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**REPORT OF PROCEEDINGS BEFORE**

**STANDING COMMITTEE ON SOCIAL ISSUES**

**INQUIRY INTO COMMUNITY HOUSING**

¾¾¾

**At Sydney on Tuesday 16 April 2002**

¾¾¾

**The Committee met at 9.45 a.m.**

¾¾¾

**PRESENT**

The Hon. Jan Burnswoods (Chair)

The Hon. Dr Arthur Chesterfield-Evans

The Hon. Doug Moppett

The Hon. Ian West

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**MELISSA HAZEL BLUNDEN**, Policy Officer, Shelter New South Wales, Suite 2, Level 4, 377-383 Sussex Street, Sydney,

**HARVEY VOLKE**, Policy and Liaison Officer, Shelter New South Wales, Suite 2, Level 4, 377-383 Sussex Street, Sydney,

**MARY PERKINS**, Executive Officer, Shelter New South Wales, Suite 2, Level 4, 377-383 Sussex Street, Sydney, affirmed and

**PHILIP JOHN FRENCH**, Chairperson, Shelter New South Wales, Suite 2, Level 4, 377-383 Sussex Street, Sydney, sworn and examined:

**The Hon. DOUG MOPPETT:** Are you each familiar with the terms of reference of this inquiry?

**Ms BLUNDEN:** I received a summons and I am conversant with the terms of reference of this inquiry.

**Mr VOLKE:** I am conversant with the terms of reference of the Committee.

**The Hon. DOUG MOPPETT:** You were issued with a summons?

**Mr VOLKE:** Yes.

**Ms PERKINS:** I am familiar with the terms of reference of the inquiry.

**Mr FRENCH:** I am familiar with the terms of reference. I received a summons.

**The Hon. DOUG MOPPETT:** If any of you should consider at any stage during the giving of your evidence that, in the public interest, certain evidence or documents that you may wish to present should be heard or seen only by the Committee, the Committee would be willing to accede to your request and invoke confidentiality.

**Mr VOLKE:** We have no secrets.

**The Hon. DOUG MOPPETT:** Do you wish your submission to be included as part of your sworn evidence?

**Ms BLUNDEN:** Yes.

**Mr VOLKE:** Yes.

**Ms PERKINS:** Yes.

**Mr FRENCH:** Yes.

**The Hon. DOUG MOPPETT:** I invite you, if you so desire, to briefly elaborate on your submission.

**Mr FRENCH:** I would like to give you an overview to commence the presentation. First, I will explain what Shelter New South Wales is. We are a social housing peak body focused on housing issues for low income and disadvantaged individuals in the community. We approach the issue of housing from a social justice perspective that gives primary consideration to the interests of consumers of social housing above other interests. We were established in 1975 and we are part of a network of shelter organisations across the country. We are also a member of National Shelter, which is the national peak body for shelter organisations.

Shelter has a broad-based membership across the housing sector, which includes tenants of both public and community housing, tenant organisations, social housing providers, housing and

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planning professionals and interest groups focused on particular groups of housing consumers, for example, women seeking refuge from domestic violence, young people, people with a disability, and so on. Shelter is managed by a board of directors elected from its membership and it is funded by the New South Wales Department of Housing for its peak representative sector co-ordination and policy functions.

Shelter has been directly connected with the development of community housing in Australia basically since its inception. We welcome this inquiry into community housing and look forward to presenting our views on a range of important issues affecting the development and future of community housing in New South Wales and indeed nationally. Because our perspective is one of social justice and consumer interest on housing issues, our presentation to the Committee will focus, broadly speaking, on the housing crisis facing low income and disadvantaged people in Australia, particularly in the Sydney Basin.

I point out that this crisis has a number of dimensions which include, for example, critical levels of unmet need for social housing, market failure in the private rental and home purchaser ends, a high proportion of outmoded social housing stock, which is increasingly unsuitable for existing and prospective tenants, the increasingly complex needs of social housing consumers and the crisis in financing social housing arising from the declining role of the Commonwealth-State Housing Agreement, and other factors.

We want to analyse the key issues facing community housing against this backdrop to take a housing systems approach in which community housing is recognised as an important but discrete element of the broader housing system. We have a strong interest in financing and regulatory arrangements for community housing and our presentation will also highlight a range of critical consumer protection measures that require more development in the community housing arena, for example, tenant participation structures and supports, tenancy protection, accreditation and complaint handling and appeal mechanisms.

**The Hon. DOUG MOPPETT:** Earlier the Committee resolved to publish your submission by way of the Internet, so the excellent material that you have given us will be made public.

**CHAIR:** It is public so you may distribute it. We carried that resolution earlier. Shelter and other bodies have all asked for that to be done.

**The Hon. DOUG MOPPETT:** What does your organisation believe should be the future direction for community housing in New South Wales within the broader context of social housing generally?

**Mr VOLKE:** I will speak to that question fairly briefly. We need to locate community housing, first of all, within the parameters of an overall housing policy. The old simple tenure breakdown of home ownership, private rental housing and public housing is no longer adequate to describe the needs of housing, in particular, affordable housing for low income earners in our society. That is why community housing becomes a crucial issue. We see it as playing a key role, particularly in the development of new strategies to address what really is—and it is often said to be—a developing housing crisis, an affordability crisis and an availability crisis for low income earners generally.

In particular, community housing is faced by the pressure of a failing private rental market. I am not the only one who is saying that. If you look the research work of Judith Yates, Marianne Wolfe and Sean Flood you will see that there is a national shortfall of about 150,000 houses at the lower end of the private rental market. While that is true according to the law of supply and demand—because of the increase in Commonwealth rental assistance and so on there has been a substantial increase in private rental housing over the last few years—the significant feature of that for low income earners is that at the same time there has been an increase at the upper end of the stock.

There has been a steep decline in the availability of private rental housing at the lower end of the market and that is simply no longer arguable. So it is within that context and within the context of the need to develop a whole range of strategies. No one strategy would be enough. We maintain that there has to be a substantial increase, in particular, in Commonwealth funding but also in State

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funding, through the Commonwealth-State Housing Agreement, for public housing. For public housing there have to be other initiatives, such as low-income home ownership assistance, and so on. In particular, we need to look at the question of community housing. It is our believe that community housing should grow substantially as a proportion of total social housing. But the whole cake also has to grow if we are to seriously address the issue of the unavailability of affordable stock for low income earners.

At present, of course, community housing is too small to make any appreciable difference to the housing needs of low and moderate income earners. It is only 6 per cent of 6 per cent of the total stock—that is, 6 per cent of social housing, and social housing is only 6 per cent of national housing stock. We also maintain that community housing is well placed to play a key role in the development of affordable housing. You would already be aware from your reading and from discussions you have already had that there are different definitions for different sorts of housing. Affordable housing particularly relates to the nature of joint ventures and housing for low and also moderate income earners, many of whom are in housing crisis but who are not eligible under the present eligibility criteria for public housing.

We believe that community housing is well placed to play a key role in the development of affordable housing, especially as this was discussed in the papers and final report of the National Affordable Housing Consortium, of which you are also aware, which is currently under discussion, we hope, at a Federal level. However, to do this it will need access to capital assets against which it will become possible to raise private finance. As you will know, there is very little actual ownership of properties in the community housing sector. It has basically grown in two ways: principally, by head leasing of stock with government assistance and, secondly, with the transfer of stock management from public housing.

The key issue in terms of affordable housing is to release community housing, to be able to borrow against its assets, to raise loan finance and joint venture finance, so that it can expand at the same time, rather than simply ride on the back of public housing, as in some ways it does now. If community housing is to grow and to add to stock, it needs to be able to go onto the private market. In this way, it will begin to address some of the problems of low and moderate income earners at the bottom end of the market. In addition to raising private finance, this will also mean continued access to Commonwealth rental assistance. It should also be in a position to house a broader range of low to moderate income earners, to achieve a greater degree of self-sufficiency via increased rental returns. Of course, this is the classical problem that public housing has, in that, because of the increasingly narrow targeting of public housing and the decline in rental returns, it is also now facing a financial crisis.

Community housing is also well placed to play a key regional and local role. Its emphasis on local community-based management gives it the facility to negotiate with local government and local organisations to develop a range of joint ventures, to identify local needs, and to ensure that social housing is available in response to these needs. It can provide closer-to-the-ground identification of opportunities and responses. Additionally, of course, related as it is to the local community, I think it can play a lot of feeder effects in the local community, and it can certainly also add to the social capital of local communities.

With regard to the point you make in your second question—"Why do you believe that the Government should aim to double the social housing stock from 6 to 12 per cent within 10 years?"—we know that practically speaking that is not going to happen. We wish it would. But the point to be made is that if we are to make serious inroads into the crisis of affordable housing for low income earners, it is really that sort of proposition that we are looking at. We have used the figure to draw attention to the scale of the unmet need that low income earners are currently experiencing. In fact, such figures appear from time to time in the literature and are regularly raised in consultation processes.

In their study *Strategic Directions for Housing Assistance*, Bill Randolph and Michael Darcy, who gave evidence here a few weeks ago, suggest similarly dramatic figures, except that they expand it over a longer time span, to 25 years. Indeed, they suggest growth in the sector to around 350,000 dwellings, or 2.5 times its current size, over a period of 25 years. They also make it clear that New South Wales will not simply have more than twice as much social housing but that it would also be a

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more diversified housing portfolio. It would be more aligned to a cost or market basis, and to be economic the number of very low income tenants would need to drop.

The fact is that the cost crisis that public housing is facing is partly on account of a substantial reduction in rental return, and the fact that there has been such a massive increase in the number of people who are on statutory benefits. At the moment, around 92 per cent or more of residents of social housing are on statutory benefits. Under the Randolph and Darcy proposal, that would need to be reduced to around 30 per cent. The pay-off for that is that it opens up social housing to a significant group who have now been priced out of the private rental market but are not eligible for social housing. It is for this reason we believe that community housing is well placed to address itself to that particular group which, as you now know I am sure, currently cannot afford to rent anywhere in the Sydney metropolitan area.

**The Hon. DOUG MOPPETT:** This is perhaps a potentially controversial question that I should avoid assiduously, but nevertheless I thought I might ask it. I think it is interesting in the development of all this, because we must look at the evolution over a decade or more to have any comprehension of what we are talking about. We are dealing with community housing as a separate sector to the broader scope of public housing. I would be interested to hear your views about its development. Do you see it as something that was evolved as a result of objectives that landlords had, rather than as something that evolved as the perception that tenants in the system felt this was a better way to go, or was it the way in which landlords said, "This is a better way of handling our problems"?

**Ms PERKINS:** I think it is two ways. I think it is early origins of community housing, which is why we included in the submission that the history had a very solid community base about saying this is a better way of going. But it was also one of the early reactions to the long waiting lists for public housing. There were quite significant amounts of empty government property throughout the Sydney metropolitan area, and in Newcastle and Wollongong as well. So people started to use it and started to develop different forms of community responses to the housing crises that existed in the mid-1970s, and then came the community-based committees. At that time I think there was a bit of dovetailing, because I think government also see it as an opportunity for perhaps having a different form of management for public housing and dealing with some of the issues about monitoring departments. So I think you have an overlapping of motivations there. But certainly the early impetus for community housing was a bottom-up approach.

**The Hon. DOUG MOPPETT:** One thing that has fascinated me from the opening of this inquiry is why it had such a spectacular start and then plateaued.

**Mr VOLKE:** The funding base was available to the mortgage and rent relief scheme partly, and that gave it quite a big start. Also, it is true that there was a conjuncture, as Mary has indicated, between activists, if you like, community representatives, advocates and so on, and a sympathetic senior bureaucracy that saw the opportunity to develop alternative propositions.

**CHAIR:** And a sympathetic Federal government?

**Mr VOLKE:** And a sympathetic government, that is correct.

**Ms PERKINS:** This is where you cannot talk about community housing without also talking about what else is happening in the housing market. At that time public housing was a much more viable proposition, in that the cross-subsidisation of rents amongst its tenants was quite significant and substantial. It was in the late 1970s or early 1980s that the excessive targeting of public housing—to the poorest and the most needy—started to come into play, which has caused the demographic change in public housing and the inability for it to raise much of its revenue in rent, whereas before there used to be tenants paying full rent cross-subsidising those who were not. So the economies of public housing have changed quite substantially in the last decade, and its demographics have also changed, making a number of quite significant problems. But because the same eligibility criterion applied to community housing as to public housing, you get a mirroring of the same sorts of management problems and issues.

**Mr VOLKE:** I think it also needs to be said that the raw figures, on the face of it, may look a bit deceptive. There were up to 63 community tenancy schemes, and there are now 40-odd. The

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reason for that is that there was certainly a change in government policy, growing a number of small schemes on a regional basis. It was decided, I think in the mid-1990s, to amalgamate some of those into larger bodies so that they would move towards some form of economic viability. I think that is a very problematic proposition, certainly on the numbers we are looking at. But that is the reason for the apparent reduction in numbers—not a reduction in resources, but simply an amalgamation.

**The Hon. DOUG MOPPETT:** I accept that that reduction from 63 is deceptive. However, if it rose to 63 so quickly and it is such a desirable combination, it is a pity that, despite amalgamations, there has not been a greater involvement of units of stock being transferred to community housing.

**Mr VOLKE:** This is one of the answers, yes. But our submission is that it should be substantially expanded, because you are looking at substantial resources. This is why entering into the field of private finance is so important. We know already that there has been and will continue to be a long-term rundown in capital finance, particularly from Federal sources and, associated with that, from State sources. We have to look to alternatives, which is why private finance is so important, and also so difficult to achieve.

**CHAIR:** Our second question relates to your third recommendation. You say that social housing stocks should consist of a combination of factors. Do you have a general view about the mix—Department of Housing, community housing, joint ventures? I know it is incredibly difficult to predict the future. Do you have any general view about what sort of mix we should be aiming at within the social housing area?

**Mr VOLKE:** I have not really directly addressed that question. All we can honestly say is that there has to be substantial overall expansion of the social housing sector generally, which is why we are pushing hard for restored Federal Government funding, which is why the figures are there, through the Commonwealth-State Housing Agreement. We would also say that community housing should substantially grow as a proportion of social housing because it is so well placed between the public and private sector.

**CHAIR:** So in effect you see the straight Department of Housing percentage as decreasing over time?

**Mr VOLKE:** The percentage, but we would expect to see the overall numbers increase. We would see a somewhat different balance between public housing and community housing.

**CHAIR:** Are you also saying that you would like to see that, that you think we should be—

**Mr VOLKE:** Yes, because diversity of housing providers, diversity of housing opportunities and diversity of management styles are desirable. It brings in the blessed free enterprise thing of competition. Where you get competition you hopefully get improved standards and so on. Having said that, we are very strong supporters of public housing.

**Ms PERKINS:** I do not think growing community housing by shifting stock from the public housing sector for that very reason is an answer. That is not what we are proposing. Stock transfers are a reasonable option for some management reasons. We spell out very carefully in our submission that there are often good community development and management reasons to negotiate stock transfers from public housing to community housing. But simply to use that as a mechanism to grow community housing at the expense of public housing is not a strategy that we are recommending or supporting.

**The Hon. DOUG MOPPETT:** That clarifies the answer to the initial question. We would all love a growth of the total, but whether community housing is a better model than housing offered or run by State housing is a more difficult question.

**Mr VOLKE:** There is no intrinsic reason why community housing would be necessarily better managed. I have never believed that. You have got the old argument of economies of scale versus close to the ground operations. That will be a continuing argument. There has been a very chequered history of housing management competence by public managers. But I simply do not believe that public housing will necessarily be worse managed. Indeed, the very scale of the operation

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provides its own capacities for diversity of management styles, particularly now that they have devolved to a client services team level. There are possibilities for renewal. The present administration of the Department of Housing is far more enlightened than we have seen in many years.

I should have mentioned a couple of other things in my introductory spiel. The first is leaseholders of capital stock and the second is title. Both are significant in how you might go about growing the community housing sector. There are some good reasons—we have spelt them out in our submission—as to why leasehold might be an acceptable choice for some forms of housing management. Overall though, in the longer term, the difficulty with head leasing stock is that while the start-up costs for leasing are much cheaper than the capital costs of housing construction or housing purchase, over the longer term, just as in the traditional trade-off between private rental housing and home ownership, leasehold is a much more expensive form of operation just because it is all recurrent funding. It goes out and in most ways it does not return.

But there are some advantages to leasehold in flexibility, diversity, location and so on. This is why the private finance issue is so important again. If the community housing sector is to be well-placed and if it is to be stable and secure, at the end of the day we have to look seriously at the issue of capital ownership of stock rather than putting all the eggs into the leasehold basket. When we get into capital ownership the issue then is: who holds the title to the capital properties? That is one of the fundamental questions your inquiry will need to address. From our perspective, we are concerned primarily about issues of accountability and of public property and public ownership remaining in public hands.

We do not necessarily define ownership by community housing organisations as privatisation because there are ways in which that can be regulated and managed. The UK housing corporation is one way of ensuring that it is properly regulated, that it remains under public control and public accountability at least at some level. What we are submitting to you is that the title issue has to be seriously addressed, and unfortunately it will not be adequate simply to leave title in government hands in the sense that in terms of raising private finance and growing the community housing sector the issue of title is fundamental to be able to borrow against the assets.

It is hard to find a consensus of viewpoint in the community sector at this stage on this very question but the choices are: ownership by individual community housing operations or organisations; some form of corporation, whether controlled by the community housing sector: or in association with the government sector or controlled by the government sector more or less as is the case in the UK model. These are difficult questions and they require a lot of further discussion. We have not come to a conclusion on that subject but the tendency in our thinking is that there has to be that secondary organisation to consolidate the capital ownership and to be able to hand out loans and so on that community groups can borrow against. That was probably our preference but there is still a lot of discussion to be had in the sector, let alone in your coming to an easy resolution of the question.

**The Hon. DOUG MOPPETT:** Sometimes our diversions are most valuable. That is not to downgrade things that you have prepared yourself for. We would all have anticipated the raising of this issue of ownership of the capital. It is fundamental to it all. But to get a better insight into where you are coming from it would be worth exploring what you think should be the philosophical basis on which public housing is provided. Is it a leg up for people to see them through a very difficult period of their life when they get established or is it a belief that everyone in Australia should own their own home and those who can afford it can do it and for those who cannot we will give it to them? The more you head down this track of transferring public assets the more you go to some sort of privatisation.

**Mr VOLKE:** Wow, fundamental question.

**Ms PERKINS:** The philosophical basis on which Shelter argued is that it is not possible in our society for everyone to own their own home; nor necessarily is it desirable if you look at the amount of capital that people spend individually that is simply not productive capital in terms of our economy. You can question whether that could be better used in some other way. Governments historically have put great emphasis on home ownership at all levels, and we do not oppose some of the home ownership programs and all the rest of it. But it is simply not possible for everyone to own their own home, nor does everyone necessarily want to. But it is probably fair to say that the

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community as a whole, and each individual family unit within it, needs some sort of security about their housing, some sort of ability to be able to form a home and call it home.

They need some autonomy about that dwelling in order to make it home. And they need that home to be affordable. The way in which a society can provide that for its population is by a management housing strategy. Public housing and social housing are just some of the strategies. So we see that there is a need for public housing not simply to be targeted to the needy of the most needy. Let me use the broad term social housing so that I am picking up the community housing options as well. It should not be targeted just to the needy of the most needy; it should provide a viable option for secure, affordable housing in well located areas with access to jobs, facilities and all the works for a range of people, some of whom may choose it and pay full market rent, some of whom simply cannot get into the private rental market because it is too expensive and who cannot own their own homes because it is too expensive.

But this provides them with a viable option that gives them similar attributes to the sort of things they think they are buying when they buy home ownership. It also enables some economies of scale within the public housing sector or the social housing sector because if you have got mixed economies within household economies you can cross-subsidise. That is certainly how the old Housing Commission used to work its finances, and worked them very successfully for many years. It is the turning around of those policies that has marginalised public housing and social housing to the point where we have huge social problems because we have the weirdest demographics on some of those housing estates that simply do not represent functioning communities.

