

REPORT OF PROCEEDINGS BEFORE

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

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

At Sydney on Friday 30 May 2014

The Committee met at 9.30 a.m.

PRESENT

The Hon. P. Green (Chair)

The Hon. J. Barham (Deputy Chair)

The Hon. D. J. Clarke

The Hon. R. H. Colless

The Hon. S. Cotsis

The Hon. G. S. Pearce

The Hon. P. T. Primrose

CHAIR: Welcome to the seventh public hearing of the Select Committee on Social, Public and Affordable Housing in New South Wales. The inquiry is examining issues of significance regarding social, public and affordable housing in New South Wales. Before we commence I acknowledge the traditional custodians of this land and pay my respect to the Gadigal people and their elders, past and present, of the Eora nation and extend that respect to any other Aboriginal people who may be in attendance. Today the Committee will hear from organisations including National Disability Services, Mission Australia, Salvation Army, Churches Housing, Youth Action, Combined Pensioners and Superannuants Association of NSW and Independent Park Residents Action Group. The Committee will also take further evidence from Housing NSW and NSW Land and Housing Corporation.

Before we commence I will make some brief comments about the procedures for today's hearing. In accordance with the Legislative Council's Guidelines for the Broadcast of Proceedings, only Committee members and witnesses may be filmed or recorded. These guidelines are available from the secretariat. While members of the media may film or record Committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. I also remind media representatives that they must take responsibility for what they publish about the Committee's proceedings. It is important to remember that parliamentary privilege does not apply to what witnesses may say outside their evidence at the hearing. I urge all witnesses to be careful about any comments they may make to the media or to others after they complete their evidence as such comments would not be protected by parliamentary privilege if another person decided to take action for defamation.

There may be some questions that a witness could only answer if they had more time with certain documents to hand. In those circumstances witnesses are advised that they can take questions on notice and provide answers within 21 days. I remind everyone that Committee hearings are not intended to provide a forum for people to make adverse reflections about others under the protection of parliamentary privilege. I therefore request that witnesses focus on the issues raised by the inquiry's terms of reference and avoid, where possible, naming individuals unnecessarily. Witnesses are advised that any messages should be delivered to Committee members through Committee staff.

SCOTT HOLZ, NSW State Manager, National Disability Services, sworn and examined:

SUSAN GERIA, Sector Development Officer, National Disability Services, and

EVAN WALLACE, Sector Development Officer, National Disability Services, affirmed and examined:

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

Mr HOLZ: Yes. I commence by thanking the Committee for the invitation to present here today. National Disability Services is the peak body for disability services in the non-government area. Nationally we have around 1,000 members. In New South Wales we have some 370 members, but we also provide support to all 540 non-government disability organisations in preparing for the National Insurance Disability Scheme. Our presentation to the Committee is focused on the fact that there is already a housing crisis within disability. We know that there are some 2,300 individuals under the age of 65 who currently reside in residential aged care facilities, which is largely inappropriate for their age.

We also know from Australian Bureau of Statistics data that more than 21,000 ageing parents have children with disabilities still living at home with them. Our submission is focused on the fact that with the enabling Act passed in New South Wales we should preserve housing that is already dedicated for people with disability in the transition of those assets to the private sector. There should be no diminution of housing available to people with disability through that process. We also call on the Government to ensure that all new housing built is made to the Liveable Housing Australia Design Guidelines. We also call on the New South Wales Government to work collaboratively with the Commonwealth as we move towards the National Disability Insurance Scheme.

In New South Wales we are currently providing service to around 93,000 individuals; by 2018-19 we will be providing service to around 144,000 individuals. It cannot be overstated that the crisis in public housing for people with disability is almost extreme. We will have the position where people will be coming through the National Disability Insurance Scheme with the wherewithal to have support to live independently but it may in fact be a journey to nowhere.

CHAIR: On page 6 of your submission it says, "NDS would urge the inquiry to challenge current understandings of 'most in need' by considering the circumstances that can see people who are often in desperate need of housing excluded from the priority list." Can you explain that statement?

