeping it tidy and neat." I appreciated that. It is just little things like that; you do not get that in the private ones.

Mrs EDWARDS: No. I received a letter too and I really appreciated it.

Mr EDWARDS: Yes, you did.

Mrs EDWARDS: Which, of course, makes you want to maintain it even more—what else can I do?

Ms FORD: That is right.

The Hon. MICHAEL VEITCH: Fantastic.

The Hon. MARIE FICARRA: It is good management, with a heart?

Ms FORD: It is.

Mrs EDWARDS: Excellent.

CHAIR: Before we close, in the few minutes we have left would you like to make some final comments. Randolph, would you like to start?

Mr FRICKE: I would just like to say that I am a fairly quiet person. I keep to myself. I do not know if I am being watched over by anybody. It is kind if some people do. I am not aware of anybody keeping an eye on me. I try to keep to myself and keep a low profile because I do not want trouble with other people. I have had bad experiences in the past. I tend to be quiet and maybe distant from some people until I get to know people and I know that I can trust them and they are not going to cause trouble for me, and things like that. That will take time. In other places where I have lived, I have been harassed and bullied by other tenants, so I have had problems in that way. That is why I sort of tend to keep to myself a little.

Ms FORD: I am the opposite.

The Hon. MARIE FICARRA: That is good—a mixture.

Ms FORD: I say, "Hello", to everybody—"Hello, how are you?" I have got a few friends in my building as well. I have not had a problem with anybody, and in saying that, I am not a sticky beak either. "Hello, how are you", but I do have friends that I go and visit and who come and visit me. I have two pussycats and I have cat carers when I go away, so what more do I want? I am fine.

Mrs EDWARDS: I am the same, but not to embarrass you, Randolph, if I have not seen you for a while, I do, kind of, look out for you.

Mr FRICKE: Thanks, you are the only one who does.

The Hon. GREG DONNELLY: The only one you know of.

Mr FRICKE: Yes, that is right.

The Hon. MARIE FICARRA: You might be surprised, Randolph.

Mr EDWARDS: I would think that whatever support the Government could give City West or people like them, or others like them maybe who have the proven capability, is such a contribution to the growth of the future of this State, I think it is so important that it is done and a number of these places start to spring up. I think it will help control some of the madness out there, real estate price wise, just by more people knowing that this sort of thing is available. I think it is a great boost also to people on very, very low incomes who may, through circumstances, never have a chance to live in a nice place.

Mrs EDWARDS: Or have a permanent camp; it is so important.

Mr EDWARDS: To do so. I think that will somehow ripple through the heart and soul of the community and as much publicity, and the Government should give itself a big pat on the back for doing it because it is just a very, very positive thing to do.

CHAIR: It is fantastic to hear some good stories.

Ms FORD: Yes, it is a good story.

CHAIR: We wish you all the best. Thank you very much for coming in.

(The witnesses withdrew)

(The Committee adjourned at 4.34 p.m.)