To some extent you have emptied out some of the large institutions and the deinstitutionalisation process has put the people into public housing estates without any of the supports. Someone in the street usually functioned and provided some informal—I am not getting rosy about communities here—supports, noticed that the woman down the street did not have something or knew how to get X, Y and Z. But now we have whole communities where there is not any of that sort of community capacity and ability. We are now talking about trying to build it but without addressing the policies that have caused it, which is the targeting. I guess from the philosophical point of view we are coming from the point of view that says that secure, affordable housing is a necessary thing to provide to households in society and there are a range of strategies for doing it and social housing is but one.

**The Hon. DOUG MOPPETT:** So you would state unequivocally that the purpose of the transfer of the capital to community housing operations is that it can become the touchstone of recruiting private enterprise capital to make a larger thing, which otherwise will not happen?

**Mr VOLKE:** And to broaden eligibility as well.

**Ms PERKINS:** Because if you are going to broaden eligibility in the current crisis you need to grab the stock fairly quickly. The other comment I would like to make is about the leasehold stuff. If you have community housing relying on leasehold property, while it gives you some flexibility about choosing properties that meet particular people's needs, more significantly and more importantly it leaves community housing and the needs that people have within that subject to the fluctuations of the private rental market. So every time there is a boom whereby private rental stock is sold into the home ownership market those people get evicted and lose their home. It provides much more insecurity at that level that it provides flexibility.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** You have not said where you think the private capital might come from. Is that because the affordability of housing workshop is covering that? Do you have ideas on that?

**Ms PERKINS:** No, we have not explored all of those options but one basic idea is that if you have equity in your property you can borrow against that equity.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Yes, this is saying that you have no chicken and no egg.



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**Ms BLUNDEN:** The way it works overseas is that in Scotland, for example, the Scottish bank will loan money to the community housing sector. In Finland they will borrow money from the five companies they have set up in Ireland to avoid tax et cetera. In Britain many mainstream banks and superannuation funds will lend money. One of the things we are thinking about is a superannuation fund putting in money to socially responsible investment et cetera.

**Mr VOLKE:** It really depends on what sort of instrumentalities you set up. As you will be aware, people have talked about the magical concept of private investment: there has to be some private investment we can tap. But nothing has happened—various efforts have been made—to identify institutional investment. It is institutional investment we are looking at. What you have to do is provide risk management, security, proper regulation and a taxation regime that will encourage it.

If you bring in a whole range of measures like that it is possible to go to institutional investors, like the banks, superannuation funds, private developers and so on, and raise finances that way. But until you get right the parameters, the financial instruments, taxation system, regulatory system and risk management systems, you will not get private investment. So there are a whole range of tactics that have to be employed. Once those things are in place, then you can get serious about attracting private investment—but probably not until then.

**The Hon. IAN WEST:** Is it possible to see the presentation?

**Ms BLUNDEN:** We have sought the view of community housing tenants. I will show you the key findings. I will put up a number of graphs, but first I will tell you a bit about the methodology. There were 388 surveys sent out to the community housing providers themselves. We requested that they randomise who they gave it to, either by going through their rental role or by pulling names out of a hat. So they sent them out to tenants who were randomly selected. The tenants sent the surveys directly back to Shelter. Some 139 surveys were returned, which is 34 per cent. We gave a little incentive prize of a food hamper, so that probably helped a bit. Of those returned, 108 were from community housing provider associations and 16 were from co-operative members.

We wanted to get a few co-operatives involved in well to provide a mix. Most of the questions were by tick boxes. You will see the questionnaire attached to the submission as an appendix. I have picked out some of the more relevant questions. Question 13: Tenant satisfaction. The first has to do with general satisfaction: 70 per cent reported they liked where they lived a lot, and a further 19 per cent said they liked where they live, so 89 per cent were overall satisfied with where they lived. Only 4 per cent reported that they did not like or actively disliked where they lived.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** This is not percentages?

**Ms BLUNDEN:** Yes, of the total return.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** But it adds up to 139.

**Ms BLUNDEN:** That is the total number of responses, but I am just giving you the percentages of those responses. Generally, as with the fax survey—the Federal Government did a big national survey which had quite similar findings to this survey, except that we got a little higher satisfaction rating than the Federal one, probably because the sample sizes were a bit different. But, generally, it is on a par with the Federal Government survey. Question 14: Has life changed for the better or worse? Some 87 per cent reported that their lives had changed for the better since they had moved into this accommodation. The most commonly cited reasons for this were: financially better off, better security of tenure, better for my children growing up, which a lot of people said; having an outdoor space such as a yard or garden; being well located; in a nice area or having nice neighbours; a number of other reasons that were combined; a nice house; having independence.

Question 15: Security of tenure perception. Many people reported they felt they could stay where they were for as long as they wanted. Only a few people felt insecure about their housing or thought that actually had to move. So 83 per cent said that they felt they had ideal security of tenure. Question 36: Income source. This is about where people obtained their money. Some 79 per cent were receiving statutory incomes alone. We also asked, "Do you work casually and get the dole?" Bear in mind that their income goes down the more they earn. Some 12 per cent received income

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from working part time or casually and from Centrelink as well. Only a few people were self-employed or on a full-time wage, but that has to do with eligibility for community housing.

**The Hon. IAN WEST:** Do you have a gender breakup of that?

**Ms BLUNDEN:** I did not do a gender breakup.

**CHAIR:** Or an age breakup?

**Ms BLUNDEN:** I did not do an age breakup either. You probably can get that information from the federation.

**CHAIR:** It is obviously an issue. For instance, if most people are on the age pension, you obviously must read the figures differently than if they are on benefits for reasons other than age.

**Ms BLUNDEN:** I think you will find there were quite a few aged people, but also a lot on single parents. Question 37: Gross fortnightly income. About 25 per cent of tenants have incomes less than \$380 per fortnight, while a further 23 per cent have incomes of between \$381 and \$420 per fortnight. So, overall, 48 per cent of tenants had incomes of less than \$420 per fortnight, which is \$210 per week. I was the thinking of my wage, for me that would be not very much. Question 30: After-rent expenses. We found one thing that I had not really predicted: 66 per cent said they had announced money to live on after they had paid the rent, indicating that they felt they are housing was affordable, the 26 per cent said they had trouble meeting expenses after they had paid their rent, which I had not predicted. But that was not all the time: that was intermittent, depending on problems being encountered at the time. But two-thirds of people felt it was affordable.

Question 17: Involvement in housing association or co-op. This is whether people are involved in the running of their own housing. Some 74 per cent of tenants reported they were not involved at all in the running of their own housing, and 10 per cent were on a management committee or board or some other sort of committee involved with their housing association or co-op. Co-op members were all involved, because that is a condition of their being in the co-op in the first place. Probably, overall, it could be said 8 per cent attended sometimes, 10 per cent actually held a position, and nearly one in five tenants were involved with their housing somehow. I have not got the figures from the Department of Housing, but it is probably a lot higher.

Question 28: Is the dwelling of an adequate size? Some 71 per cent said yes, it was big enough for them; 17 per cent responded that their premises were only just large enough; but, generally, nearly three-quarters felt their dwellings were of an adequate size. Question 20: Does the housing provider ink tenants to any other support services? Some 21 per cent said that their housing provider provided support or linked them with a support service; if they needed help with something else, the housing provider or another service would provide that support. Some 38 per cent were not aware of what their housing provider did, or whether they could link them with another service, which is something I had not predicted. That is an issue that could come up in the future. We have an issue with how well support services are linked with housing. Question 22: How the tenant found the support service. Some 67 per cent found it themselves; the housing association did not help them find it at all. Then again, 60 per cent did not need any support service at all.

**The Hon. IAN WEST:** So that is 60 per cent of 40 per cent?

**Ms BLUNDEN:** Yes. I am sorry, that refers to the people who use the support service: 60 per cent of people used a support service, but of all tenants 60 per cent said they did not need any extra support. Question 33: Advantages of current housing. We asked for an open response to this question. We asked for three main advantages, and in the next question for three main disadvantages. In order, the advantages were: close to amenities, affordable or cheap rent; the dwelling is nice, it is pleasant to live here; it has security of tenure; it is close to transport; we have good neighbours; various other reasons combined; it is quiet; it is a good environment for the kids; it is private; it is close to the family; it provides independent living.

Question 34: Disadvantages of current housing. We asked the same sort of question, that is, three main disadvantages of current housing. Most said there were none. The real reasons were: lack

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of facilities or poor maintenance; too small; other, for which various reasons were given, everything from too many spiders in the garden; too far from amenities; lack of security of tenure because of head lease problems, it often being cited that they had to move because the rent had gone up because the person was selling the house; noisy area; no backyard; problems with poor design of the house; bad neighbours; unsafe neighbourhood, or crime in the area; inability to alter the house because it could not be treated as their own home; could not own the house; and the stigma of being a community housing tenant. I do not know whether Harvey wishes to make any comments about appeal mechanisms at this stage. Otherwise, those are some of the key findings.

**Mr VOLKE:** One issue which we, as a consumer-based body, worry about is tenant participation, tenants' rights and so on. There are different sorts of appeal mechanisms. One thing we would argue, when it comes to regulation, is that there needs to be an appeal mechanism for the community housing providers themselves in the event of a dispute with the funding body or whatever. In this particular context, I know there have been some experiments with channelling some community housing tenants through the public appeals process, the Housing Appeals Committee. We would like to have a firm system in place to deal with disputes on a range of issues that do not necessarily come under the Residential Tenancies Act, like rebate issues, transfer and rehousing. We would like to have in place an appeals mechanism for use by community housing tenants to assert their rights, whether that be through the Housing Appeals Committee, which is probably the most logical process, or some other process.

The other thing we would like to see are some more formal tenant participation structures. While it is true that the level of tenant participation in management of community housing is substantially greater, for obvious reasons, than in public housing, there are no structures in place to provide support and backup, and in some cases education and training, and to provide for policy input. That is so that tenants can participate not only in formal management but also in policy making. This is also for cross-community housing providers. To gain access to community housing it is necessary that tenants go to each of the individual providers, because there are no tenant participation structures as such.

We are not critical of community housing on this score, because on the whole obviously there is much greater participation anyway, and I think there is a lot of sympathy in bodies like the Federation of Housing Associations for what we are proposing. But we would like some resources directed to ensuring cross-provider structures that would both provide the resourcing and backup and the structure for consultation, policy making and policy input to the decision-making process. Obviously, our concern is to enlarge and protect tenants rights in respect of community housing.

**CHAIR:** This question derives largely from your survey. So far the Committee has had the chance to visit only one community housing association—St George. In the evidence we have heard specific comments about others. One thing that we have talked to them about is the different ways in which community housing associations either in effect provide support services themselves—that is the way they really run themselves; they set up a centre where support services are built into the actual provision of housing—or else they go to a lot of trouble to provide linkages and so on.

In the light of the figures in this survey and because community housing associations are so conscious of the needs and benefits of doing all that, providing support services or linking with them, one could say of course the tenants are going to be more satisfied, of course community housing associations are going to be more successful in providing for their tenants. The Department of Housing is always going to look bad by comparison. Do you have a comment on that? What we are looking at is that some of the things happening in community housing may only be happening not because it could not happen in the other parts of the social housing sector but because that is the way these associations have worked to succeed.

**Ms PERKINS:** I think that actually links up with your next question about size and about being connected to communities. It also links up to the way in which organisations can form links with other support organisations. If you look at the size issue and at the bottom-up community development process that many community housing organisations went through in growing and developing themselves, in that process they know and have relationships with other community agencies that provide services. So, it is easier for them to do the matching and referral. However, one of the things that is interesting about this survey is that it appears to us, and it was confirmed by

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feedback from our members in the supported accommodation program networks, that there is probably room for better linkages because the same client group is housed in community housing as in public housing, with similar sorts of needs.

In that survey it was very clear that most tenants in community housing were not aware that their community housing organisations could provide them with referral to other support agencies or what have you. One of the concerns from the SAAP program of community organisations is that there needs to be better links and better more formal links. They have another concern which fits in with models of community housing. Generally speaking, community housing organisations that you are speaking about here provide the housing and then link people to support services to provide support. One of the things that SAAP bodies say is that with the medium-term accommodation in particular there is probably a need for the SAAP organisations to continue to provide that rather than to transfer that sort of housing to community housing. So, the support and the accommodation are interrelated service provisions. That is a particularly big concern for them in the medium term. It is horses for courses, and one of the advantages about local organisations is that they can address the issue of horses for courses easier than a large centralised bureaucracy.

**Mr VOLKE:** It also needs to be said that nobody is perfect. While community housing has a distinguished record, and equally clearly it is popular with its clientele, that is not to say that bad things do not sometimes happen nor is it to say that there are not differing levels of management expertise in the community housing sector which, certainly, the federation is attempting to address. I have no doubt this afternoon the Tenants Union will tell you one or two horror stories of difficulties that have arisen between tenants and community housing providers. The difficulty with legislation is that you have to ensure you can rule out the bad or have some method of dealing with unfortunate practices.

**The Hon. DOUG MOPPETT:** One of our more cynical witnesses suggested that whilst there is no doubting the accuracy of your survey, many of the respondents were oblivious to the nature of management. They were attributing their satisfaction to the fact that they had a home they could afford, and they could not care less who the landlord was.

**Ms PERKINS:** I think that is not an unreasonable conclusion. That may be the mark of a successful housing provider, that it is almost irrelevant because they are happy, because it is good and it works.

**The Hon. DOUG MOPPETT:** Just dealing with size, do you think there is an upper limit?

**Ms PERKINS:** We have not bought into the question of upper limits—or lower limits, for that matter. It is really a question of horses for courses and what you are trying to achieve. While we acknowledge the work done by Hal Bissett that said you start to get economies of scale once you get up to 300 units, it again depends on what it is you want to achieve, who the community is you are serving and who the people are in that housing and what their needs are. Very often there may be cases in some communities where a small housing association does the job extremely well. There may be other communities where a more regional approach will work. If you are using community development processes and community resources to get things like this going, sometimes it will depend on what resources that community can muster. So, in some areas of the State you will have a regional approach because they are the resources that were available at the time to put it together, and in some areas of the State it is much more localised, almost a suburban approach, because that is where the resources were.

It really is horses for courses. There is not a lot of evidence to say that small is better or large is better in outcomes for the clients. There is a lot to say about good management and there certainly are mechanisms. Where there is real merit in small organisations having that close connectedness with particular communities or particular groups of clients with defined needs, there are mechanisms you can use to try to get some of the economies of scale into those organisations that are much more easily attained by larger organisations. That is why we have supported that policy in our submission that we wanted to see a secondary co-op established in the co-op area that would provide some of the management support to co-ops in a centralised way. So, you can juggle with models to try to get the best outcome with a variety of on-the-ground management models depending on what the needs of that community are or the desires of that community.

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**CHAIR:** I want to raise a specific, which is a bit unfair because so far we have only visited St George. St George is in the process of growing from about 500 units to about 1,000 over a very short space of time. When we were in Hurstville they spoke a great deal about their relatively new project in Auburn and the one they are expected to open up in Parramatta. We started to get a bit—confused is not the word.

**Mr VOLKE:** Parramatta, did you say?

**CHAIR:** Yes. We started to think: What is community, what is St George? Most of us have a sense of what St George means in Sydney. It is related to optimum size. They are saying that growth produces many benefits, but we were saying that if St George means anything, why are they now moving into suburbs that overlap whatever association covers that area? We then discussed North British. We have also discussed with some of our other witnesses what the word "community" means. I do not want to pick on St George.

**Ms PERKINS:** I think they are reasonable questions to ask, and most community organisations engaging in growth like that would ask those questions and make a decision based on consultation with the community. It is true also that very often funding bodies—in a range of funding programs, not just in housing—are pushing community organisations into a bigger is better approach without allowing room for debate or reference back to the needs of the communities.

**Mr VOLKE:** I suppose, as one of the people who founded Western Suburbs Housing I am slightly territorially challenged by the St George move. There is no magic number, it is that simple. The economies of scale may apply for a small operation in the right circumstances. They may also apply for a very large organisation. The community aspect is an important question to ask at that point. Issues like economy of scale, buying in professional management, and so on, are all important issues and in some senses, at some level, they can imply quite substantial operations. I do not think anyone knows the cut-off point.

**The Hon. DOUG MOPPETT:** If the State was divided into eight regions, with each one to cover all the community housing in that region, would you see that as a model?

**Ms PERKINS:** If you are going to do that you may as well break the Public Housing Authority up into those sorts of regions and manage it like that.

**Mr VOLKE:** That may be an interesting proposition.

**The Hon. DOUG MOPPETT:** We should refer to Cinderella—local government—and then the regulatory framework.

**Ms BLUNDEN:** I will talk to the local government question. They already provide housing—49 per cent of local government provides some form of housing, usually for aged persons or their own employees. Some councils provide caravan parks as well, particularly rural councils, so they are also involved in providing low-income housing. Recently the emphasis has changed towards providing housing for low-income people. Some councils, because of the decline of the Commonwealth-State housing agreement revenue, have got more into providing housing lately. It is not unusual for local government now to be involved with community housing boards as well. So, indirectly they are also involved with housing. Some councils in gentrifying areas have been stepping up their provision of direct housing because some of the traditional residents may have been forced out of the area by rising rents.

Two examples I want to talk about briefly are North Sydney Council and Waverley Council. A lot of other councils are providing housing, like Port Phillip Council in Melbourne, and South Sydney Council and Sydney Council are indirectly involved with Sydney West. North Sydney Council entered into a joint housing venture with the Department of Housing from 1995 to 1999. The council used its own capital works reserve and funding secured through section 94, which is part of the EPAA. They combine these funds with the Department of Housing in order to provide housing stock. The council does not manage this stock. It is given to the community housing, lower North Shore company that looks after and manages that stock. That is a pattern quite common amongst a few

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councils. They will secure the land, secure the housing and then give the management to a community housing provider active in the area.

Waverley has a comprehensive affordable housing strategy. It has a target. It sets targets for itself for every year. I think it is 15 affordable housing units a year. As part of its strategic plan the council wants to expand its role in the provision of housing specifically by using the planning mechanisms that are available to local government. Waverley Council intends to maintain ownership of a number of units within private developments, most often strata title units, and head lease the units in partnership with the local housing association which acts as the social housing landlord. The council received a grant of \$20,000 from Planning New South Wales and the Office of Community Housing for a feasibility study for an affordable housing project involving the Ocean Street car park. It also developed a computer model called the affordable housing calculator—I think it won an award for it—which calculates the benefit available to both the council and the applicant, that is the developer who has put in the development application, when developing land for multiunit housing.

Broadly we support local governments who have taken the step of becoming involved, however it is partly as a response to declining CSHA funds. Some local councils who have seen the need have stepped into that breach. There are other examples that are not so positive, like Sydney City Council, where councils have been involved directly in providing housing and it has not worked very well. But councils certainly are participating in joint ventures with the Department of Housing and other organisations to provide affordable housing. Obviously high-income local government areas have more access to the benefits of inclusionary zoning because developers have more money to spend on the developments and therefore it is easier for them to cream off a few units for people who have housing needs.

I acknowledge in poorer areas of rural areas there might have to be a different approach because they do not have as much development going on that they can actually levy in some way. One point we want to make is that the affordable housing estate environment planning policy is supposedly not going to be mandatory. We think that is a mistake. We think there should be some sort of targeting or quota, even if it is not a totally fixed number, for local government areas that they actually should try to provide a certain number of units of affordable housing. Some councils have set their own numbers. In London councils routinely target 40 per cent to 50 per cent of new developments as affordable housing—Hammersmith-Fulham is probably one example. Using the planning powers to provide affordable housing is one way of providing housing just for normal income earners. People who earn under \$35,000 or whatever, the planning mechanisms can be used as well as directly providing building public housing.

**The Hon. DOUG MOPPETT:** We have your excellent submission on regulatory framework, but is there anything you would like to add?

**Mr VOLKE:** Not a lot, but there are one or two things that might be worth adding. There are different ways of conducting regulation. Indeed, there are some regulatory standards already in place; they include the fact that community housing organisations are subject to the Residential Tenancies Act, subject to their funding agreements and also subject to a range of other legislation, including their accountability through their process of incorporation whether as an association, company or whatever. But still there is a lot more to be said about the whole issue of regulation, as you are well aware. You will be aware also that there was some discussions some 12 months ago about the inclusion of community housing provisions in what is now the Housing Act. A lot of us felt it was unfortunate that that discussion was not pursued at that time because I think there is a broad consensus in general, first, that legislation is desirable and, second, that it would be best located within the Housing Act. So, certainly our view would be that we need to look seriously at the whole question of legislation. I do not think you will get much argument from the sector, depending partly of course on what is in the legislation.