Mr HOLZ: Yes. People with intellectual disability typically do not do well in applying for public housing. We know that people with psychosocial disabilities tend to have a greater priority in terms of allocation.

Ms GERIA: We undertook consultation with our members in the development of this paper and what we heard essentially was that people were not in enough crises to access social, public and affordable housing. In the Housing Act the parameters for meeting the priority housing list are to be experiencing unstable housing circumstances, at risk of harm or currently living in accommodation that is inappropriate for their basic housing requirements. When we looked at people in their 30s or 40s who are living with ageing parent carers, technically they still have a roof over their heads and they are still receiving family support even though the living situation might not be appropriate. What we gathered was that those people are often not as high a priority as people who may be at immediate risk of homelessness. The compounding impact of that is that we are seeing people who are continually struggling to access the top of the priority list.

Mr HOLZ: If I might add to that. These people are living at home with their parents who are often in their 50s, 60s and into their 70s. The issue for them is that when their folks die they are in a real crisis situation. It is very inefficient at that point to try and place those people into accommodation. They have not had the social skills to go with that because they have lived at home with their parents.

CHAIR: You said there are more than 21,000 ageing parents. What is the base age for those considered to be ageing parents?

Mr WALLACE: Looking through the Australian Bureau of Statistics [ABS] data our understanding is that figure refers to parents who are aged 65 or older.

CHAIR: I was interested in your comment that the intellectually disabled may be missing out. I was out and about recently in my home town and someone said good day to me. They were in public housing. We engaged in conversation and I was curious given that it was a grass roots social housing situation. She was excited that she was moving to another house. To secure that house across town, which has a heavy waiting list, it seemed that the professionals uploaded her priorities by adding significant events to her case to lift her up the priority list. This is unsustainable. It concerns me greatly if you have intellectually disabled people missing out: that in itself is tragic. How do we address this issue where people are moved up the list? In order to get them up to the level of urgency of care they may be pushing out someone that genuinely needs that care.

Mr HOLZ: It is going to be most efficient if we identify people who, if nothing happens for them now, will be in a crisis situation, particularly these people with aging parents. There is a real need now to start work and provide support to those people so they can be socialized to live within a community environment. The only option for those people once their parents pass away, if they are unable to secure housing and the support to go with that, is a residential aged care facility. I was moved by a story I was told by a chap who was 29 in residential aged care and I said, "What is the hardest thing about living here?" And he said, "I have to make new friends every three years." That is because the average life expectancy of people in aged care is three years. He had been through three sets of friends in the time he had been at that facility.

CHAIR: On page 10 of your submission, about the sixth dot point down, you talk about private markets. You state:

Private markets: NDS members identified the absence of data which provided information around access to affordable private rental markets. This information would ideally capture the physical accessibility of this supply for people with disability.

Can you explain that dot point and what data is missing?

Mr WALLACE: This concern follows up from the consultations that my colleague Miss Geria referred to on the absence of data relating to not only housing availability but also appropriateness of housing within New South Wales. What is missing at the moment, and our members have told us, is that there is no clear forum for disability service providers to access and readily be able to observe the length and also breadth of waiting lists pertaining to public housing in New South Wales. While we are very much aware of broader figures across the State with regard to demand what our sector and our members are really requesting is a breakdown of housing that is available that is appropriate for people with disability.

If we can understand this information or it was more readily available then we would have a greater understanding of the demand that exists specifically for people with disability. We know what the need is for housing but to understand the extent of the crisis, the percentage of that housing which is available that is appropriate, that meets Livable Housing Australia guidelines, is not available. Referring that to private housing what we would hope is further collaboration perhaps between the Disability Council of NSW and Housing NSW to develop a whole of Government approach where we see that data captured and disseminated by region and subregion in order to develop a targeted approach.

CHAIR: The previous definition of 65 years of age being an ageing parent means we are heading for a brick wall because presently there are 2.1 million people over 65 and the projection is for that to increase to over seven million by 2050: that is a lot of need for housing.