**The Hon. JAN BURNSWOODS:** That is right. Everyone who has spoken to us has agreed that there should be legislation, not on what it contains.

**Mr VOLKE:** You will be aware of the submissions made by the Federation of Housing Association and the Association Resource Co-operative Housing [ARCH]. They have spelled out, particularly ARCH, a number of the benefits of an effective regulatory framework. Yes, we support

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also the idea of legislation. I will not bother going into those reasons now because we do not have the time but, of course, there are other things as well. Partly these processes have been started within the community housing sector. I instance for example registration and licensing, codes of practice and standards, accreditation and, of course, the sheer requirements in any case of the funding agreements.

Of course, there is also the national community housing standards, which have had a lot of discussion and again attract fairly broad consensus. It deals with issues like tenancy management, asset management, tenants rights and participation, working with the community, organisation management, evaluation planning and service development, human resource management et cetera. So, both in terms of good practice, accreditation, registration et cetera and also of regulation, certainly we support legislation within the Housing Act and, secondly, I guess there is the question of how all of this is to be monitored. Our view, for what it is worth, and we do not pretend to have expertise in this area, is that it is probably most appropriate for these activities to be carried out by the Office of Community Housing [OCH] with the one saviour we probably would make that given that the Office of Community Housing is directly accountable to the Director-General of Housing, which potentially in some sense at least is competitive with the committee housing sector, to see OCH report directly to the Minister rather than simply being a subset of the Department of Housing. I could go into this in great deal more detail but I think we have run out of time. That is to give you some idea of where our thinking is running anyway.

**The Hon. DOUG MOPPETT:** We would be pleased to receive anything you may have in a supplementary submission.

**(The witnesses withdrew)**

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**ROS BRAGG**, Deputy Director, Policy, NCOSS, 66 Albion Street, Surry Hills, sworn and examined, and

**CATHERINE MAHONY**, Senior Policy Officer, NCOSS, 66 Albion Street, Surry Hills, affirmed and examined:

**The Hon. DOUG MOPPETT:** Did you each receive a summons issued under the Parliamentary Evidence Act to attend this inquiry?

**Ms BRAGG:** Yes.

**Ms MAHONY:** Yes.

**The Hon. DOUG MOPPETT:** Are you conversant with the terms of reference of this inquiry?

**Ms BRAGG:** Yes.

**Ms MAHONY:** Yes.

**The Hon. DOUG MOPPETT:** We have received your submission. Do you wish that submission to be included as part of your evidence?

**Ms BRAGG:** Yes.

**Ms MAHONY:** Yes.

**The Hon. DOUG MOPPETT:** In what capacity are you appearing before the Committee?

**Ms BRAGG:** I am appearing as a representative of NCOSS.

**Ms MAHONY:** I am appearing as the Senior Policy Officer of NCOSS.

**The Hon. DOUG MOPPETT:** If at any stage you would prefer to have your evidence dealt with confidentially, you have only to let us know and we will respond accordingly. Do you wish to expand on your written submission in general terms before we proceed to questions?

**Ms BRAGG:** We are happy to go to the specific questions.

**The Hon. DOUG MOPPETT:** What does NCOSS believe to be the role of community housing within the broader social housing context?

**Ms BRAGG:** Firstly NCOSS wants to emphasise the importance of the social housing system overall. When we talk about poverty, we have measured the poverty line. The most useful measure from our perspective is the after-housing poverty line. So, what money a household has left over after it has paid its housing costs. So, the housing costs really define the amount of disposable funds that a person has available for food, transport, clothing, social interaction. Our focus is disadvantaged people. This is a critical issue for us. Most disadvantaged people are at the mercy of the private rental market and the private rental market, as you know, can demand rents well in excess of the 30 per cent of income we use to measure housing stress.

In the private rental market we are talking about rents well in excess of the 30 per cent of income that we use to measure housing stress. The problem also in the private rental market is of not offering security of tenure leaving disadvantaged people open to the financial costs of moving regularly, and the personal costs in terms of losing their social networks, which, for disadvantaged people, are particularly important. People with complex needs such as major illness, disability, in the private rental market is clearly a nightmare—limited access, difficulties in negotiating leases, lack of



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appropriately modified stock and so forth and, of course, for indigenous people and a range of other groups in the community discrimination is a fundamental problem.

So within this context social housing is of critical importance to disadvantaged people in providing housing that is affordable, which has security of tenure and which is appropriate to the person who is seeking that housing, within social housing community housing offers like public housing, security of tenure, and affordability to a very extensive course in both tenures appropriate housing. From our perspective the key things which community housing provides within the social housing sector is that it is locally based and responsive. They are organisations which have a geographical area in which they operate. They are able to develop processes which are appropriate to the local communities, whether that is in terms of the type of housing that is provided, the way in which the tenancies are managed, the priorities for development of the service, the directions which the service takes and a range of other issues.

They are locally based and responsive, and their size and flexibility allows them to be responsive. I would emphasise also the ethos which the community sector brings to service deliveries about responsive service delivery. Another key thing that community housing offers is participation. Of course, this is government policy overall; it is emphasised in all sectors of government at the moment. I would suggest that the NGO sector as a whole has shown very good practice in developing active policies and processes in participation, probably much better overall than the government sector across the board.

Within community housing that has particular benefits. You get better decision-making processes and, therefore, better services in the longer term. The more effective the participatory processes the better the information in the hands of people who make decisions. We are talking about making better decisions in providing housing services. Another advantage with participation is that it provides tenants with a sense of ownership over decisions made about their housing. This is really important, it is the antithesis of the sense of powerlessness and alienation, which is common to many disadvantaged people in their dealings with government services.

Centrelink is the prime example of that. Gaining tenant understanding of the issues that need to be taken into account when making decisions, and gaining tenant engagement in the process of evaluating a range of matters and coming to a conclusion, are critical. They are good arguments that participation provides disadvantaged individuals with improved health benefits. Another key strength in the social housing sector is the scope for innovation that community housing offers. A whole range is involved, especially the involvement of community housing in finding creative solutions to problems on the broadacre estates.

The community renewal process, with which the public housing system has had extraordinary difficulties, is an important role in which committee housing can contribute. That is an example of the positive work in innovation, and also an example of the capacity for innovation. Community housing also has open to it creative financing options that are not open to the public sector. The culture of the NGO sector also contributes to exploring strategies for expanding community housing. Another area in which there is strong evidence of innovation is partnership with support services.

Obviously that is the key issue for NCOSS, given our focus on the Supported Accommodation Assistance Program [SAAP] services. We are talking about services that are provided through DOCS and the Department of Health, the standard support services we expect to be provided to disadvantaged people. We are also looking at employment agencies, and other key issues if we are to assist people to escape from poverty. Certainly there are good examples of innovation by community housing agencies in promoting partnerships with agencies.

**The Hon. DOUG MOPPETT:** Could you briefly outline the role of SAAP in providing transitional support to people in crisis and comment on the range of clients?

**Ms MAHONY:** The primary role of SAAP as a support system is to address the needs of homeless people and people at risk of homelessness. The role of SAAP ranges from assessment when a client is referred to them from another community organisation or a government department, or maybe the police, or if they self-refer. The clients needs are assessed and they develop a client

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management plan around the needs of that client. The obvious role is the provision of basic needs such as accommodation, food, somewhere to shower, somewhere to do the laundry. Practical support is about attempting to stabilise the crisis to the point where there is some room to start working with that client.

Other roles include general support and counselling in the first instance. Often people go to a SAAP service from domestic violence, or they could have been on the streets for quite sometime or they could have a number of complex health issues. Specific counselling may be required. There is an increasing incidence of people who have experienced war; they may have left their country involuntarily and may be refugees without any clear status. Trauma victims with specific needs often end up in SAAP services. Linking the client with services outside the organisation is very important. That could include health or legal. Linkages between SAAP agencies and community resources is very important.

There is an enormous variation in the role of SAAP agencies. Often people who are chronically homeless, particularly homeless men with drug and alcohol problems, will turn up at a SAAP service on a number of occasions. I will talk a little more about that later. It depends on the needs of the client and the client's willingness and capacity to engage in an ongoing process of transition from being homeless to moving on. A client who has children will require the child's needs to be addressed, for example schooling or counselling. The child may have witnessed years of domestic violence. The leading service, the SAAP agency, has a role in linking the client with available resources.

Another role is providing the client with information and advocacy. Increasingly SAAP clients turn up with no income because they have been breached under Centrelink policy. Advocating for the client with Centrelink and other agencies to ensure that they get the benefits to which they are entitled is another role. We ensure that there is an understanding that the client has specific needs that need to be addressed, rather than simply cutting off the benefits. It would be of interest to this Committee to look at the role of the SAAP agency in longer term housing options for clients.

That will usually involve referrals to community and public housing, assuming that it is available in the region. Often the waiting lists are long; six to eight years for public housing in many metropolitan offices. At the moment there are 98,000 people on the public housing waiting list. While community housing waiting lists tend to be shorter, it often takes quite a long time to meet the needs of the client. Other options to be explored with the client include the private rental market. If that is the only option, and often it is, when the client is ready to exit SAAP the agency will help them to access support such as Rent Start through the Department of Housing, help with the payment of bond and with removalist costs. Another role the SAAP services may play once the client leaves the service is outreach support. If the client moves into community public housing or the private rental market often there will be a need for ongoing outreach support between the SAAP service and the client.

**The Hon. DOUG MOPPETT:** What proportion of people in public housing were SAAP clients?

**Ms MAHONY:** It is hard to know but in our submission we point out the number of clients who come to SAAP from department and community housing and the number who are referred back to public and community housing once they leave SAAP. From the NCOSS perspective, the percentage is rather low compared to the number that go into the private rental market or are recycled back into the SAAP system. The clients of SAAP services vary enormously. Predominant groups are women and women with children escaping domestic violence, they represent 15 per cent. A high proportion consists of homeless men with drug and alcohol or mental health issues, or intellectual disabilities, or often a combination of those. Aboriginal women make up 21 per cent of the clients, they are overrepresented in the SAAP services.

Recently arrived migrants with no income support are increasingly making up a fair proportion of the clients. Currently 55 per cent of clients are male with an average age of 34, and 45 per cent are women with an average age of 30. Anecdotally it is fairly clear that there is a high proportion of people leaving the correctional system who are clients of SAAP services. The term "complex needs" in relation to those clients is of minimum use. All clients of SAAP have complex needs and increasingly the degree of needs is growing.

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There seems to be some extraordinary expectation of the capacity of the SAAP sector to adequately address chronic homelessness. Increasingly people with various complex mental health issues become clients of SAAP. That need to recognise the complex needs of the client group was developed over years, if not decades. Whether it is two weeks or four months in a SAAP service it is an incremental development process of recovery. It will not happen because of access to supported accommodation, it is really an ongoing process, the resolution of which requires, sometimes, years.

**The Hon. DOUG MOPPETT:** A number of these questions are based on evidence that we have heard. If, for example, you had sabbatical leave for 10 years, you left the public housing sector and you came back, you would be astounded at the change in the client profile—from families trying to get their feet on the ground to people with statutory benefits and complex problems taking up available public housing. So this relationship with SAAP is obviously important. You have been talking about ongoing needs rather than simply a gateway through which one should pass to achieve some form of public housing. In a way, we are talking more in general terms about community housing, although you mentioned the appropriateness of community housing. But you are suggesting in all this that many of them have a continuing need to re-enter the SAAP service, which is continually in touch with them because of their needs in the first place. It is not a one-off intervention in their lives?

**Ms MAHONY:** No, it is not a one-off intervention. The nexus between the needs of SAAP clients and the role of community housing—which we will discuss a bit more—can be a difficult feat, particularly in relation to high complex need clients and their capacity to live independently and have a successful tenancy. That is why one of our recommendations relates to adequately resourcing both sectors. To the degree that the community sector is able to take more of these clients, the outreach support is there.

**The Hon. DOUG MOPPETT:** We asked earlier what other government and non-government services are required by clients that we have been referring to, in addition to SAAP services?

**Ms MAHONY:** One of the strongest needs is access to mental health services, drug and alcohol detoxification and specialist counselling services for women and children, both from New South Wales Health and from the non-government sector. Those are critically important areas where other services are required. Other services include access to public housing and community housing and support from income agencies such as Centrelink. We believe that some of the breaching policies directly contribute to homelessness, so we need more support from those Federal agencies. There is broad range of other agency services, such as child care, employment and training, family support and legal aid. Those are some of the key services.

When you look at particular groups you see that trauma victims, often with limited English language skills, require specialist counselling and will require ongoing support for a number of years. Women who have been sexually abused, who have experienced domestic violence or who have been incarcerated in the correctional system require specialised support services. A number of these women are Aboriginal women who make up a high proportion of the clients. As I mentioned earlier, 21 per cent of SAAP clients are Aboriginal women. There is a need not only for those services; there is a need for culturally appropriate services for Aboriginal women.

**The Hon. DOUG MOPPETT:** You provided the Committee with a recent publication entitled "Cash and Cowboys", which documents the multiple barriers that exist for disadvantaged people in the private rental market. Could you comment on the role that community housing plays and can play in providing secure housing for this group of people?

**Ms MAHONY:** We think that community housing currently plays a significant role in relation to secure and affordable housing. So that is an important sector in relation to the barriers identified in the "Cash and Cowboys" report. The other thing, which Ros mentioned earlier, was also the ethos—the principles of community housing—which are tenant focused and which will apply to that capacity building in its most practical sense. However, there are real constraints on the community housing sector in relation to groups that have been identified in that report as having barriers to the private rental market. The overriding one is the lack of stock to meet demand. The

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second one would be the lack of professional support to provide outreach for clients to sustain the tenancy while they are there.

The issue of head leasing—it can sometimes be an issue—was identified when we were doing research for our submission. Often community housing providers are head leasing off the private rental market. Some of the groups that are SAAP clients that need community housing may not come within the landlord's or the real estate agent's idea of a good tenant. So while head leasing is successful in a number of instances, often community housing can be in a difficult position—juggling the needs of complex clients exiting SAAP and also managing relationships with owners and real estate agents around access and property for particular client groups.

**The Hon. DOUG MOPPETT:** That might extend to other tenants of community housing which they manage, who may also have views about the type of tenant that they would like to see as their neighbour?

**Ms MAHONY:** Yes.

**The Hon. IAN WEST:** Does that mean that community housing could end up with the easy-to-place people and public housing could end up with the hard-to-place people?

**Ms MAHONY:** Some pilot programs that relate to high needs clients have been undertaken. One was undertaken into the crisis accommodation program initiative. One of the problems that was identified was that, in order to ensure the success of the tenancies, there was a tendency to select low to medium need clients rather than high need clients. So I think that in relation to that pilot program—and there have been a couple of others—there was a natural tendency to try to get successful outcomes. Unless there is adequate resourcing for the higher need clients, they will miss out.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** I have been a landlord, which is difficult and expensive from a private landlord's point of view if the tenancy breaks down. In the early 1980s I used to do a lot of after-hours medical work, so I have a concept about public housing tenants. They represented a high percentage of my work. In trying to get an overall picture am I correct in saying that the number of people living in public or community housing is a smaller percentage of the total population, that there has been a decline in the amount of public housing stock?

**Ms BRAGG:** As a proportion of all housing?

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Yes, and as a proportion of the population.

**Ms BRAGG:** Absolutely.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** The withdrawal of mental health services and increasing unemployment have meant that the client base has a higher percentage of problem clients as opposed to a broader mix of groups?

**Ms BRAGG:** Overall, we are seeing an increase in the number of people who we would class as disadvantaged. We are seeing an increase in the complexity of the disadvantaged—for example, people being homeless and having a mental illness, or people with drug and alcohol problems and a mental illness. So across the community we are seeing the number of people who are disadvantaged and the complexity of that disadvantage. That is directly reflected in public and community housing and social housing. Broadly, the most disadvantaged people are the first to be put on the list for access.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** They are the highest on the priority list. So the proportion of people in public housing with these complex needs rises and that, presumably, puts more stress on that geographical and community area?

**Ms BRAGG:** As a tenure, yes. I would say that social housing overall is facing more stresses from the complex needs of the clients.

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**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** So the amount of support for each client in the housing sector becomes greater?

**Ms BRAGG:** There are definitely increasing needs for support services across the board in social housing.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Even for the same stock as there were, say, 20 years ago?

**Ms BRAGG:** Yes.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** And that is not being met?

**Ms BRAGG:** I think we are seeing some attempts to create different responses to that, but certainly the evidence that we are hearing is that there are massive gaps in the support services that are being provided to clients, in particular in community housing but also in public housing.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Could you talk about the full-time equivalent of people working in that area, or is that too difficult a question?

**Ms BRAGG:** I would say it is too difficult to put staff numbers on that. We are talking about a huge population. We are talking about support services from across government agencies—the Department of Community Services, Health, Corrective Services and so on. We are looking at a whole range of government agencies that need to be involved.

**CHAIR:** My question partly relates to what the Hon. Dr Arthur Chesterfield-Evans said earlier. You state in your submission that you have chosen to focus on SAAP and the relationship between that and community housing because you know that other people who are giving evidence are talking about other aspects of our terms of reference. One issue that we are not addressing is that this is an inquiry into community housing. We keep talking about housing. What you are telling us when you are talking about the SAAP programs I suppose focuses on a huge range of support services. In other words, we are going way beyond housing.

Are we not drawing false distinctions by moving people out of SAAP into community housing or public housing? We cannot really leave the kinds of people that you are talking about just with housing. Are we getting to the stage where we have to use different terminology and look at different systems, or do we need a permanent SAAP? It seems to me that, in a sense, we are not really homing in on the fact that the client mix has changed and narrowed. We cannot ask a housing system to solve the sorts of problems that you are talking about.

**Ms BRAGG:** It is true that housing systems are about bricks and mortar. That was the original conceptualisation. But we are referring to sustaining tenancies when we are talking about operational housing. We are talking about the most disadvantaged people in the community and about people with complex needs. In order to sustain a tenancy we must look at the support services that people need. SAAP is supposed to be an emergency housing program. Increasingly, we are finding people returning to SAAP.

**CHAIR:** You have just summed up what SAAP was supposed to be. However, we can no longer talk about what SAAP was supposed to be. In effect, we now have in place a system—SAAP—from which a whole lot of people in our community cannot exit?

**Ms BRAGG:** I would not suggest that SAAP should be turned into permanent accommodation. It is set up as an emergency accommodation program. In many ways it is not appropriate housing in the sense of a long-term housing option. People often return to SAAP because it is not just about a bed; it is also about the other support services that are involved. SAAP provides support services—on an outreach basis when people move into longer term accommodation—with its limited resources and the limited capacity that it has to do that.

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The problem is that we are not seeing other services, whose role it is to provide long-term support, stepping in. So we certainly have a whole range of needs—health, community services or family support. Earlier we heard about specific counselling services and so on. Those services must step in to assist people with complex needs and they must also assist those people to maintain a tenancy in the social housing sector. I do not know whether it is appropriate to see expanding SAAP to becoming a long-term housing option, or even a permanent support option, as a satisfactory answer when we have government agencies whose job it is to provide that longer-term support. I would say that the shortage occurs in the services they provide, rather than seeking to expand SAAP to be an indefinite source of support.

**CHAIR:** It is not so much seeking to expand SAAP. This is certainly not a criticism of what you have said today or your submission. But when we compare SAAP to public or community housing, are we drawing a distinction that is perhaps now artificial? Perhaps we have to talk about the housing sectors as being more like SAAP. Perhaps we need different models of the housing sector—which I know a number of community housing associations certainly provide. Given the percentage of clients with complex needs and so on, I wonder whether it is an artificial distinction to say people move from this to housing, because really they need a much more integrated mix of housing and support services rather than all these different departments and bodies becoming involved.

**Ms BRAGG:** I think there are certainly good arguments to move away from the silos of different government agencies so that you get little bits of support here and there. But nonetheless I think it is hard to get away from some of the basic issues in housing, which are appropriate, affordable accommodation for people, and I would say that SAAP is not appropriate accommodation in the longer term.

**CHAIR:** I probably misled you; I do not mean that it is. But do we need permanent options that are more like SAAP than the traditional forms of social housing?

**Ms MAHONY:** I think that some of the jargon around this, in terms of the social housing system and the properties that are available at the moment, is a pathway to housing security. Theoretically, what is supposed to happen is that you have a crisis, you are homeless, you move through this process, you get a referral in the area where you need to live, with access to the services, and you move through and get on with your life. That is why I believe the linkages between the service systems are really significant.

I do not think we can underestimate the impact that deinstitutionalisation has had on a number of people with complex needs to revolve through SAAP. So I think it is partly the failure of other systems that has resulted in the degree and number of people with high-complex needs that are presenting in SAAP services. The difficulties of supporting people to transit into a more secure housing system with the support is a difficult one, when the resources to do the job of just dealing with the crisis are already chronically underfunded. The SAAP sector has not had growth funds for eight years, and the needs just keep on growing.

In many ways, the housing is the bedrock; the support services have to be there to make it viable. But this is not going to happen, simply because services that are already there do more on less. It will require far more comprehensive linkages and understandings between the sectors, but also real resources, to be able to do the job properly. Quite often we find that people who come back into SAAP have gone through a bit of a process and then fallen over because there has been a lack of continuity. There has been the goodwill, but there has not been the resources.

**CHAIR:** Is that because the resources that should have been provided to make ordinary housing work have not been provided, or is it because the model is unlikely to work for those people anyway?

**Ms MAHONY:** I think the model of community housing can work for a number of SAAP clients, providing there is the capacity of those sectors to do the job well and the other relevant government and non-government agencies come to the party around some intensive support when required while that client is making those transitions. I think it is accepted that it is incremental and it does not happen within the short term. But once the ball has dropped, you are often back to square one with those clients.

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**The Hon. DOUG MOPPETT:** Is there a quintessential factor in community housing provision which leads to the successful placement of these people, or is it something that could equally be done by the public housing sector? Does it really depend on other factors that have nothing to do with who the manager of the accommodation? The matter we have to wrestle with is whether we recommend a wholesale increase in community-run housing, or is it simply a matter of: They have established themselves, they are easier clientele to work with, and their satisfaction comes not because of the superior management but simply because the people who are being surveyed are people who have housing? In other words, they really could not care less who is managing it; they now have affordable accommodation.

**Ms BRAGG:** I think it is fair to say that a lot of people do not really care who is managing their housing, as long as they have housing that meets their needs. So the question is whether community housing is meeting their needs. I would say that there are key issues for us in terms of the participatory processes and responsive service delivery, which are issues for ensuring that people with complex needs have the support services they require. So I think that capacity to be responsive—not just at a local level but also at an individual level—is really important here in taking that step beyond just bricks and mortar.

**The Hon. DOUG MOPPETT:** What would you like to see come out of this inquiry?

**Ms BRAGG:** The first thing we would really like to see come out of the inquiry is a clear understanding of the importance of the support services. The links between SAAP is something that we have focused our submission on. We have also focused on the comprehensive support services question, which is integral to the provision of effective tenancies in community housing. We would like to see a commitment to an overall State housing strategy. We mentioned this in our submission. It has come up less during our discussions today, but we would like to see a State housing strategy that deals with community housing, public housing, SAAP, mechanisms for engaging the private rental market, planning rules and regulations, and stamp duty—a whole range of issues that impact on affordability and the availability of appropriate housing. We would like to see this inquiry put its work into community housing, in the context of a need for an overall State housing strategy. Certainly in the interests of disadvantaged people, that is absolutely critical.

We are keen to see a commitment to providing more support for community housing and a clear policy base from which to do that. I think the inquiry provides an opportunity to be very clear about the objectives of community housing and gain an overall approach to that. We would also like to have some recognition of the dangers to disadvantaged people in community housing, as in public housing generally, about the Government's reform package. The introduction of bonds and the loss of security tenure are issues that we have not discussed today, but they are absolutely fundamental problems for disadvantaged people.

The increased costs and the fairly clear perception from our end that this will not actually produce the results that government has aimed to produce, are very big issues for us. From our perspective, there is no need to make housing less affordable, to bring the problems in the private rental market into social housing. We can see no advantage in removing security of tenure. The responses on the security of tenure are well and truly covered within the powers of the Department of Housing and individual community housing providers. I think they are the key issues: the support services, the overall State housing strategy, a commitment to more small, community housing and the difficulties that are created for disadvantaged people by the Government's reform package.

**(The witnesses withdrew)**

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**BEVERLEY GIEGERL**, Chairperson, Standing Committee on Community Planning and Services, Local Government and Shires Associations of New South Wales, 15 Lesley Crescent, Mortdale,

**PHYLLIS JUNE MILLER**, Vice-President, Local Government and Shires Associations of New South Wales, and Chairperson, Housing Reference Group, PO Box 192, Forbes, and

**STEPHANIE SMITH**, Housing Policy Officer, Local Government and Shires Associations of New South Wales, Ada Street, Randwick, affirmed and examined:

**The Hon. DOUG MOPPETT:** Did you each receive a summons, and are you conversant with the terms of reference of the Committee?

**Ms GIEGERL:** Yes.

**Ms MILLER:** Yes.

**Ms SMITH:** Yes.

**The Hon. DOUG MOPPETT:** If you feel at any time, either individually or collectively, that the evidence you would like to give requires confidentiality, would you let us know and we will expedite that sanction. Do you wish your submission to be included as part of your sworn evidence?

**Ms GIEGERL:** Yes.

**The Hon. DOUG MOPPETT:** Would you like to elaborate on the submission you have provided?

**Ms SMITH:** We would probably prefer to go into the questions. They address a lot of things we have mentioned in the submission.

**The Hon. DOUG MOPPETT:** In your submission you say that many rural councils as well as several urban-based councils have had considerable involvement in the planning, provision and/or management of community housing. Could you give us a brief overview in general terms of the role local government plays in the provision of community housing in New South Wales?

**Ms MILLER:** I can give a rural perspective and Stephanie can give the city perspective. Some councils in the country have completed affordable housing projects but the basic role for local government in the bush is to be a board of management for some of the community tenancy schemes and to make sure that those schemes are run correctly. I am chair of the Parkes-Forbes community tenancy scheme. It works under the two councils of Parkes and Forbes. We do all the management and make sure that that community housing scheme is run according to the letter of the law. Local government often oversees housing projects. We often give rate rebates. There are some local grant programs. Some council-owned properties are used for community housing.

This is a new area for councils to become involved in. We are slowly coming out of our rates, roads and rubbish train of thinking and we are starting to look at meeting affordable and adequate housing for all age groups throughout. There are 27 councils in New South Wales and they are licensed by the Department of Fair Trading to manage the provision of 476 self-care units, and 24 councils have built hostels and nursing homes. A small number of councils have participated in developing community housing projects for people with disabilities, young people and single-parent families. While caravan parks are not considered a form of community housing, an increasing number are being used as a last resort for permanent housing. In New South Wales 45 councils own caravan parks, with 1,106 long-term sites. I will hand over to Stephanie on the urban stuff.

**Ms SMITH:** Phyllis has outlined a range of roles that councils play. Traditionally, the largest proportion of community housing providers—direct providers and those that have been involved in project development—have been in the bush. A number of councils such as Waverley and North Sydney have been involved in community housing over a long period within the city areas. Councils such as Wollongong and Wyong more recently have been involved in community housing as well. In



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urban areas councils do not necessarily have land to be able to give for community housing, which has been one of the characteristics of councils in the bush. As we know, land supply in the greater metropolitan area of Sydney is under stress at the moment.

Councils play a whole range of other roles in terms of libraries and recreational space which would compete with providing land for community housing. However, you might be aware of the changes to the Environmental Planning and Assessment Act that were made about two years ago. We are awaiting the blessing of a State environmental planning policy on affordable housing. We see that as being an instrument through which councils, particularly in the metropolitan area, will be able to seek developer contributions for what we term affordable housing. Affordable housing covers a broader group of people.

You might be aware that people, particularly in the Sydney metropolitan area, face what is termed housing stress. They are not just people on pensions and benefits; they are people who have jobs such as cleaners and bus drivers. They are often paying up to 50 per cent of their income in rent or mortgage repayments, at the expense of other living expenses. So the issue of affordability, as much as for people on pensions and benefits, is facing councils. Councils recognise those needs. Through the implementation of this planning policy councils were hoping to have powers to seek contributions from developers. Those contributions will be in land, dwellings or financial contributions. The contributions will be put into a housing fund. Councils will be able to enter partnerships with the State Government, the community sector or the private sector.

There is a social justice recognition within councils, particularly in urban areas, that there is a problem out there and the CSHA is not meeting the issues. Councils can play a role. I am not suggesting that this piece of legislation will answer the questions—I think that the problem is more macro than that—but a number of councils are prepared to put their hand up and say that they recognise the problem: It has been identified in our social plans, what can we do that is unique to that form of government to assist with this problem?

**Ms GIEGERL:** I endorse the comments that Stephanie has made. I do not need to reiterate them but in the metropolitan area an alarming number of low to medium income families are having 50 per cent of their earnings consumed by accommodation. Where they have children there are child care expenses et cetera. And when there is uncertainty of employment there are real pressures. Certainly it has to do with the cost of land in metropolitan areas but if this is where their employment is that all compounds the problem. Some metropolitan councils have been very proactive. Stephanie can give you the details of those. But many councils are waiting to see what can be done with affordable housing. The links would probably be in facilitating that through the planning processes and then leaving the management to, say, the establishment, in our area, of the St George community housing association or whatever it is called.

This is a problem that needs to be addressed because it is placing enormous pressures on families. It is mandatory for councils to do social planning and you can hardly do social plans for councils based on community's needs and concerns without becoming increasingly aware of that. We are in the situation where we identify these critical needs but the big solutions are not the province of local government or the local council. However, as an advocate of the communities that is certainly a key role that we play. That is why we sent the submission in. We would like to see some consideration on that score.

**CHAIR:** You gave us figures about what local government does, for instance, in the caravan parks you own. Where councils have moved into providing affordable housing they are not technically community housing in terms of management or structure. Is that correct? I am referring to the ones outside Sydney that you referred to in your submission.

**Ms SMITH:** Many councils in the bush will choose either to manage their own stock with a council committee or to hand it over to a community housing organisation to manage. The preference is growing towards recognising that there are skills out there in the community sector that can manage effectively and in some ways add quality to the management of that stock that councils have not considered their core business.

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**CHAIR:** You have given us the statistics on local government's contribution outside Sydney to the provision of certain sorts of affordable housing but most of them such as caravan parks are not technically community housing. They are providing much cheaper housing than might otherwise be available in the district and the councils put money and effort into that but in terms of support services or an official community housing model as they have developed in the past it has been ad hoc: it is a good thing to provide affordable housing in our region. Would be fair to say that that is the case?

**Ms SMITH:** In the bush it has very much come from local needs. It has been frustrated by funding models that often have been designed for urban situations. They have raised their own funds to provide self-care units for elderly people. They have not been traditionally developed in terms of: This is a community housing model we are running here. It has come from grassroots and that is how they have developed it. I think that the community housing sector and particularly some of the peak organisations provide councils with really good resources and backing in terms of training to actually improve the way in which they operate their services.

**The Hon. DOUG MOPPETT:** What does your organisation believe should be the future direction of community housing within the general context of social housing, including affordable housing? Is community housing the way to go? I also ask without forewarning a question that has been critical in other evidence we have had about the future of community housing. Those who advocate it say that the most important thing is the transfer of equity, the ownership of the property being transferred to the community housing group. Do you think councils would be interested in transferring the equity of any community housing project under their control to the community housing group or would they be reluctant to do that?

**Ms MILLER:** I will talk from a rural perspective. Their budgets are so small. They are constantly giving land for community projects as it is. I doubt if they would hand it over to community housing. In the bush we are more along the train of thinking community housing could do a far better job with some of the public housing that is out there. A lot of those areas are ghettos. They were all plonked together and they are ghettos. They are people with serious needs. I would like to see in rural areas some of that public housing come over to community housing where we could put the community office within the area where the problems are and get some support services into the people you are housing.

I find with public housing that they put a roof over your head and that is it: Do not worry about whether that person can budget or whether they have been bashed up by their husband or whatever. In my experience with community housing, which is only six years but I have put my heart and soul into understanding it, I have found that those people cannot just be plonked in a house and left there. They need all the support services, even just how to keep a house, how to budget so that they can pay their rent, have a bit of child care. Some of them need mental or drug and alcohol services. In the bush our stock is minimal in comparison with some of the more regional and city councils as to whether they would transfer it to community organisations to run. But in the country we need to do something about our public housing out there maybe going over to community. I believe we would get better results socially right across the board if we were to look at that in some aspect.

**The Hon. IAN WEST:** In trying to identify how the local council works into that, there is the question of identification of needs, the question of facilitation of and access to services to support those needs, and the question of not only facilitating but co-ordinating those services. What role do you suggest the local council should have? Should it go beyond identification and facilitation into co-ordination, or are you going to hand it to community housing and link it with council stocks?

**Ms MILLER:** I am not sure. The structure that I inherited when I became a councillor was that the community tenancy scheme had two councillors from either council, Parkes and Forbes, on the board of directors, and either of those had to be the chair of that group, and push the board. We have found out through that the needs of those two towns. I suppose that is partly through council. I do not know whether I should say this publicly, but I believe some council plans leave a bit to be desired. These were things that were foisted on local government and I am not sure that they really looked at the needs of the community.

But, being on those boards and being a local person, I have looked at those needs and I can see the problem areas and the problems with housing. I think the councillor from Parkes has done the

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same. We bring those skills to the scheme. It is more a co-ordinating or a leadership role in facilitating officers on something like that. I do not believe local government can run community housing. That is a function that needs to be separated. But there must be input; there must be a partner contributing to some of the planning aspects and to the board of management knowing what services it has in its towns. They must lobby to make sure that they have the services required to make that community housing scheme function well.

**The Hon. IAN WEST:** Are you saying that the local council should have some lead role in identifying the needs of its community?

**Ms MILLER:** Definitely.

**The Hon. IAN WEST:** And then co-ordinating and facilitating that response to that identified need?

**Ms MILLER:** That is what being a councillor is all about.

**The Hon. IAN WEST:** Finally, on that theme, what is your understanding of the social housing register that is being developed by the State Government?

**Ms SMITH:** Is this the social housing register being developed under the legislation that governs both community housing and public housing?

**The Hon. IAN WEST:** I think so, but I do not really know.

**Ms SMITH:** Our association has not really delved much into that. We are aware it was developed, and we have taken guidance from the Office of Community Housing and the peak organisations associated with its development and recognise that it is a step forward to a form of regulation and accountability for the sector.

**Ms MILLER:** I do not know, I am sorry.

**Ms GIEGERL:** I do not know either. May I seek clarification of a point raised earlier? I refer to the term "co-ordinating" and the councils having a role in co-ordinating. What did you mean by that? If it means, for instance, that councils in metropolitan area have a role in co-ordinating which tenant goes where, that is a different thing from getting a couple of councillors together to have a board of management.

**The Hon. IAN WEST:** I was thinking firstly of the identification of the need in the community. That is a fairly fundamental starting point. The facilitation related to the overall planning of the council area. The question of co-ordination related to the secondary role of community housing management and the management of other support services, in terms of giving support services to organisations that are managing community housing.

**Ms GIEGERL:** So you did not mean getting down into the operational side of the business?

**The Hon. IAN WEST:** No, but giving support services in terms of management.

**Ms MILLER:** If I could build on that. When you have a community tenancy scheme in rural areas you have a housing officer. Our housing officer is a real estate agent. I taught her. She is very good, and I am lucky to have her. Those people are very skilled in getting tenancy, but we have had to train our officer so that she will know what services are out there. Unless you have used those services—which I never have—you have to learn about those services. I would suggest that you need to train and advise your housing officer even to know what services are within your council area. I think that would be a very good role for local government.

**The Hon. IAN WEST:** That training side of things is a very important part of co-ordination.

**Ms MILLER:** That is right, and that is why you have someone in charge.

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**The Hon. DOUG MOPPETT:** From my own experience in the country, there is a little bit of a dilemma in that housing stock is fixed. So if a house is available, a decision has to be made as to who is put in it. The demand for services is very variable. So if you talk about co-ordinating services, someone will say: I am the one-stop shop, or I am the Family First representative, or whatever the current program is, and that person is the one who will co-ordinate the services, one of which is housing. I think you would have heard earlier evidence that the most important thing is services. Unless you stabilise the person, the housing question becomes problematic.

**Ms MILLER:** Those are my closing remarks today. Services are the most important thing in housing.

**The Hon. DOUG MOPPETT:** We do not always have the privilege and pleasure of having someone from the country give evidence to the Committee. It would seem, both from evidence to this Committee and from my own local experience, that the focus over the past decade has become more and more on the great conurbations of Sydney, Newcastle and Wollongong, because of the nature of social welfare concentrating on a particular group of people and in a way forcing them to seek accommodation in Sydney, where apparently job opportunities are better. Historically, acquisition of a property for public housing in country areas has become a backwater compared to the energy put into providing solutions to housing problems in the great metropolises. Is that your experience?

**Ms MILLER:** It is. I can understand, because of the economic decline in some regional and rural areas, the Department of Housing not wanting to build out there, because there is certainly not a capital gain for them. But that presents an opportunity for the department to enter a partnership with the private sector, which can offer long-term leases to people who want to invest in the bush but will never be able to afford to invest in the city. That could provide housing stock in the country and enable long-term leases on homes that people have built in the bush. They will get their capital gain, and they will be quite happy with that gain on their investment. But I can understand government not wanting to build any more houses, because there is no money in it. Let's be honest. I think the private sector has to be brought on board so that we may develop housing that way in rural and regional areas. I think that is the only way in which we will get more housing stock.

**CHAIR:** Would you answer that question differently, for instance, in your general region for a city like Dubbo, whose growth rate has been quite phenomenal?

**Ms MILLER:** Not really.

**CHAIR:** Compared with, say, Forbes, Parkes or Wellington?

**Ms MILLER:** No. I think there is an opportunity in any of the regional centres for anyone out there who might want to build. For a developer to do something, the developer must know that there is at the end of the day a long-term lease.

**CHAIR:** What do you mean by long-term for Forbes or Parkes, for instance? What effectively would you need?

**Ms MILLER:** From my experience in the real estate market, you have to own a property for about seven years before you make any capital gain on it. So seven years would have to be the minimum, I would suggest. I would be looking at up to 10 to 15-year leases. Then I think people would take leases up and build homes.

**The Hon. DOUG MOPPETT:** Alternatively, if they were moving out of the town but did not want to sell their home, they would be prepared to make that home available in this longer-term leasing market.

**Ms MILLER:** We have not got long-term leases, but that is what we do with CTS with most of our stock. We have a few public houses, but most of ours are in the private market. I was here earlier when the other two lady witnesses were here. They suggested that some tenants have a pretty tough time in the private sector through community housing. We take out the lease on behalf of our CTS. We are the ones who take the lease. They do not know who we are putting into their properties. We take out the lease on our own behalf. As a real estate agent, I can tell you that some of the people

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we house I would not have housed as a private agent; I would have been in all sorts of bother with my landlord. But I can honestly say that, with housing them and giving them support services, we have had tremendous success. We have got people back on the road to being good tenants, going back into the mainstream, getting them to an agent and getting them back into the private market.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** You are actually taking the risk out of the landlord situation.

**Ms MILLER:** Yes. If there is damage to the property, we are liable to fix it.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Presumably you can do that on a cost neutral basis, or is it a subsidised scheme?

**Ms MILLER:** We are a CTS program, and we do get rent subsidies. Yes, we get grant money. At the same time, we take a bond from everyone in our CTS. I am not going to go into that. I do not really want to go into how we do that. But we do it, and it is above board. We have a solicitor on our board, so we have that legal support on some things that we do. There is no problem with the tenant; it is not putting tenants out of the private market.

**CHAIR:** You spoke about success. Is the reason for that success the fact of your scheme, the people on your board, and your experience with making sure that support services are there to assist these people? Is that success due to your group essentially making sure that the person is not in effect dumped into a house; that there is a helping, monitoring and support services role?

**Ms MILLER:** When I first became a member I could see a lot of gaps in the way that we did things. I would turn up at a meeting, yes, no, yes, no, and we would be out the door, and I did not know very much at all. So, when I took over the chairmanship a few years ago I decided we needed certain skills on the board. I now have a Department of Housing representative, people from some of the services, including HACC, as board members. I have strategically got board members who are beneficial in supplying the board with knowledge and advice. Also, the environmental officer from the Forbes Shire Council is there from a planning point of view, or to do inspections, or to enable us to know when we get quotes for fences or whatever that they are right. We now have a skilled board, and I think that has made it successful as well. But we certainly have support services.