Mr WALLACE: Absolutely. There are opportunities to address this and we consider the great momentum and great developments that have been made to support people with disability through the rollout and implementation of the NDIS and New South Wales' role in delivering reforms and investing in housing through Ready Together are a step in the right direction. In New South Wales alone we have seen 9,200 accommodation places created by 30 June 2013. We also know that there will be a pool of funding available through the National Disability Insurance Agency, which provides opportunities to develop existing supply to support the housing needs of people with disability.

It is a cost of capital model whereby for specialist disability groups housing modifications can be made. That pool of funding is presently \$550 million nationally and will increase to \$700 million. It is an excellent opportunity for the State to consider how that money can be leveraged and how the partnerships can be developed to recognise that there is new investment to support people with disability but also understanding that this is only one part of the issue that cannot be completely addressed until, as we all know, new appropriately designed supply is created.

Ms JAN BARHAM: Thank you very much for your submission, it is detailed and raises some important issues. If I can follow up on that answer. Are you saying you are not involved in a consultation that looks at trying to meet that need or understand what the future projections are?

Mr HOLZ: Only at the periphery. We work with Family and Community Services with the people from their housing area. The issue is the lack of supply.

Ms JAN BARHAM: Your submission states that there seems to be a lack of understanding about what the need is and you mentioned a subcommittee.

Mr HOLZ: Yes.

Ms JAN BARHAM: Is the subcommittee the way to deliver that outcome? Could you clarify whether or not the department collects the necessary data to understand the level of need? Can you clarify whether you have further information on this other point which is whether or not the ABS collects enough relevant data to enable future projection and strategic work to be done? I found it surprising that that data is not being collected through the census.

Mr HOLZ: Yes. Quite often people with a disability are hidden within our community. It is difficult to project accurate demand data. You have people who, as we said, are living at home with their parents who often fly under the radar. We tend to only count people that have engagement with the service system and there is no reliable mechanism beyond ABS census data to capture those people. You then have a cohort of people who are homeless and a cohort of people who are in correctional facilities who will be released at some point and I am not convinced that they go into the count of people when we look at demand.

Ms JAN BARHAM: Your recommendation six is that a subcommittee of the Disability Council is the way to start that conversation and the data collection and strategic work needed to ensure that supply does exist.

Mr WALLACE: I can speak to that. In consulting with not only our members but also community housing providers what we came to understand was that, for quite a significant amount of time, cooperation and conversations between community housing providers and disability service providers had not been as well developed or progressed as both factors would like them to be. We also ascertained based on these consultations that both sectors had varying expertise. So community housing providers were playing a key role in tenancy management and ensuring that housing could be successfully leveraged, and disability service providers were recognised as having strong expertise in being able to deliver appropriate services to people while they were in social or affordable housing.

So the Disability Council NSW, and the proposal and recommendation within our submission, really aim to create a forum where we can have representatives from the community housing sector and the disability sector come together to work out and identify the common issues that are faced by their tenants. I think if we can formalise that level of cooperation then it would put us in a situation where we are really able to best identify what the challenges are. We know that the challenges are currently being seen through two sets of eyes. So let us get everybody together at the one table. Surely that is the most appropriate way of delivering targeted, integrated social housing.

Ms JAN BARHAM: I am taking that as a big yes—we need to have a subcommittee to address this issue.

Mr WALLACE: Yes, definitely—a subcommittee or a forum which serves the same purpose.

The Hon. PETER PRIMROSE: Thank you very much for your comprehensive submission. Following on from that recommendation we talked about on page 13 about the subcommittee, would you see it as needing some sort of formal legislative or other amendment that recognises that it has a role? Forming a subcommittee is not a problem but it can lack power or value. It would seem to me from what you are saying that some acknowledgement it had a formal role, particularly in relation to the relevant section of the Housing Act, may be something worth looking at. Can you comment on that?