**The Hon. DOUG MOPPETT:** I will ask you a question that you may take on notice and reply to after thinking about it, even in a confidential way. I think we would be remiss if we did not refer to the experience of certain regional centres that find that their housing stock—owned by the Department of Housing or provided by the Department of Housing at some point in time—has a rather specific demographic characteristic about it. There is certainly a lot of publicity in regional newspapers about the difficulties arising in those localities that are widely identified, and I am sure you know what I am talking about.

**Ms MILLER:** Yes, I do know exactly.

**The Hon. DOUG MOPPETT:** In a way that flies in the face of everything we have been talking about. In other words, if a number of clients seeking accommodation are of a particular socio-economic, cultural or ethnic group and they all congregate together because that is where the stock is, no-one else wants to live in that area because it gets a name and a reputation. So all the good news about community housing providing these nice little mixes and bringing together services seems to break down when those examples are examined. Can you, through the Local Government Association, comment on that, because it is a big thing in regional centres?

**Ms MILLER:** Just on that, down in Victoria they had the exact problem you are talking about in public housing, and a community housing group went in there and had its offices, and all the support services had offices, smack bang in the middle of this area. They had great success. I cannot remember exactly where it was but it was an interesting case where they turned the area around. I think some of them need bulldozing and we need to start building again and redevelop those areas.

**The Hon. DOUG MOPPETT:** I know that in some towns councils follow a policy of selling off the congregated stock or build on a vacant block so that clients are dispersed into the community.

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That produces some negative reaction but some positive outcomes as well. If you care to think more about that, it is a significant issue for a lot of people in the community.

**CHAIR:** We should also ask Ms Giegerl to expand on that section in which you give North Sydney Council as an example but also where you make some criticisms about the State Government and the Department of Housing for having a certain sort of rhetoric but not being terribly good at putting its money where its mouth is.

**Ms GIEGERL:** North Sydney has the background in that. I pick up on that last point of congregations we have experienced and I guess we have had plenty of those in the past in the metropolitan area. I would certainly say that where they have been scattered, the salt and pepper approach in our area has worked well. If Stephanie can take the question over, I think North Sydney and Waverley, et cetera, are our aspirations in that the affordable housing SEPP may well permit within larger developments the scattering of individual units, which contributes to the community because you do not have a community that is all one strata in any rural city or whatever. The community mix is very important. What North Sydney is doing sets an example.

**CHAIR:** From what you are saying, given the level of development in Hurstville, is Hurstville council moving into this area of having a percentage of social housing in large developments?

**Ms GIEGERL:** So far we have not, because we have been awaiting the affordable housing options. We do have out in our area the St George Community Housing which is separate from council.

**CHAIR:** We visited the St George Community Housing Association as part of our first round of hearings in February, I think.

**Ms GIEGERL:** The reality out at Hurstville, and this is in the process of being addressed, is that the de facto affordable housing, particularly for pension age, has been a multiplicity of SEPP 5s, some of which are palatial and not in the affordable range, but some of which have been put together and they have created a problem. I would be much happier to see those things including individual units scattered throughout. I personally like what I have seen of Waverley's presentation where, in any development, negotiations take place with council's conditional approval on the division within a block of units of one or two affordable units. That is what I personally would like to see more of.

**CHAIR:** But your council has not moved that way?

**Ms GIEGERL:** Not at this point in time, no. There is certainly a growing awareness. You have only got to be a counsellor with a grown-up family where your young ones are trying to establish their and homes in the area. They have no chance. We have done research on the population that is living in a lot of the high-rise development that is taking place in Hurstville. Interestingly, that research looked at Sutherland, Hurstville and Campbelltown. It found that many of those towers are occupied by single-person households. That skews our community. Families were heading out to the Campbelltown area, Hurstville central business district and a large chunk of Hurstville becomes an area where you have single dwelling people, perhaps transients. For an area like ours, if you are raised in St George you are stamped forever as St George. That is where your family was, where you grew up and where you have your kids, and so forth. That has been a dramatic change. I would like to see some affordable housing back in Hurstville—and I keep saying affordable and you are talking about community.

**CHAIR:** We have very specific terms of reference.

**Ms GIEGERL:** Yes, and I am sorry about that. But I think we need it in our area.

**CHAIR:** Perhaps we should ask Stephanie whether she has any more comments about North Sydney, which is the one you name and which has set up its most recent scheme, and the management is specifically the Community Housing Association.

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**Ms SMITH:** I am looking at the funding model that was in that submission. We identified that as something that would be good to move towards, more of an institutional-type way. It was set up as a pilot and it has never been renewed and it has not passed on to being looked at by other councillors. It was a three or four-year funding program and it was a commitment by both North Sydney Council and the Department of Housing to identify local needs and to put funding together towards pursuing community housing projects. The North Sydney funding came from section 94, where they levied for cost of low-cost housing, such as boarding houses and on-strata residential flat buildings. That money then went into a housing fund and was then joined together with funding from the Department of Housing.

It is my understanding that the Department of Housing was severely questioning its capacity to invest in North Sydney because of the increasing housing prices. It appeared to be a very good model whereby you had council recognising that it was losing housing and was not able to replace it, and it did not see itself as taking on that role of providing community housing but could contribute in a way whereby it could reduce the cost for the department to come into that area. What was good about it was that it was a three-year plan. It was about local housing for local people and it was about council and the department working together to identify a plan of action about what type of housing was needed for what particular types of families. It appeared that it was a good model but it has never been duplicated, it has never been evaluated, and it has disappeared.

**CHAIR:** When you say it has disappeared—

**Ms SMITH:** It has not been renewed, I should say.

**CHAIR:** So the housing stock is still there and people are still in them and management is still undertaken by this Community Housing Association but it has not been duplicated or expanded?

**Ms SMITH:** No. Obviously they are partnership houses but they are completely managed by the community housing organisation in that area.

**CHAIR:** Do they still need an injection of funds from North Sydney Council or is it now self-sustaining?

**Ms SMITH:** As I understand it, the funding was used to purchase properties, and the community housing organisation manages that. Obviously it was purchased with CSHA funds like most properties.

**CHAIR:** So, when you say it was a pilot, it was not set up and then collapsed? It was set up but it has not been emulated?

**Ms SMITH:** Yes.

**CHAIR:** One way or another, without asking our questions specifically, we have dealt with most of them. We have spoken to almost everyone who has appeared before us about No. 5, the question which relates to optimum size for community housing projects. It may be a difficult issue for you given that the situation in Parkes and Forbes is very different from that in North Sydney, but given the huge variation in local government size and community size you may have some interesting comments to make to us about optimum size.

**Ms SMITH:** I do not know whether the association has formed an official position around optimum size for community housing organisations. I do not think it is one that we really put our finger on the pulse about. What is more important is that there are principles about what sort of housing outcomes we would like to see from our community housing organisation and there are a whole range of variables that impact on their capacity to deliver in different areas. It would be very difficult to come up with an optimum size, taking into account the whole operation.

**CHAIR:** The emphasis in your submission is on the need to make things responsive to the local community, and if the local community is this size that is the answer?

**Ms SMITH:** Yes.

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**Ms GIEGERL:** Yes, that is the answer.

**CHAIR:** One area we have not talked to you at all about is a regulatory framework. Our previous witnesses mentioned that there was going to be legislation but for various reasons it did not happen. Everyone who has spoken to us has agreed that we need a regulatory framework for community housing but there may be a bit more variation on what it is going to be. Does your association have a view on the need for a regulatory framework and, if so, how it should be managed?

**Ms SMITH:** Again, we have not got an official position around that. Again, it is working closely with the other community housing organisations and the peak organisations to establish that. As councils evolve and start to get more stock on board they will start to look at criteria that they would expect from a community housing organisation to manage their properties. Again, that would be up to councillors to determine. As more councillors get on board model criteria will be established, but we have not got any further than that.

**CHAIR:** Implicit in what you are saying is that councils in New South Wales in general are keen to move more into social housing?

**Ms SMITH:** I think there is a movement of recognising there is a growing need out there and that councils can play a range of roles if they choose to play a range of roles. At this time we are waiting for a piece of legislation to enact it through a SEPP. As Counsellor Giegerl said, Hurstville council has identified the need for affordable housing, but very few councils are prepared to make that move until they know there is some firm legislation and powers to do that.

**CHAIR:** But you would say that if that legislation and powers were all fixed up, on the whole local government is keen to get involved?

**Ms SMITH:** I think councils would be interested in looking at the legislation and seeing whether they can utilise it, because it will work very well in some areas and possibly not as good in other areas. So, they will need to look at that. Our association has a policy that councils should consider looking at community housing as the model of management of that stock. A lot of councils will not want to do the management.

**CHAIR:** You might have partly answered our questions about what you would like to see come out of this inquiry but maybe we should ask others as well.

**Ms GIEGERL:** It is very difficult to put your finger on anything that you could universally say, because of their autonomy, that all councils in New South Wales are keen maybe on the removal of rate pegging. You might get everybody agreeing on that, but to generalise and say they are keen on moving into, I think that has to be limited to Stephanie's comment of some, simply because of the autonomy.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** I was interested in Ms Miller's contribution in the sense that she seems to be biting the bullet from the whole range, not only from having a stock to managing the stock, but to having someone taking responsibility to the landlord, which presumably means looking after property, and to organising social services. In a sense you have a one-stop shop model that seems pretty daring, and presumably is actually looking at the financial aspects as well. You have bitten the bullet of managing equity, which I think most community housing groups are reluctant to do. That might be unjust but that seems to be my impression. They say, "Give us more stock and we will manage it."

**Ms MILLER:** That is what we keep saying.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** But you are willing to manage the stock and financial side. You do not say, "Give us a house and we will put people in it." You are saying, "And we will make sure the return is okay," which is different. I would like to explore how daring you will be within that framework because you are saying you want people to give capital. Do you want them to give the houses or the capital?



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**Ms MILLER:** As in?

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** If someone will buy a house, you will manage it?

**Ms MILLER:** Yes.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** If, say, 10 people say they can get enough money for a tenth of a house, would you then buy the house?

**Ms MILLER:** No.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Manage that and give a return commensurate with that and you would then own the equity, which would enable you to buy the properties if there were some capital gain on the one you had.

**Ms MILLER:** We are not in a position to buy anything.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Let me talk about how you get the capital. It seems to me that half the people in Australia have a large amount of equity in their own homes. For example, a home they bought for \$200,000 would be now worth \$400,000, as the median price. If you were to say to them, "You borrow at bank interest, we will give you 1 per cent more than that" then you would have the value potentially of half the property in Australia, at 1 per cent more than the bank interest rate. Do you see what I am saying?

**Ms MILLER:** I do see what you are saying.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Let us say that bank interest is 6 per cent at the moment. If I said to you that you could have unlimited capital at 7 per cent because you have gone to the Lions Club and persuaded John and Susan Average that this is a worthy thing to do and they have come up with this money, you now have the money at 1 per cent more than bank interest and you have a subsidy. Could you manage that situation?

**Ms MILLER:** I would have to do a lot of due diligence to know what you are saying is going to come up roses, and I would not even give you an answer today. I would have to really look at the financial authorities.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** But can you see the concept?

**Ms MILLER:** I can see the concept but I think it is more than just a concept. As I say, there is due diligence to do on that and I would not even say yes or no to that today.

**CHAIR:** But your scheme does not own any property, does it?

**Ms MILLER:** Yes we do, we own some. The Department of Housing has graciously given us a couple.

**CHAIR:** It has actually transferred the title?

**Ms MILLER:** Yes.

**CHAIR:** So you received them for nothing?

**Ms MILLER:** Oh, you get them for nothing, but let me tell you—

**CHAIR:** I know they are in a terrible state.

**Ms MILLER:** We got them sorted out, but some you will not even take because what they tried to do is give them to you in those areas that Doug was talking about. They are terrible. I would manage anything, but we cannot manage without government funding, and that is where I think there

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is a problem, in the Commonwealth-State Housing Agreement [CSHA]. I think there is not a good partnership between the Commonwealth, State and local government; and funding for New South Wales is an absolute pittance in comparison to other States. We are the most densely populated State and we are looking at us getting about \$3 million, Queensland \$50 million, Victorian social housing initiatives \$92 million. It is a huge difference between Queensland, Victoria and New South Wales.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Obviously it would depend on interest rates, but if you are managing a property, presumably when you take that lease, which you are then subleasing to the community housing tenant. You are given a return to the landlord of X per cent, which makes the landlord happy?

**Ms MILLER:** Yes.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** In a sense it is the same as if you had the capital and you bought the property, you would still have to get a return of X per cent, would you not? What seems to be different from what you are saying is that you are managing the money whereas most people manage community property and not manage the capital?

**Ms MILLER:** Yes.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** As you say, you have built up some expertise, which probably is unusual because of your personal mix of skills.

**CHAIR:** Communities are unusual too.

**Ms MILLER:** On a broader scale mine could work anywhere.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** It could be anywhere.

**CHAIR:** It would not work anywhere. This Committee has a vivid recollection of holding a disability hearing in Parkes. We found Parkes and Forbes to be very feisty communities.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Your model would not be extrapolated very easily because they would not have the mix of skills and it could end up being a very expensive disaster, could not?

**Ms MILLER:** Why can they not say what skills you have to have? In setting up some of these community housing organisations why can you not say that you do have someone from HACC or drug and alcohol or a solicitor?

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** My experience is that it is one thing to state what you want; it is another to get it.

**Ms MILLER:** I think that is easy. I think funding is crucial and the back-up of services within the community housing sector leaves a lot to be desired. I think we are only creating bigger social problems by not having those services there. Our aim should be to get those people back into mainstream accommodation, and I do not think we are doing that. We are, but generally I do not think that is happening.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** It sounds like you are doing an excellent job.

**Ms MILLER:** Well, we are trying.

**CHAIR:** Is there anything further you want to add?

**Ms GIEGERL:** It is really important for that final answer. I totally endorse what has gone into this submission, but at minimum I would like to say in relation to question 9, the details of the response is in our submission and that is the critical issue, as far as I am concerned. I am sure Stephanie might like to wrap it up.

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**Ms SMITH:** There are a number of points we have come up with. One is that there needs to be recognition that we have come a long way with community housing over the last five to 10 years due to the interests of the community and the community housing sector as well as the interest by the Minister and the department to work around the issues that face community housing to try to get it to grow. It really needs a pat on the back because it has come a long way. It is very important, and I think we have highlighted this in our submission, that the community housing sector needs to be sustainable. The CSHA is coming up for renewal, but the GST is kicking in. So, we need to know what the future is for the agreement and in turn the future for community housing and the need for a sustainable funding structure to see them into the future.

We believe also there needs to be a strategy that recognises clearly the role of local government within the community housing sector. I think today we have outlined a range of roles that councils can play, not necessarily all of them can play or not necessarily all of them want to play, but a strategy that supports and enhances the role councils can play to support the community housing sector. Councils are not there as a mainstream stakeholder but they are very much there as a facilitator in bringing about support and recognising needs. Those types of roles really need to be articulated and supported in any structure of future community housing.

**Ms MILLER:** I think we need a framework which takes into account both public and community housing that can exist and better complement one another because sometimes they are at loggerheads. It needs to be more complementary between public housing and community housing. I also think that some of the work we do at housing, like we did on a rural and remote strategy, we are yet to see where that is. I think it may have been eaten by silverfish somewhere, but nothing has ever come out of that. It was a long and tedious job and if you are going to engage local government, I think we need to see some outcomes. You have put a lot of time into a lot of strategies. We are always there to participate, but we would like to see some evidence of those strategies being used. Also, as vice-president I would like to say that we do not want any more unfounded mandates, but we are certainly there to support our communities in housing.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** For funded mandates?

**Ms MILLER:** Yes, definitely.

**(The witnesses withdrew)**

**(Luncheon adjournment)**

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**DEREK ROBERT YULE**, Executive Officer, New South Wales Churches Community Housing Inc., Suite 511, 3 Smail Street, Broadway, affirmed and examined:

**CHAIR:** Did you receive a summons issued under my hand to appear before this Committee today?

**Mr YULE:** Yes.

**CHAIR:** Are you familiar with the terms of reference of this inquiry?

**Mr YULE:** Yes, I have read the terms of reference.

**CHAIR:** Do you wish your submission to be included as part of your evidence today?

**Mr YULE:** Yes.

**CHAIR:** Do you wish to elaborate on your submission or make any further comment?

**Mr YULE:** The Churches Community Housing Inc. was established to assist churches and church welfare sector of New South Wales to develop Housing initiatives for individuals and families in partnership with the State Government. We were specifically set up for that purpose. Along with our associated organisations, the Federation of Housing Associations and the Associations Resource Co-operative, we are funded through the Office of Community Housing. However, we are a much smaller organisation than our two associates. We have a very targeted focus, which is basically resourcing and facilitating.

In other words, we inform the churches of the need for housing people on low incomes and talk to them about the viability of community housing. We inform groups of government funding opportunities for housing projects. We help groups through the various stages of developing a project and give advice on project design, needs analysis, ongoing project management, et cetera. We assist groups in preparing proposals for funding and provide support through the submission process. We focus on education that helps churches develop a better understanding of housing needs. We particularly focus on best practice issues for churches in their community housing.

We liaise with government about the ability of churches to move into partnership and the needs of churches as they come into the partnership. We keep churches informed on the needs of government as they move into partnership. The outcome of what we do is facilitating, communicating and negotiating with churches and relevant government departments to develop partnerships between the two that meet the needs of both players. Primarily we are a resource to do those sorts of things.

**CHAIR:** Do you become involved after a church has received information that there is a need in the local district or an across-the-board need of a certain kind, or is the first time the church has heard of your organisation when you approach them and ask them do they want to be involved?

**Mr YULE:** We have a very large database comprising more than 2,500 churches and church organisations. We communicate with them three or four times a year through a newsletter. We target a region and get all the ministers, or heads of churches, together. For example, just prior to Christmas I went to Orange and we did a promotion in the western region. We had a meeting at which I explained the opportunities available to churches to partner with government in providing community housing. We work with the church throughout the process as long as it needs us. If we are dealing with a church or dioceses that did not have any previous community housing experience, it would take quite a bit of our time. If we were dealing with Centacare or Anglicare or the Salvation Army we would not need to spend a lot of time there; their people would be used to putting in submissions. We would just assist them in the process and advise them of the need.

**CHAIR:** What staff do you have?

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**Mr YULE:** We have two full-time staff and three part-time staff. We are very targeted and focused on our role.

**CHAIR:** The Committee is interested in the partnership arrangements between churches and governments, particularly your critical comment about the barrier to churches and the inability to negotiate equity.

**Mr YULE:** Basically there are three issues and I will explain how partnerships work. I will speak about the barriers to partnerships and what we are doing about that. It is important that I give some examples of interests of churches of the proceeding, because that is fairly key to the information I will present about partnerships. To be involved in a partnership, a church needs to be able to contribute a minimum of 20 per cent of the total costs of the project. Broadly it works on an 80:20 ratio. The maximum that a government will put in is 80 per cent and the minimum a church can put in is 20 per cent. If a project is located in Sydney, the 20 per cent is generally more like 50 or 60 per cent if it owns the land for property and the Government's contribution is 40 or 50 per cent.

If we are dealing in a country location, generally the land contribution will come to about 20 per cent at the most of the total project. It varies a lot across the State. The eastern fringe, up and down the coast, comes in at various figures. The further north it is, the more it gets above 20 per cent. A partnership is generally with the church contributing land that is not being used or is in some way underutilised. It may be vacant land or an underutilised building. Some churches choose to make financial contributions. In one partnership the church chose to contribute in the vicinity of \$700,000 to a project; it did not own property in the area, but it believed the ministry in that area was valid.

Management and development skills are sometimes offered. Sometimes the churches will be asked to manage properties, particularly if they have something to do with aged care or ageing in place. Sometimes the church will bring the support services. In a number of partnership projects the churches had brought the support services to the project.

**CHAIR:** That is included in the 80:20 and is seen as part of the partnership?

**Mr YULE:** Yes. The 80:20 generally does not apply in that instance. It is seen more as the church providing support in the partnership and being the support provider in the sense of having some form of funding or being prepared to fund the services that residents need.

**CHAIR:** In effect it is on top of the church's contribution in land or building?

**Mr YULE:** Yes. The church sector has a history of providing support services. In community housing that is frequently the case, but not always. Churches are involved in generalist housing. The community housing sector would be more generalist in providing generalist housing whereas the church sector may focus more on supported accommodation.

Just to give you a brief overview of some of the people we have dealt with, it is not unusual in country areas and in more remote areas to be dealing with a small parish with a block of land, or a run-down church hall that might be up to being converted to housing. It is not unusual that church groups have properties that are no longer suitable for their current ministry or that are excess to their current ministry. The Anglican, the Catholic and the Uniting churches frequently reduce the number of churches in a parish or area, particularly in the inner city. Sometimes there may be three churches and they will reduce it down to one. Religious orders may have a monastery or a convent that is now either too big for their needs or the numbers in the order are dropping, so they offer those sorts of properties.

Welfare organisations in particular can generally go with any one of those combinations: of offering property or financial support, or sometimes they contribute their support services or some form of management. So the contributions through the Department of Housing and the Office of Community Housing to the churches would include: funding the redevelopment of existing buildings or the construction of new buildings; the transfer of housing, sometimes owned by the department to be managed by a church group; and sometimes that also involves leasing subsidies. But as far as a partnership is concerned we would say that it must meet the needs of both parties. It must go some way towards meeting the needs of both parties in the partnership or there is not a lot of point

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proceeding with it. It is a situation in which each contributes resources and it results in the creation of a service which delivers community housing and provides accommodation for people on low incomes.

We would say that our common goal should be that it be long term. It is a commitment for an extensive period. It revolves around the delivery of services, particularly to those in housing stress and in need and it involves for both parties a certain amount of risk sharing in the relationship because you do not know the future and you are now setting out to provide something that you think will be there for the next 20, 30 or 40 years. But such things change on occasions and you may need to renegotiate that. When we look at the barriers to those issues we see that title is a major problem to the church sector. The church sector has a history of dealing with aged care, with health and with education. It has dealt with those government departments for a long time where title has been very much a shared equity agreement and usually it has a time period attached to it.

The Government's equity is reduced over a period of time. Examples of that, of course, are in health with the provision of hospitals and in education with the provision of schools. So when the churches have come to the Department of Housing, those arrangements have not been in place and the preferred method of dealing with partnerships has been tenants in common. They are in perpetuity; they just remain. So there must be some investigation of title, particularly as we look at it as a viability issue for the churches as they come and offer their properties. It must be viewed by the department as an opportunity of accessing church land or assets, perhaps in a high cost area such as inner Sydney where it would be totally out of the question for them to actually purchase.

The churches will have a responsibility for the stewardship of their property. They have been holding it in trust for present and future generations. What has been developed by past and current generations over the years they consider it important to retain. From a legal perspective, all the major denominations are established under Acts of Parliament. Sometimes those Acts will actually not allow them to share, diminish or relinquish title. So there are a number of issues there. Over the last five years or so it has become such a major issue for our organisation that we have had some discussions with the director-general, the deputy director-general and the executive officer of the Office of Community Housing. We are currently writing a briefing paper on public church partnerships and we are looking closely at the barriers. That paper, which should be completed in about three to four weeks time, is quite a detailed document. We will then lodge that with the director-general but you might like to look at that document at some stage.

**CHAIR:** Yes, if it is not confidential to the director-general and to you, we would be happy to have it.

**Mr YULE:** If we can complete that document it would probably give you the best ideas of the issues that we are facing.

**CHAIR:** You have gone into some detail in your submission.

**Mr YULE:** We have basically drawn upon our submission, expanded that quite extensively and gone into a lot more detail.

**CHAIR:** The issues that you raise about title are fairly different from the issues raised by several other people. In most cases other organisations focus on the impossibility of borrowing. So other people have tended to focus more on the financial penalty that comes from the lack of title. But you are talking more about churches' ownership in the past, their historical rights and the fact that there is an unwillingness to give up title?

**Mr YULE:** Yes. As you probably picked up, the issue of title is a bit of a hot potato for the whole sector, but we come at it from different ways. But it is a major issue. My associates would obviously have raised it with you, as you have said.

**CHAIR:** So is the issue of being able to borrow not an issue for the churches?

**Mr YULE:** It is not so much an issue of being able to borrow; it is an issue of losing title to something that they have and that they feel they should retain for future generations. So we come at the same thing from a different way.

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**CHAIR:** Is that issue about title the major barrier that churches face in entering into partnerships?

**Mr YULE:** It is a major thing. It is the thing that causes most projects to fall over at some stage.

**CHAIR:** Do you mean that most projects fall over, or that those that fall over do so mostly for that reason?

**Mr YULE:** They fall over mostly for that reason. Some parts of the church are perfectly happy with tenants in common. You would need to make that statement.

**CHAIR:** Is that a matter of some denominations?

**Mr YULE:** Denominations vary significantly in their legal structures and sometimes they vary in their attitudes to title.

**CHAIR:** Can you state which denominations vary, and indicate why there is a difference?

**Mr YULE:** I think it is perhaps an attitude to their ministry to the poor. They see it as their goal that they have a responsibility to minister to the poor. For that reason they would want to minister in all circumstances. So some denominations will choose not to worry too much about the tenants in common and other denominations—

**CHAIR:** Can you tell us which ones they are, or is that question too awkward?

**Mr YULE:** It varies from place to place. What seems to work in one area does not necessarily work in others. I understand that the Uniting Church has entered into tenants in common with a project that it has in Pyrmont. The Catholic Church in Centacare in Port Macquarie has entered into tenants in common in the project that it has for general community housing for people with disabilities. Other denominations have a desire to retain title. It is just as simple as that.

**CHAIR:** In general, would it be more of a problem in metropolitan areas?

**Mr YULE:** It is more a significant problem in Sydney where land is scarce and expensive.

**The Hon. IAN WEST:** Would they have difficulty with long-term ownership if there was, for example, some sort of flexible, innovative change to the law that related to a leasehold-style tenancy?

**Mr YULE:** Yes. We are more or less proposing that there be flexibility. It would depend on the contribution that the churches made. The value of the churches' contribution would impact on the flexibility. So a church that is providing a high percentage may be in a high needs area in inner Sydney. The length of the requirement may be shorter than one in a country area where there would be not as much. We are looking at a range of different options. That is one of the options. I will refer later to what is available in other States, but there are two models—one in Victoria and one in South Australia—that are probably worth looking at. I make reference to that in the paper, but I will comment on that later.

**CHAIR:** Given the legal and historical issues for the churches you have referred to, would some of those make it difficult for the churches to dispose of the property in any case? Do we sometimes end up with a stalemate, where the church may be unhappy to enter into a partnership on community housing without title but may be unable to use the property effectively for anything else?

**Mr YULE:** Yes, frequently that is the case; the property may be ideally suited and the church may have a desire. Churches are generally very aware of the community needs, and then when you look at the statistics and the research they are generally backed up. Very rarely do we have a church come in to us and say, "This is a need we want to meet, and we want to meet it by the provision of community housing," and when we do the research we discover that that need is not

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there. So they are choosing, within their mandate as a church and Christianity, to respond to the need of the community, and they are choosing to do it by provision of community housing. Frequently, if that is not done, they would still see that that is the greatest need they should respond to, and it presents them with a difficulty. If they can partner with government, it is of benefit to them and it is of benefit to the Government.

**CHAIR:** My question also relates to whether we end up in a stalemate where a church cannot use, for example, a former church for any other purpose because the land may have been gifted to the church for a certain use.

**Mr YULE:** Yes, we could be in a stalemate of that kind. Or we could be in a stalemate where the church has an external heritage order. So the building cannot be demolished, but it could be converted internally to housing. That has happened very successfully and very beautifully in a number of cases.

**CHAIR:** We are not talking about the million-dollar-plus church in Woollahra?

**Mr YULE:** No, we are not talking about that one, but there are other examples. If I may finish by making some comments about the church's interest in community housing. We are currently working with 19 different churches and agencies. Of those 19, 12 are in the Sydney metropolitan area, two are on the outer rim of the Sydney metropolitan area, three are in coastal areas, and two are in country areas. In the last couple of months, since December last year, we presented seven projects to the Office of Community Housing, and we also presented them to the housing finance investment group of the Department of Housing. The Office of Community Housing does not necessarily have a lot of funds to put into new projects, so they went to the housing finance investment group as well.

Those properties were located at Lidcombe, Auburn, Punchbowl, Rockdale, Burwood, St Johns Park and Bondi. They covered denominations like the Syrian Orthodox, the Anglican Church, the Antioch and Orthodox, and the Churches of Christ. They were scattered across the Sydney metropolitan area, all within the inner rings, except for the St Johns Park one. So the churches do have an interest. I am sorry, I did not check up how many churches we have worked with, but we have probably spoken to at least many hundreds.

**CHAIR:** What do you believe to be the greatest strengths of community housing projects, both for tenants and providers? Can you detail examples of successful projects? You have already said a lot about the way the churches see the benefits to themselves within their mission, and so on.

**Mr YULE:** That is one area where, strangely enough, they almost agreed word for word with government: that where there is a need in the community, they have to respond to and meet that need. They would be doing that in a number of different ways, but community housing is one of those. Much like the church, which is a community of support within itself and brings a sense of stability to the wider community, community housing does exactly the same. It is a local response to a local need. It particularly facilitates tenant participation, and that in turn fosters a real sense of ownership in their community. In a nutshell, that is probably the significance and the real strength of community housing.

The church partnership in community housing also brings that same level of support and stability to the community. Being a local organisation and local housing provider, like the church they take an interest in matters other than just housing their tenants. I guess both the church sector and the community housing sector contribute to providing sustainable communities. It provides a local and responsive level of service for people in need; it is located relatively close to tenants; they have knowledge of local needs, and they respond to that. There are a number of successful partnerships, but I will refer you to just three and then talk about two significant ones that are currently being developed.

**CHAIR:** Before you do so, when you are dealing with a church organisation such as Centacare or Anglicare, for example, do the projects that are developed remain local? Some would suggest that some of those organisations are now becoming larger than some government departments. Could you explain, from your knowledge, how they operate as a project and whether the local and community aspect you have just stressed remains true for them?



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**Mr YULE:** I believe it does remain true. When you deal with those organisations—and my dealings with them span over the best part of 20 years—there are almost two levels of function within those organisations. There is a higher level of function, where those organisations negotiate deals, whatever they might be, with government to provide major services, generally throughout the State and sometimes throughout the nation. That is one level. They also operate very much at a local level, because they are aware that in projects like this—community housing, projects where there are youth refuges involved, projects where there might be domestic violence accommodation provided—unless they engage the local church and their local community those projects are lacking a lot of the support that the church would automatically bring. So there are two different levels of functioning.

I believe that all the agencies you have mentioned—Anglicare, Centacare, the Salvation Army and Uniting Care—all bring that particular level of care to their local communities. In most instances, when you look a little closer you discover that their work is actually the response because the local church has seen the need and has contacted Centacare or Anglicare and said, "We have this need; can you help us respond to it?" So there is always a local level of involvement, particularly in community housing. Generally, the management committee would be made up of a number of people who were local people within that church. The church would always have at least one representative on the committee.

**CHAIR:** Would the formal partnerships with government be made formally with Centacare, Anglicare or the Salvation Army, or with the local organisation, branch, church, parish, or whatever it is?

**Mr YULE:** I think I am safe in saying that just about every denomination has a property trust and a legal set-up that is at their head office, so to speak. In making that statement, I would also have to say that the majority of churches are required to respond to the need of the local congregation. If the local congregation makes a decision, it is the responsibility of those higher up to respond to that need. So that if the local congregation wants to become involved in community housing, unless there are some very good reasons why it should not, the hierarchy of the church cannot object. If the local congregation can prove that to be viable and a suitable use of the property, and can prove that there is a need, very rarely can the hierarchy object. In some denominations, they do not even have a legal right to do that; they must do what the local congregation wants. However, on the other hand, the hierarchy must make sure that everything is correct because they are the ones who are the trustees for the local church and sign off on those documents.

**CHAIR:** Some of what you have just said may be relevant to question 6, relating to all the different views we have heard about optimum size.

**Mr YULE:** At the higher level, from time to time the approach may come the other way: the department may choose to ask the church, an Anglicare or a Centacare to manage housing for it. That would come as a top-down approach. Whereas, a lot of the community housing we are talking about comes the other way. A lot of the projects we deal with generally start in a local parish or a local congregation and we work our way up.

**CHAIR:** With regard to the issues that people have spoken about in relation to optimum size—cost effectiveness on the one hand, but also responsiveness on the other—from your point of view, the formalities of the church arrangements you are talking about are not really the point; the point is who is managing them and whether it is local, regional or statewide?

**Mr YULE:** Yes. A particular denomination may have a large number of community housing units, but they could well be scattered throughout a whole region or even throughout the State and locally managed but still have an association to a much higher level, where the responsibilities of what community housing are about, being local, are certainly met and dealt with at that level. I will briefly speak about three examples of successful projects. The first is the Mercy Arms, a wonderful Catholic hotel in Waterloo, a property that was converted by the Mercy Sisters to provide local needs. The particular organisation that ran that, the Mercy Family Life, received funding to provide support for largely homeless people and to stabilise those people so as to ultimately move them into Department of Housing or community housing.

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They worked in partnership with the housing organisation South-west Inner-City Housing [SWISH] and the Office of Community Housing to establish a response to a need in Waterloo, where they could stabilise people and move them on to long-term housing. That is one example of the Mercy Family Life, the Housing Association and the Office of Community Housing coming together in partnership to meet the need. They purchased three former rooming houses, which were converted for that purpose and provided accommodation for 17 people. Centacare St Agnes is part of the Catholic Church in Port Macquarie. It received an approach from a local disability organisation to provide accommodation for the ageing parents of younger people.

The disability organisation partnered with the church in the purchase of land, then the Office of Community Housing was asked to build 12 or 14 units on that property to support the needs of people with a disability. They never intended to cluster people together. They agreed that the number of units, which ultimately was 12, would all be built to disability standard, but that only four units would ever be used for people with disabilities and the rest would be generalist housing in that community. The property is owned by the church, the disability organisation contributed, Centacare manages the support, and the Office of Community Housing paid for the building.

**CHAIR:** You said there were four built to disability standard and eight for generalist housing. Were the eight within reasonably high-need groups? It is still a community housing—

**Mr YULE:** Yes. It is still community housing. They would normally all be Department of Housing tenants if they were not living there. The other one was a response from a local church in Iluka, which is a fairly remote fishing village beside a heritage listed national park near Yamba. Iluka Anglican church responded to an advertisement. Some units for people 55 and over were required in that remote community. It was not feasible for the Department of Housing or the Office of Community Housing to build there and manage it themselves so that church offered its land and, in partnership with the now Office of Community Housing, developed units and now manages those units. More recently it has expanded its stock to include property in Maclean and Yamba. So that was one that in a sense came the other way around; the Department of Housing and the Office of Community Housing were seeking a partner and the church responded.

On the projects that are developing, I want to raise just two, because I know one of your mandates is to look at rural and remote areas. We are doing two projects involving churches and the local shire council in one case and a disability organisation and a local housing association. One is at Balranald. It involves the council, a disability organisation, the housing association, the Office of Community Housing and MacKillop Rural Services, which is part of the Catholic Order of St Joseph. The other one involves Anglicare in the Bathurst diocese at Cumnock, another remote location. Church land is being used in partnership with Cabonne Shire Council and again the Office of Community Housing. Both those projects are currently being developed in those areas.

**The Hon. DOUG MOPPETT:** On the other side of the coin, what weaknesses and problems have been encountered?

**Mr YULE:** There is one weakness that needs to be addressed by churches. Churches traditionally have done a lot of management and support services and they have done it all together. We would say that best practice requires that the management and support services be separated, that they are two very different functions. It is very difficult to provide the support and then have to come in in some way and say that the tenant is not doing the right thing by getting behind in their rent. The problem that has faced some churches—not all—is that there is a need to separate management and support services. Most of them have now agreed to that or are in the process of doing it.

One of the ways we are doing it in Sydney is to establish a housing association that particularly targets the management of church properties. We are in the process of setting that up. Hopefully, will have it set up by the end of the year. That has been an issue for churches because they have traditionally performed those roles. In most cases it has been okay. As you have said, they are fairly large organisations and most of them have a property department and a separate support department, and within the organisation it has been quite distinct and separate. But it can present a problem. That is probably the major weakness I can think of.

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**CHAIR:** You are not suggesting moving away from providing the support services to simply providing housing; you are saying that the churches continue to do a fairly integrated thing but they make sure that the management structure is separated from the support?

**Mr YULE:** Yes, so that is quite distinct from the rest of it.

**CHAIR:** Do you think churches have particularly faced that as a problem? In talking to different community housing associations we have found that they vary tremendously in the way they provide different services, whether they integrate them or bring them in.

**Mr YULE:** I think it is an issue the churches have had to face. There is currently a strong push to separate them and there is a much better outcome when they do that. They are basically interested in providing a good outcome for their tenants, for their clients, so they are doing that. But I think it has been an issue they have had to face.

**The Hon. DOUG MOPPETT:** I apologise for having come in late but now might be the time to introduce this issue as we are talking about problems. In your submission you talked about the reluctance of church organisations to enter into agreements with the Government where there were tenants in common or other concepts of equity sharing.

**CHAIR:** We have already spent quite a bit of time on that.

**Mr YULE:** There will be another document that we are producing for the department.

**The Hon. DOUG MOPPETT:** I will certainly read that with interest. You are unique in representing a community housing organisation that has capital. Most of the others that come to us say that they desperately want equity. You are the ones that have all the equity and do not want to share it.

**Mr YULE:** Do not want to part with it. We want to share it; we just do not want to part with it. We are very happy to share it but not part with it.

**The Hon. DOUG MOPPETT:** We have talked about size. You said that an important ingredient of community housing is the ability of local management, no matter what other superstructures there are, to respond. We have probably dealt with that issue, have we?

**Mr YULE:** The only point I would make it is that there is a need for small providers as well. When you look at community housing you need to look at it from a cost-effectiveness point of view as a total package as to what would happen if this person was not housed and supported in this way. Frequently, if we can look at it in total perspective and bring some of the other government departments in—Ageing and Disability, Community Services and people like that who would also provide support for people who have very real needs—although from a housing perspective it may not be economically viable it is very economically viable when you look at the total picture. Sometimes we have to look a little wider than just the economic viability of the house. That is only one part if a government is providing a whole range of services involving health and other types of services to a person. The community aspect of community housing is vital but I do not think we have reached too big and I just hope we are not throwing out too small, because I think they have a lot to contribute.

**The Hon. DOUG MOPPETT:** Big may be beautiful but small may be exquisite.

**Mr YULE:** It could very well be.

**The Hon. IAN WEST:** But can big incorporate small? Is there only the two, big and small, or can big structure itself to operate as if it is small?

**Mr YULE:** I think that is the answer to the question. Big can do that. It can be focused in a particular area in a particular community and it can meet the need. It can also have a structure much the same as the churches that does have a legal, financial—whole range of things—up above it that do not interfere with the church operating in a local community. In a similar way community housing can have a large structure that does not interfere with meeting the needs in the local community. If you want an example, the churches are already an example of how that can work. So it is possible.

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**The Hon. DOUG MOPPETT:** In your submission you mention accreditation?

**Mr YULE:** We mentioned the accreditation system simply because it has been introduced by the Office of Community Housing. We fully support that and the regulatory framework. We realise that this sector must have standards and accreditation. My comments at this stage might simply finish there because it was introduced in a three-stage process. The first organisations to be part of the accreditation process were the housing associations. The second were the co-ops and the third were the churches. The churches are just starting to go through that process now. So the first church providers have actually commenced that process now. We have no problems with support and accreditation. We are used to it. It is very common through all sorts of areas in which the church provides support to the community and through its welfare services.

But in the community housing sector what perhaps needs to be addressed—we have already raised this with them—is that regulations are often written to cover stand-alone housing providers, not large integrated services. We made that comment in our submission. The churches are very large integrated services and that is a bit of a problem. They have multiple funding sources and they frequently have multiple accreditation services. Sometimes they find themselves going through the same hoops for different organisations. So our plea would be to see how they can be integrated into what may already exist. Some churches have very real difficulties with the funder being also the regulator, and we mention that in our submission as well.