Ms GERIA: I certainly think that would be something worth looking at. I think we are at the point where we need as much support around progressing these issues as possible. We have the National Disability

Strategy and the National Disability Strategy NSW Implementation Plan. There is the National Disability Insurance Scheme legislation and a whole range of other things that are really pointing both the Commonwealth Government and the States towards their commitment to better support people with disability. I think, in a similar vein, if it could receive legislative support then we would be all for that.

Mr WALLACE: We presume that, in future, the Disability Council NSW is going to play a much greater role in disability services and planning. In the second reading debate on the Disability Inclusion Bill which was before Parliament two days ago I noted that for disability inclusion action plans, which are developed by not only local government but also government departments, there is now a requirement to submit those inclusion action plans to the Disability Council NSW. So that is one way, for instance, we are already seeing a level of legislative compulsion to recognise that planning. Naturally the Housing NSW disability action plan, which I suppose would be assumed through the broader NSW Department of Family and Community Services [FACS] disability inclusion action plan, will be assessed. But to consider the role of a subcommittee within perhaps the New South Wales Housing Act I think would be a worthy step.

I also think that, more broadly, there needs to be a prioritisation of the housing needs of people with disability in the social housing reform goals of FACS. We note that that is not of one of the five reform goals that are mentioned for social housing as the key, broad platform. So it is a matter of changing the overall policy goal in social housing to really put disability housing issues at the forefront. Then, in the development of that strategy, if it is appropriate to recognise the role of a subcommittee within the Housing Act that would be great. But the key thing is, first of all, to ensure that focus, as my colleague Scott said, on a group in society which largely goes unseen and to ensure that they are recognised.

The Hon. PETER PRIMROSE: You mentioned this briefly before but do you know if there has been a review of the model that has been used by the Younger People in Residential Aged Care Program [YPIRAC]?

Mr HOLZ: I am not able to comment on that.

The Hon. PETER PRIMROSE: It just seemed to me that that program for young people in residential aged care was a very valuable model. It was getting a head of steam and actually addressing the issue that you were talking about for young people in residential aged care.

Mr HOLZ: Sorry, yes, you have refreshed my memory. Certainly the model is fine. The issue is that it only addresses a proportion of the people who have a requirement. Young people in residential aged care are there for two primary reasons. Either they have some health matter that requires managing which would require specific home modification that there are not the resources to do in a community housing space or there was no other option for them.

The Hon. PETER PRIMROSE: There is usually no money.

Mr HOLZ: Correct. I think there was an opportunity through the enabling Act to assist in this area. We are concerned when we hear Government refer to the transfer of assets as a sale. We firmly believe that the community has already paid once for these assets and that they should not be asked to pay for them a second time. The benefit of transitioning those assets, those homes, to the non-government sector is that it would give them the wherewithal to have the leverage to then perhaps obtain loans et cetera to be able to build further houses. At the moment most not-for-profits have a very poor balance sheet in terms of fixed assets and cashflow. With the growth of the National Disability Insurance Scheme [NDIS] we would expect that services will be in a better position to have a good, solid cashflow. If this transfer of assets is handled correctly, they will have the wherewithal to be able to create social housing as well.

The Hon. PETER PRIMROSE: I have one final question. It is about your recommendation No. 7 about liveable housing design guidelines. Could you talk a bit more about that recommendation?

Mr HOLZ: The liveable housing guidelines are an accreditation process which ensures that a house is accessible for all people, but with a focus on people with disability. There are three levels of accreditation. The platinum standard really caters for all people. The gold standard we believe from our assessment is the kind of minimum standard that you would want for people with disabilities with mobility issues. The silver standard is part of the way there but is very much a minimum standard and not really suitable for people with high support needs around mobility.

The Hon. SOPHIE COTSIS: Thank you very much for being here. Last year the Auditor-General released a report entitled "Making the best use of public housing". It contains a graph stating that about 30 per cent or 34 per cent of people living in public and social housing are disabled or are on a disability pension. You have talked about the lack of supply. Do you have much to do with housing, particularly when it comes to altering properties to accommodate people with disabilities?