**The Hon. DOUG MOPPETT:** And that was the substance of your comment on the regulatory framework at present?

**Mr YULE:** Yes, that would cover both of those areas. We are perfectly happy for it to be there. It needs to be there for the benefit of the sector.

**The Hon. DOUG MOPPETT:** Question 9 relates to successful partnership models that you may be aware of from other jurisdictions.

**Mr YULE:** I briefly mentioned it earlier but I draw your attention to two pages in our submission, page 21 and page 22. At page 21 we refer to the Victorian model. We have not included the Victorian model. In our supporting documents we included the South Australian model. This is on page 22. The Victorian model has a range of options and has the flexibility that was referred to earlier when the question was asked about the flexibility and so forth. The Victorian model particularly allows for that flexibility. So the Victorian model would be worth looking at because it ranges from about 20 to 40 years depending on the contribution and location and what is involved. The South Australian model is amortised over a 30-year period and is more a fixed model. Documents from both those States would be worth looking at.

**The Hon. DOUG MOPPETT:** The question that produces the response we prize most is: What would you like to see come out of this inquiry? It saves us thinking about it.

**Mr YULE:** Acknowledging the current crisis in the lack of affordable housing in New South Wales, particularly for people on low incomes, we see a number of actions as important. First there would be an acknowledgement of the role of community housing as a provider of tailored services at a local level. The second would be the need for community housing to be enabled to become a major provider of affordable housing that increases the social housing stock dramatically. To do that we have to take a hard look at the issues surrounding title. You have mentioned that a number of people have already raised that. That is what has happened overseas and we need to have a close look at it here. Thirdly, we need a clear, long-term plan that is backed by Parliament that provides a focused way forward. So we need a clear direction for the sector to move in.

They are my three main ones but I would like to drop two in for the churches particularly. An acknowledgment of the potential that the churches have to offer through partnerships to community housing would be the first one. The churches sector is a way out of increasing housing stock. They are interested, they want to do it but title, in our own peculiar way, is a problem. So it is another issue of title that needs to be addressed. So we need a clear way through the title barriers to churches providing land and assets to public church partnerships.

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**CHAIR:** In most of the examples you gave you talked about people at various stages of ageing and with varying disabilities. This morning the Committee heard from Shelter and NCOSS about the most difficult clients in public housing, that is, those with the most complex needs or those who have the most difficult neighbours. That may relate to mental health, but you have also mentioned it might be people who have just come out of prison, however we define them. Given the examples you gave and the quite substantial emphasis you put on people who are ageing, I wonder whether projects that you are aware of cut across the board of the most difficult clients as well?

**Mr YULE:** I would make two comments that need to be separated. One, I do not believe community housing on a whole focuses necessarily and specifically on the most difficult clients. Like any housing provider of accommodation for people on very low incomes and in high need, yes, there will be a percentage. The churches sector comment I would make is that the churches traditionally have targeted those people most in need and have responded to provide accommodation for those people. However, if I have given the impression that I have only talked about the aged or those with disabilities, then I am sorry, I have picked some wrong examples, because the churches are also involved in community housing that involves all sectors; it would be generalist.

The Port Macquarie project that I talked about has four units for people with disabilities, but it has eight units for people from the community who simply are on very low incomes and may have no other support means. As to the programs in other places where there is community housing, I think of another project involving Centacare in western Sydney. Again, there is no specific target for the client in that particular area. They would be what would be referred to as generalist clients. If community housing is seen as the organisation that takes the most difficult clients, that was not the intention of what it is all about.

**CHAIR:** I was not suggesting that. But quite a lot of the evidence that the Committee heard this morning focused on the particular difficulty of housing people with the most complex needs and problems. In talking to you, we had not really dealt with that area. So as much as anything, it is an opportunity for you to put that on the record.

**Mr YULE:** The churches certainly do target those people, and has traditionally targeted them. But most church groups would see their community housing programs as a response to a desperate shortage of housing for people on low incomes, and that that would be a way of their meeting the needs of the poor.

**The Hon. DOUG MOPPETT:** Mr Yule, I trust that if any inquiries emanate from further consideration of your submission and evidence, if we were to contact you then you would be happy to respond.

**Mr YULE:** That is fine.

**CHAIR:** If you could send the Committee copy of the document that you are sending to the Director-General, that would be appreciated.

**Mr YULE:** When we send that to the Director-General, we will send you a copy.

**(The witness withdrew)**

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**ANNETTE LOUISE WADE**, Co-ordinator, Tenants Union of New South Wales, 68 Bettington Street, Millers Point,

**CARMEN JAUREGUI**, Policy Officer, Tenants Union of New South Wales, 68 Bettington Street, Millers Point, and

**NICHOLAS WARREN**, Policy Officer, Tenants Union of New South Wales, 68 Bettington Street, Millers Point, affirmed and examined:

**The Hon. DOUG MOPPETT:** Did each of you receive a summons to attend before the Committee?

**ALL WITNESSES:** Yes.

**The Hon. DOUG MOPPETT:** Are you conversant with the terms of reference for this inquiry?

**ALL WITNESSES:** Yes.

**The Hon. DOUG MOPPETT:** In what capacity are you appearing before the Committee?

**Ms WADE:** As the Co-ordinator of the Tenants Union of New South Wales.

**Ms JAUREGUI:** As the locum policy officer of the Tenants Union of New South Wales.

**Mr WARREN:** As policy officer of the Tenants Union of New South Wales, and I am here today in a supporting role only.

**The Hon. DOUG MOPPETT:** I should point out that if at any time you feel the evidence you would like to give should in the public interest be for the ears and eyes of the Committee only, you have only to let us know and we can accommodate you. Do you wish your submission, which we have all read with interest, to be included as part of your sworn evidence?

**Ms WADE:** Yes.

**The Hon. DOUG MOPPETT:** Would you like to elaborate on the submission that you have made or make a short introductory statement before we proceed to the questions, which I believe we have furnished to you in advance?

**Ms MILLER:** The introductory statement would tell the Committee a little bit about our role and why we have an interest in this inquiry, which would take care of question one at the same time. The Tenants Union is a peak body that represents New South Wales tenants, both public, private and community housing. We have included in the submission a number of points from our mission statement. But, broadly, we are interested in raising awareness of tenancy problems and rights; providing high-quality advocacy and advice for tenants through our hotline and through our community legal practice; lobbying for improvements to residential tenancy laws; and, importantly for this process, promoting secure and affordable housing solutions.

We also have a role in supporting and training and resourcing the local tenants advice and advocacy service. In our role as the co-ordinator of the tenants advice and advocacy program, we provide co-ordination and resourcing services to some 20 tenants advice services located across the State. So we are fairly well informed on tenancy issues, both in the regions and in metropolitan Sydney. We are also a specialist statewide community legal centre that undertakes test case litigation. We employ two solicitors to undertake that work. So we have a lot of expertise in tenancy matters.

Our main interest in this inquiry is to ensure that tenants' interests are served by this inquiry. Given resourcing issues, our consultation with tenants themselves has been reasonably limited, although we supported and assisted Shelter New South Wales with the tenancy survey that it undertook. We also did a snapshot consultation of the Tenants Advice and Advocacy Service to raise

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a number of issues. At the end of the day, we are concerned that tenants have affordable housing, security of tenure, that their housing is delivered to them in a way that is non-discriminatory, and that they have ease of access to housing and basically can get on with their lives.

**The Hon. DOUG MOPPETT:** We are very interested to hear your reaction to question 2: What does your organisation see as the future role of community housing within the context of the broader social housing system? You may well anticipate that most of our witnesses have spoken in the most glowing terms of community housing. I notice that in your submission you are a little more cautious about giving it unfettered praise.

**Ms WADE:** In context, community housing as a tenure is a good tenure. It is the political will and the funding that goes with it that create the limitations of which we are critical. There are a number of issues, but they must be put in the overall context of the environment in which community housing currently operates. I will allow my colleague Ms Jauregui to add some points, and I might pick up at the end of that.

**Ms JAUREGUI:** We want to put community housing in the whole housing context, which includes the private rental market and the public housing sector. Where we see the private market failing—as probably has been said to the Committee through the affordable housing consortium, which no doubt has been raised by a number of other organisations—is that affordable housing in the private sector has dwindled quite significantly in the last 10 years, by about 28 per cent. At the same time, the number of lower income households has increased. Effectively, the impact on those lower income households is that they cannot access public housing because the eligibility criteria are tightening further and further, and there are much more restrictive allocation policies.

The Federal Government has tried to curtail that through its rental assistance scheme, which is up to about \$1.1 billion. However, I think it is quite clear through that research that the private landlord market is more about maximising returns with no care about affordability or quality of stocks. Community housing has greater flexibility in its allocation policy, greater than, say, the public housing sector. I see that as a potential for the community housing sector. It can act as a buffer between the public housing sector and the unaffordable private rental market. It can be more responsive to local conditions, because they are smaller organisations than the statewide public housing scheme per se.

Basically we do not want to diminish one in favour of the other. We think they are equally important, be it the public housing sector or the community housing sector. Effectively, we do not want to rob Peter to pay Paul. We do not see community housing as a competitor to public housing at all. It should not be viewed that way. Basically, we see community housing's potential to provide much more widely accessible housing and reintroduce into the market basically more affordability and security of tenure for the lower income people who are missing out in the public housing sector and are missing out in the private rental market as well.

**Ms WADE:** Just to add to that point, one of the things that is happening is that the community housing sector—again going back to my earlier context—and the policies that surround the sector say it must be competitive with the public sector so, on a smaller scale we are replicating the conditions of the public housing sector and we also transfer stocks across from the public housing sector. So, we create more of the same. A whole set of people miss out altogether at the moment because they may be eligible to public or community housing; they may not be, they may be marginally above the income limit but they are certainly missing out in the private rental market. I am sure that submissions you have seen before this Committee have given adequate statistics to bear that out. A lot of people in Sydney and in New South Wales, particularly in the coastal areas, are missing out in the private rental market.

Community housing has an ability or ought to have an ability—at the moment, as I have said, it replicates the public housing sector, public housing conditions—to provide some innovation and provide housing for groups or mixes of groups, but certainly people who miss out in the current social housing policy. I was interested to hear the gentleman who was here before talk about targeting of people—and I know that is probably a question for later—but one of the reasons we have these problems, be they in churches housing, community housing or public housing, is because we have this unnatural allocation policy. We no longer allow communities to grow and have mixes of people who

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work and have marginally higher incomes. We target only those with extremely high needs and we are paying the price for it in the management of community or public housing models. We are saying there is a group of people who are currently not catered for, and community housing is well-placed to provide some innovation rather than it be just more of the same.

**The Hon. DOUG MOPPETT:** One of the things I touched on with some of our witnesses, and I would be interested if you had a view on this matter, is in the substantial amount of evidence we have had from representatives of community housing organisations from the Shelter survey, which showed how wonderfully satisfied its clients were. From all those who represent community housing organisations, one would almost infer that the best policy that could be adapted would be to progressively transfer all public housing stock into this new form of management. It may be adapted for local conditions, but all the things they say are so good about it—local responsiveness, satisfaction, flexibility, all these things—are what we would think would be the aims of the public housing sector.

**Ms WADE:** And would it not then become the Department of Housing at some level? It is interesting, because the research we refer to in our submission, based on the German model—a number of overseas models were researched for the Senate inquiry into public housing—was completed in 1997. They look at the German model, which transferred across 100 per cent of its housing to not for profit. That then allowed for profits into the market. I have the paper with me. It refers to the biggest corruption scandal that was ever perpetuated in housing in Germany.

**CHAIR:** This is the former East Germany, is it?

**Ms WADE:** It just refers to Germany.

**CHAIR:** I wondered, because I have heard people talk about some housing in the former East Germany, where it moved literally from 100 per cent to 0 per cent.

**Ms WADE:** Yes, 100 per cent went across. Obviously there were not the safeguards of having a Minister at the top of the tree and having a set of legislation around it. There is always the potential, when you are dealing with land, to have those situations occur but clearly that was the downfall of that system, transferring a whole lot across. I do not see that taking the Department of Housing's empire into the community or private sector would change anything at the end of the day. The only thing it would allow is perhaps some greater flexibility to sell stock, to be less accountable, perhaps raise money and put the stock in jeopardy. At the end of the day it does not provide anything else.

**Mr WARREN:** I agree that it is quite clearly an understanding of the benefits of community housing and there is a fairly clear understanding of the problems with public housing. Perhaps we need to be careful that we do not gloss over the outstanding benefits of a large provider. Some of the benefits of the community housing sector—reflecting what Annette said—can be absolutely threatened by growing it too large. Local responsiveness is about the development of social relationships, social capital, the involvement of people. That simply becomes impossible when a small agency is dealing with a very large constituency. So, I think we have to be somewhat cautious in thinking we can have our cake and eat it too, and you can collect all the benefits without any of the disbenefits. Part of the development of community housing, the initial development and its growth, has been the wide range of expectations on the sector.

Originally it was seen as something that would address some of the high-cost management factors for the Department of Housing. It is unrealistic to think that they can just offload all of those responsibilities while at the same time you have policies that ensure that you only deal with the hardest cases. It seems to me that a lot of what people are most happy about is the personal contact. They will know who their worker is, who is on committees. Do you know who your insurance broker at the NRMA is? No, because it is far too big an organisation, and we would risk doing that with community housing and lose some of the grounds for the strong satisfaction with the system as it is.

**The Hon. DOUG MOPPETT:** Would this be a good time to come to question 3, which refers to your survey of the tenants in the system and which may be slightly in variance with that of Shelter?



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**Ms WADE:** They are one and the same survey.

**The Hon. DOUG MOPPETT:** They are the same?

**Ms JAUREGUI:** The survey itself, but we did a snapshot of our own tenancies.

**CHAIR:** I should explain that this morning Shelter used the overheads to show a great variety of slides and run through the results, so we really probably need only hear your particular area.

**Ms JAUREGUI:** Yes.

**The Hon. DOUG MOPPETT:** Which I read with interest in your submissions.

**Ms JAUREGUI:** When we spoke to the tenancy advice service, one of the most common problems that kept coming up was the notion of the head lease within community housing and a whole range of issues of how it impacted on tenants on the ground in security of tenure and affordability. To highlight that in the current context, there is an organisation in the inner city that is now been wound up called DART, and 80-plus tenancies are now being farmed off to other housing associations in the eastern suburbs and other local government areas as a result of it going into liquidation. From that there was an experience of a tenants advice service of a tenant with a particular repair problem. That tenant could not get the repairs done because the community housing organisation had gone into liquidation and it said it could not afford it because it was insolvent. Using head leasing as one of the major forms of funding for community housing, involves a third person and impacts on the tenant's ability to use the Consumer Tenancy and Trader Tribunal to obtain their rights under the Residential Tenancies Act.

Other issues were of great concern in the regional areas, and more particularly in the northern areas around Byron Bay and Lismore was that of privacy. Because they are very small rental markets issues were raised by the tenancy advice services are many tenants were being actively discriminated against and not getting properties because lots of landlords or real estate agents had put them on what is known as the bad tenant database, which is a database—legitimate or not—where tenants are put on for a myriad of reasons and there were never any privacy principles. People were put on for all sorts of things. Those real estate agents were then reticent to take on the most vulnerable tenants as tenants of the community housing provider. Because the community housing provider wanted to maintain a good working relationship with the landlord because of the head leasing arrangements, many of those tenants missed out, and they are probably the most vulnerable tenants in the regional areas. That was of concern to once when they spoke to us about it.

**Ms WADE:** Some of the community housing providers in regional areas are using those databases themselves, which is not good practice. We expect that real estate agents would be accessing them, but we have discovered recently that the community housing providers themselves are using it to assess whether they will take on tenants. That is a huge concern to us because it can limit people's access and it makes us question the government subsidies. If community housing providers are subsidised by government, should a database be used to decide whether they have access or not?

**CHAIR:** We had some evidence this morning which was the reverse of what you are saying. Someone was saying that in a particular rural area, the fact that the community housing scheme entered into the leases meant that it could in turn make those houses available to clients whom no estate agent would ever have touched. They were reversing your argument.

**Ms WADE:** Potentially that could be, but certainly at a recent forum called the Gunya project in northern coastal New South Wales, community housing providers said they used the database. We are well aware that it occurs in the Lismore area. While we are using head leasing to grow the stock, the community housing providers often have no choice but to enter into those arrangements with real estate agents. They need to get the stock and they need to do the right thing, but if a real estate agent says we are not taking them, they are on a database, the community housing providers are saying okay and moving on to the next tenant. Arguably, the evidence given this morning could be a way to turn around those things, but in our experience it is not. Perhaps it is somewhere.

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**Mr WARREN:** Where that does happen, you have to question whether it is wrong for community housing to be an insurance policy for private landlords who do not have the wit to pay the \$400 to get their own insurance. I have some grave concerns in that role, because I have heard that justification many times. Certainly I think there would be community housing groups that point to individual cases where that is patently the case, but I would draw your attention to the effect on that organisation. If you are in a small town and you have three real estate agents, the relationship between the community housing provider and those agents in some cases becomes more important than the relationship with their tenants.

It can be a very conservatising influence on the community housing provider because they think their reputation is on the line. So, it is a bit double-edged and we have to be a little bit careful and ask the ultimate question: At what cost? Landlords can buy insurance for \$400 a year, which will guarantee them against all loss. They have the tribunal, which is funded by tenants, they have insurance. Why is community housing picking up the difference between an affordable rent and an outrageous market rent and providing an insurance service to private landlords that they do not pay for in any way, their industry does not contribute, they individually do not contribute? It is a further step we need to think about.

**The Hon. DOUG MOPPETT:** I happened to watch an ABC program about do-it-yourself law. One of the most depressing items was about a woman representing a housing organisation against a tenant, who had legal aid representation. The woman presented a mantle that the housing organisation were running out of money and could not afford to do anything.

**Ms WADE:** We actually referred to that program in our submission. She did not have legal aid; she had a tenant's advice worker, one of the people we are referring to that we provide resourcing services to. On the other hand, the co-op also had assistance from its peak body. So, everybody had some resourcing. So, it was fairer than it was portrayed in that particular program.

**The Hon. DOUG MOPPETT:** If I could interrupt you for the moment, I thought the most obvious thing was that no matter how she dressed it up, the group had decided that it did not want Mrs X, she was bad news. It was very hard to escape that conclusion, that it was a case of "We want to lift the standard of our neighbourhood."

**Ms WADE:** That co-op had about eight houses. That woman, the bad tenant, was the founding member of the co-op and had somehow fallen out with the co-op somewhere along the line. I suppose in that case I would argue that perhaps that co-op was not financially viable if it meant that somebody had to forgo their rights to repairs so that other people could have theirs. Was that co-op financially viable at that size? The other issue it raised, and I think we raised this in our submission, was that whilst we do not have enough housing for low income people, they will often opt for housing tenure such as co-ops out of the need to put a roof over their head rather than embracing some spirit of co-operation or wanting to enter into a co-operative lifestyle.

If we had enough stock people might make the right choices. It may be, and I do not know all the facts in that matter, that that woman simply was not necessarily suited to the co-op at the end of the day. That does not help the co-op, but it does not help her either because where else would she go? In my view, that co-op what was simply too small. I know that is a loaded question, what is the right size, and I do not know that there is actually a right size, but that one was too small.

**Mr WARREN:** They were all Department of Housing transferred stock, as I understand, and the original falling out was a belief that her asserting of rights to repairs jeopardised other people. This tiny microcosm that is created is very difficult for people who are not tenancy workers or professional landlords or tenancy managers; but are simply, as Annette said, people who are desperate to solve their basic need for housing. I think that is a good example of where a strategy at one level can fail participants miserably if it is not done with appropriate resourcing and those sorts of things. Motherhood terms like self-management are all very well and good, but there are some hard questions that need to be asked about the capacity of small groups of people. It is not about people being high needs either.

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I am really not saying that it is the problematic tenant; I am saying it is the essential challenge of what is being asked. We do not ask that of home owners, we do not ask that of any other tenant, but it does seem that people we perceive as the most needy or most disadvantaged sometimes have a higher hurdle placed before them. I think that program is an example and showed you the end result. Even though the tenants' rights were protected, they failed in their termination. You can imagine the distress that that correct result would have caused back at the co-op.

**Ms WADE:** And the co-op in fact may have changed, as co-ops do. They tend to grow. New members enter the co-op based on some criteria that suits the majority of co-op members. So, quite often they can enter being largely family and friends that enter the co-ops as well. It may well be that the co-op itself became dysfunctional and many do because of that situation. Now the woman who was the tenant being taken to the tribunal, if she was a tenant who fully embraced the principles of co-operation, that would have been a terrible experience for her because she would have been trying to function inside a dysfunctional co-op. Co-ops are fine and they are a good and innovative model of community housing, but they require a high level of skills. If low income people are just entering into a co-op saying, "Yes, I think I can do that because I want a roof over my head and the wait turn list is shorter than the public housing list," at the end of the day they cannot work. On its own a co-op is not necessarily the model to go with.

**The Hon. DOUG MOPPETT:** In question 4 we refer to the criticism of the ongoing transfer of stock. If we put aside for the moment that everyone is arguing for general growth and explore the philosophical question of ongoing transfer of stock from the management by the Department of Housing to these other forms of management by community, co-operative et cetera, could you elaborate on your criticism of that?

**Ms WADE:** At the end of the day it does not produce any more housing for all the people.

**The Hon. DOUG MOPPETT:** But even if it does not, if it were argued that it is a better way of managing, it is more responsive, where is the limit? At the moment it is minuscule. Some people are saying it should grow, but are not prepared to say how far; that it should grow in proportion because it is too low now, but when you ask what should be the upper limit, 70, 80 or 90, nobody seems to be able to give us an indication of how large the community housing sector should be in relation to the total public sector.

**Ms WADE:** I do not know that there is actually a figure. Certainly I would not have a figure and I do not think that is the tenant union's expertise. If we are talking about a philosophical level, my greatest concern is the rights of tenants: the right for them to decide, particularly those in public housing, their tenure and their landlord. They entered into public housing not by the best choice because there were not many options available, but nonetheless they are there. So they should not be enforced to suddenly wake up one day and have a new landlord. The bigger concern, and that is one I touched on earlier, is that at the end of the day we keep transferring the best stock and perhaps the best tenants across to the social housing sector or community housing sector and we end up with a much more residualised and dysfunctional public housing sector and we end up with more of the tenants from hell stories on *Today Tonight* type of programs on television.

Communities must grow naturally and we are intervening in the public housing estate areas. There is not a lot wrong. Some of the estates have a range of design problems, but in general the estates have become notorious because we have not done enough work about reducing the stigma. We have congregated people with very high needs in estate areas without a range of things like social capital that Nick referred to earlier, which is not allowed to grow in communities because basically we are not allocating people there with any skills. That would be my greatest concern about future transferring of stock.

I have got a lot of experience in public housing. I worked for about 20 years in public housing in Victoria. I have experience in the high-rises estates. I have seen some very good innovative community development models based here in New South Wales and in Victoria that could happen under a public housing management system. So, in saying you should transfer them across to get more innovation in management or more tenant participation is just nonsense. It can happen under any housing tenure. What we really need to be doing is adding to the public housing stock and to the

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community housing stock rather than just transferring it to somebody else to solve problems because I do not believe at the end of the day that we do solve problems.

**Ms JAUREGUI:** And in so transferring the stock I think as a tenancy we have concerns that at some level—we have already mentioned DART—there are other community housing organisations that are in poor management estates at the moment. Annette may want to elaborate more on that. There is a risk for tenants because they get the raw end of the stick like the DART tenants because, as a result of the poor management, they now need to be farmed off whereas if you had been in the public housing stock that would not be the case because you would not have their security of tenure threatened like you do in the DART where, although they will be relocated to other housing associations, it creates a whole lot of stresses for them and their families in that process of relocation because you have lawyers involved and maybe potentially moving houses and all sorts of things that can create additional stresses to people on the lower income scale.

**CHAIR:** Many of our colleagues particularly in the Legislative Assembly would say that they spend a lot of their time dealing with complaints about poor management by the Department of Housing. We have talked to a number of Labor members of Parliament in particular, and most of the clients they see daily in their offices are basically people with complaints about the way the Department of Housing properties are managed, or the way the tenant mix is managed or the failure to maintain the property. I am sure you people know that better than I. If we are talking about management difficulties particularly, obviously we are aware that some community housing associations and co-ops have grave, probably insurmountable, problems, but I suppose many people would tell us the Department of Housing is not doing too well either.

**Ms WADE:** We would not disagree with that. Certainly Department of Housing tenants are one of our fairly substantial client groups. Like the surveys done by Shelter New South Wales, similar surveys have been done by the Department of Housing. Repairs is a dissatisfaction area. I think it was a dissatisfaction area in the Shelter survey as well and it is in the Department of Housing survey. But overall satisfaction with things like security of tenure and affordability and so on is really high in both housing tenders.

**CHAIR:** A lot of people would say that is the lowest common denominator?

**Ms WADE:** Exactly.

**CHAIR:** You could read it the other way as well. You could say basically people are satisfied because when it comes to the crunch the choice between nothing and something makes you pretty satisfied with something.

**Ms WADE:** And that would be our point from both surveys. Prior to this hearing we actually said, compared with what? Nonetheless, it is compared with the private rental market, which fails miserably for people on low incomes. We do not pretend that the Department of Housing is the best manager. Certainly we would be aware of the people coming into your offices. They are people who are coming into our offices as well. I believe that the major problems stem from poor allocations policy and that stems from lack of supply. In fact, with the targeting in some areas there is only priority allocations occurring. So, low income will not get you into public housing. That is what I am trying to say, we are not getting people with mix of skills in communities anymore.

We have created, if you like, some sort of pseudoinstitutions. Even though we deinstitutionalised, we have actually created these uncontrolled areas where people are trying to get out of them because there is not enough social infrastructure or community development. The Department of Housing could and should put funding into the higher density community development initiatives to overcome design problems. That is not occurring. Transferring stock does not change that, in fact it increases it. It means that there will be less potential in some areas for there to be diversity of people. Increasing stock and having some innovation in community housing would do that.

**CHAIR:** If the shortage of funds from the Commonwealth in the first instance continues to be a big problem, does the same argument apply if housing units in larger estates are picked out and transferred? Is it better to mix the management in a large conglomeration?

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**Mr WARREN:** I would have to question what it would provide. It reduces the ability of the department to intervene across the whole area. Suddenly they have to negotiate between three partners. It increases the complexity of resolving neighbourhood issues if different managers are involved. I would have to question whether that is really a response to the problems in estates, or is it a little bit of gloss, hoping it will go away?

**CHAIR:** The Committee is putting it to you because that is what people have put to us. People have used words like "choice" and "competition".

**Mr WARREN:** We are more sceptical because some problems are about design and allocation policy. Which part of management addresses either of those? Neither. By breaking up the management of large conglomerations you can make it more difficult to change design.

**CHAIR:** Is that happening at Riverwood at the moment?

**Ms JAUREGUI:** Yes.

**CHAIR:** The Committee heard that blocks are being redesigned, refurbished, et cetera, and that portions of the estate are being handed over to community housing associations.

**Mr WARREN:** It is under the department that they are able to do the refit. I would overplay the difference and say that the department's management is highly skilled, educated, inflexible, rigid and bureaucratic. The community sector is flexible, responsive and caring with a lot of skills but less of a command structure. There are benefits either way and we have to be very careful in thinking that the problem can be shifted and we will get all those benefits. To answer the original, philosophical question, I have an opinion about the ultimate limit. The answer is that there is no upper limit; it should be grown as aggressively as possible.

The question really is not about the overall size of the community housing sector. If you grew it to 100 per cent of the public housing or social housing stock and create a bureaucracy, you have just renamed the Department of Housing. It is about what units are within that budget sector, how do they obtain skills, communicate with everyone else through the federation, get the resourcing that they need, and the economy of scale they need. There are two questions: What can the overall size of the sector be? I say it is unlimited if we get the second part correct. That is, what are the optimum economies for management size so that you get the benefits of high skills without losing the ability to be responsive on a one-to-one basis. There is a magic number in there somewhere.

**The Hon. DOUG MOPPETT:** What about the holy grail of providing title and equity upon which private sector finance can be attracted?

**Ms WADE:** That is a hard question to answer. Perhaps we were a little schizophrenic in our approach in our submission.

**CHAIR:** I am glad that that is on the transcript.

**Ms WADE:** I support what my colleague said about no optimum number, absolutely. Certainly a lot has been written about this and we know that there is a big push from the community housing sector to hold title. We are aware that it is predominantly about raising finance. We would not be unsympathetic to that need. Our concern is about tenants' security of tenure. Our concern is that we have seen a large body of work, particularly in the past few years. Over a number of years a number of people have written papers. Academics have had a look at this, but none have been able to satisfy us that tenant security is safe and that there would not need to be a turnover of stock; that is, selling stock to be able to manage the financing.

Individual community housing organisations should not hold title. In many cases we are transferring public housing assets as fully bought and paid for by State and Federal funding, taxpayers' funding. To think it could potentially be sold to private investors would involve high subsidies. Our concern is about the capacity of community housing managers and whether they possess the necessary business acumen. I am not convinced that they do. We are aware of at least one inner-city community

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housing provider that is insolvent. We are aware that one more is pretty close. We are aware that a large number of Aboriginal housing organisations are insolvent., and they involve different issues at one level.

We have talked about a co-operative that potentially could be insolvent if it was not Department of Housing stock. We are not unsympathetic to the need for new funding to grow the community housing sector. That is certainly preferable to handing over title of public housing and for residualising the public housing sector. We support this; if community housing bodies are able to raise funds through holding title we say that there should be some body that could hold it. That should be a statutory body. Evidence from overseas indicates that a number of problems can occur if there is no legislation governing the holding of the title. As I said, that starts with Commonwealth and State funds.

We are concerned that there does not appear to be—or we have never seen—a model or method for determining local needs and local housing programs. We need some methodology or model to be established of a proper housing needs analysis on a regional basis. Then we may have some good housing programs and may be able to grow the community housing sector. We are concerned that a central body holds the title if that occurs, because that would allow smaller co-operatives for community housing bodies to be players in the game. Yet, if they hold their own title they are not able to maximise it.

If there is a proper regional needs analysis or method for determining means and some central body holds and divides the resources, that would be a fairer way for smaller organisations to obtain resources. We believe that there needs to be far more work done on the New South Wales market on whether there is an ability to attract additional resources. We have heard about the selling of bonds or equity loans. We believe there needs to be some risk analysis done on what extent we can go down the track and what extent houses need to be sold on top of an asset management structure. While we are not unsupportive of a model, there needs to be a risk analysis. That would be a good recommendation from this Committee.

**CHAIR:** I do not know whether you heard the evidence from Mr Yule about the churches' attitude to title. They are concerned that their input is often properties that they own and have title to. There is some legal indemnity on some to give that up. He mentioned that the churches are finalising a paper, which they will send to the director-general in about three weeks time, about other ways around this issue of title. He said that the churches' view of the issue was a bit different from the community housing associations that wish to gain title. Do you have any comment on that?

**Mr WARREN:** His comments were very vague. I find it difficult to understand that someone who already has title and who has a genuine desire to use the assets of the church for the benefit of the community is stopped from doing that. I do not understand why a church would do that; they own the title.

**CHAIR:** Mr Yule said that they were forced to move to being tenants in common and the churches were either unwilling or unable because of the legislation establishing their land holdings or the deed of gift—whatever it was, historically. That was a small percentage of cases.

**Ms WADE:** They often hold their own stock. In some instances they become tenants in common but in some they hold their own stock. It is no different from local government land contributions that they relinquished title to in return for sponsorship of tenancies. I am not sure of the situation when they transfer to community housing managers. I imagine local government holds the title in that instance. We are not unwilling to look at a model, but our reservation is that if it goes belly up it is the tenants' homes that are lost. My colleague mentioned 80 houses, potentially 80 tenants, and fortunately a lot of those are head leased. If they were not we would have 80 low-income tenants on the market. What would we do with them? What happens to them, where do they go? Certainly the smaller regional or rural community housing providers pose a number of concerns about their ability to manage the stock or manage the complexities required to be an asset manager as opposed to a tenancy manager. There is a vast difference.

**CHAIR:** Is there a push from the small number of fairly large and well-organised community housing associations?

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**Ms WADE:** I am aware that it is well supported across the community housing sector. It is supported by Shelter New South Wales. We are not entirely unresponsive; this is about putting in some risk analysis. If at the end of the day we look at good models for financing community housing, I hope that that would go alongside better programs instead of replicating what is there. It would mean that there would be less pressure on the public housing sector and perhaps less residualisation. For that reason it is worth cautiously exploring.

**Mr WARREN:** Perhaps it is worthwhile reflecting on a couple of previous attempts to engage more private funds. That is what this is, essentially. Title allows you to borrow against your equity which means, let us be honest, if you are not sourcing it through the loan arrangements of government you are talking about sourcing it from the private sector. The profit motive there is paramount. Where that has happened in the past we have seen HomeFund, which essentially was such an effort and a complete and miserable failure. It cost New South Wales tenants \$142 million to bail the Government out of that. There were the granny bonds of the late 1980s. I am aware that houses that were developed from that, because of the requirement to give a return, were all let out at market rent. It was not affordable housing that was being created.

**Ms WADE:** That is the experience of the overseas studies that were conducted. The study that we referred to looked at the United Kingdom, the United States of America, Germany and New Zealand. The experience of the three larger nations was that government involvement or government conditions stopped once the houses had been paid off. Then they just reverted to similar conditions in the private sector. They were rented, borrowed against and sold, but they were rented to anybody on the private market. So the objective or the community service goal was lost as soon as those houses were paid off. At the end of the day they did not really achieve much for anybody because they kept needing the new injection of government funds. They just do not do that.

**Mr WARREN:** Perhaps also the rationale for a lot of public housing intervention has been cost rental systems. You rely on historical costs so that your income in later years covers your costs. Perhaps what we are being asked to do here is to remedy a problem that was created by failing to properly run the public housing system, particularly in the 1970s, when in South Australia, New South Wales and Victoria all the programs were coming to maturity. It was at that point that large amounts of public housing were sold off at rock bottom prices. There was a very quick gain. A number of people permanently had their life wealth changed but then that stock was not available for the next person in need. So perhaps you are looking at addressing this issue.

While, as Annette says, we should be sympathetic to searching through title and borrowings possibilities, we should also be going back and having another look at why that system failed us to determine whether specific public policy intervention actually undermined the system. If we did not make those same mistakes we would not be generating the same need into the future. So I think that part of the solution is to actually look back and say, "Well, maybe flogging off public assets is not such a good idea", because 15 years down the track there is a sector which is saying that, without the ability to leverage against the asset, it is not able to address the need. I think there is a more fundamental philosophical level that we need to be looking at here. That is not to undermine the possible development of these models. But let us not forget the original thing, that is, cost rental. That is how these systems work.

**The Hon. DOUG MOPPETT:** Could you comment on the adequacy and effectiveness of training and support available to community housing providers?

**Ms JAUREGUI:** I suppose that, from a Tenants Union perspective, we are not necessarily in a position to be expanding on that. We are not involved in the sector per se. We will say, however, that it should be best practice, not better practice or best possible practice. It should be best practice and the tenancy component should be independent of any resourcing. Providers of the sector as well as tenants must have independent training in regard to tenancy rights.

**Ms WADE:** We have raised issues relating to bad landlord practices coming from community housing providers. That has been largely in relation to the head lease properties because they have to breach the law in order to comply with the head lease, or they have to do a deal with their real estate agent to ensure supply. That is just not an appropriate way to grow a community housing

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sector. That is no excuse for breaching the law—and they do constantly—but if they are issued with a 60-day notice today they will only give the tenants 59 days. So there is no way that they can comply with the law. It is just not an appropriate tenure. So we hope that the federation picks up those issues. But we do not know what their current training is. As Carmen said, our concern is that we would like to see some independent tenants training. It might lift the game of community housing providers if tenants had a lot more information on their rights.

**CHAIR:** Earlier you made a number of comments about co-operatives as distinct from community housing. Would you mind bringing those together? You obviously have a number of criticisms of co-operatives. One criticism you made was that they put such intense pressure on people who have the least ability to work in that sometimes difficult area. That is not necessarily a criticism of co-operatives; I guess that it is a criticism of their viability. On the whole, would you like to see the co-operative sector reduced or abolished or would you like to see a change in management?

**Ms WADE:** No, not necessarily. I think you are quite right. You have picked up on the fact that I am not necessarily the greatest fan of co-operatives. I could probably live very well in a co-operative, but I have a set of skills. I would enter into a co-operative with people who were most like-minded. The idea of common interest type co-operatives of groups of people who shared some interest is a brilliant idea and one that should be explored. When I talk about innovation those are the sorts of things to which I refer. But just to throw eight people together and give them eight houses and say, "And now co-operate", when they have no common interests and they do not have the right skills for the job, is set to fail.

As a tenants advocate, over the past 20 years I have represented many tenants whose tenancies have been attempted to be terminated because they do not attend meetings. In the context of a severe housing crisis, that is the thin edge of the wedge. Co-operatives are great. I am not an anti-co-op person, but they must be in the context of other options. For many people there are not the other options. They take the co-op because they have no choice or because they can jump the public housing waiting list. But as soon as they can they will go back to public housing. I have seen co-operatives all put their hands up to have the housing stock returned to the Department of Housing. They have voted as a co-operative to dissolve because they really did not want to be a co-op in the first place. Co-operatives are good if people have the skills. But we need supply.

**CHAIR:** Would that comment about skills apply, say, to groups who have other strong things in common, such as ethnic background, for instance? I assume that it does not just apply to skills; it would also apply to strong common interests and languages.

**Ms WADE:** Yes. It would be fabulous for 45-year-old single women with common issues. People who cannot access the home ownership market, for example, may team up with a group of people and form into a co-op. I have seen the submission from Shelter New South Wales which referred to a rural co-op model. I thought that that was a great idea, but again only in the context of supply. About three people bought a large property and developed a rural co-op. That is a fabulous idea for those people who can live that way. But if we take a dozen low income people out of the city and put them on a rural property it would fail. That is the concern that I have. It has to be in the context of supply.

**CHAIR:** Presumably you all agree that there are dangers in co-operatives?

**Mr WARREN:** Yes.

**CHAIR:** As you would be aware, our terms of reference specifically include co-operatives.

**Mr WARREN:** In co-operatives more than anywhere else, because of the requirement to cohabit and to co-operate inter-personally, it is more important that it is a free choice and that it is not, as Annette pointed out, a way to get over the waiting list. If people want to go into co-operatives and they are motivated to make it work, they can be extraordinarily good. There are some in Sydney that have been stable for decades. One in Annandale in particular that I am aware of has been stable for nearly 30 years. On the skills issue I just add that it is not necessarily the personal ownership of skills; it is the access to skills.



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About 18 months ago there was a celebrated case of the closure of a group home that housed alcoholics. The whole street came out in support of that facility staying because, as they pointed out, a community had formed and the services were delivered. The skills were delivered and the men were able to live in harmony. They did not necessarily have the skills themselves but they had access to them. So when we talk about skills we do not want to make the hurdle twice as high and say that we have to suddenly transfer a generation's worth of education. It is about access.

**Ms WADE:** That community had the social capital. What we are doing is taking that away from others.

**The Hon. DOUG MOPPETT:** Is there any urgent response that you want to make to question No. 9: What would you like to see coming out of this inquiry?

**Mr WARREN:** I would like to see a fundamental rethink and a change of direction. If we continue to count housing in terms of dollars we will continue to make these economically driven mistakes and we will be banking problems for the next Parliament and the next generation. That is exactly what has happened. That is what we are dealing with now—problems that have been created since the 1970s. If I were asked what should come out of this inquiry I would say that there should be a fundamental re-think of the kind of philosophy that led to those decisions in the first place so that we do not make those mistakes again. The investment we make in housing should be substantial. We should be expecting better results than we get. I think we could go a long way towards achieving that by looking at some of the mistakes of the past. We should not always grab for a new solution; sometimes we should look at an old mistake. That is not a bad idea.

**Ms WADE:** I agree.

**The Hon. DOUG MOPPETT:** It remains for us to thank you jointly and severally for your excellent submission, and for your response this afternoon to our questions. We have been greatly illuminated by what you have offered to us. It has certainly given us food for thought.

**(The witnesses withdrew)**

**(The Committee adjourned at 4.12 p.m.)**