Mr HOLZ: Our members do. A fair proportion of that 34 per cent would be supported by a disability service in some way, shape or form. It might be a group home where a service may provide up to 24/7 support for people or it might be a case of people with milder disabilities who need some sort of drop-in support. In terms of modifications, it is always a very lengthy process.

The Hon. SOPHIE COTSIS: With housing?

Mr HOLZ: Correct. I know from my personal experience as the chief executive of a disability organisation that we often relied on grants and philanthropy to be able to modify houses to make them suitable. That might involve installing a ramp so that a disabled person can get up the front steps.

Mr WALLACE: This underscores the need to ensure that when new public or social housing is built that it meets Livable Housing Australia guidelines. We know that the cost of retrofitting one dwelling compared to initial development or building costs is much more significant. It costs much more to retrofit as opposed to the initial outlay to build a dwelling that meets the Livable Housing Australia guidelines.

The Hon. SOPHIE COTSIS: Do you have a protocol with Housing NSW?

Ms GERIA: No.

Mr WALLACE: Not to my knowledge.

Ms JAN BARHAM: I understand that with changes to the Building Code of Australia [BCA] it is now a requirement that there be adaptable, livable designs. Are you saying that that standard is not high enough or that the bar is not meeting the need?

Mr HOLZ: The BCA has been modified to a point where it does cope. However, it sometimes falls short. For instance, a block of units or apartments might be accessible for people with disability—that is, they can get into the building and the elevator and travel to the twenty-third floor to visit a friend—but they cannot get into the toilet. It does not go far enough in ensuring that people with disability have access.

CHAIR: Based on my lengthy experience in local government the argument against that appears to be that a developer should be able to build what he wants. One of the reasons for that is the big "V" word—viability.

Mr HOLZ: Yes.

CHAIR: Who are we to tell a developer how to make a buck if it is their property? They have done the sums and we then impose another layer requiring adaptable housing and that throws their per square metre building costs out the window and they abandon the project. How do you approach that situation?

Mr HOLZ: Livable Housing Australia is creating the economic case for livable housing. I am not in a position to comment on the results of its modelling. However, it is making the case that liveable housing retains its value better than housing that is not up to that standard.

CHAIR: I would not disagree with that given the statistics about our ageing population. I think it is an investment.

Mr HOLZ: Absolutely.

CHAIR: There is a fundamental issue when we tell developers what to build. We start to take over their project and that could make a big difference.

Mr HOLZ: Government can play a leadership role in working with developers to assist them to understand the economic case for livable housing. There could perhaps be some form of quota on developments stating that a certain proportion of the houses must meet the standard.

CHAIR: Your submission suggests that we should hypothecate in those areas. If developers are removing social, public and affordable housing then they should be providing it. That is an opportunity for dialogue between local government and the developer.

Mr HOLZ: Yes.

The Hon. RICK COLLESS: You said that the figure of 93,000 disabled people is expected to increase to 144,000 in the near future. Do you have a breakdown of those figures indicating what proportion of those people live outside Sydney, Newcastle and Wollongong?

Mr HOLZ: We can take that question on notice. I do not have that data to hand. There is a fair representation of people within the population of New South Wales. The percentage would be no different in regional areas.

The Hon. RICK COLLESS: I would also like to know the proportion of people in regional areas who are intellectually disabled and physically disabled and the reason for their disability. Is it the result of motor vehicle, sporting or workplace accidents, or have they been disabled from birth? Broken Hill has many disabled people as a result of motor vehicle accidents involving travel at high speed on dirt roads. That issue has been raised at different times. Do you have any details on the proportion of those people who are now in need of more appropriate housing in regional New South Wales?

Mr HOLZ: Again, we are happy to take that question on notice.

Ms GERIA: I think the figures are 83,000 to 122,000. They are from some initial scoping that the National Disability Insurance Scheme agency has undertaken in regard to what it sees as the future national need once the scheme is up and running. However, we know that one-third of participants reside in New South Wales. So, essentially we took one-third of that number to provide a rough estimate.

Mr HOLZ: That is for the whole of New South Wales.

The Hon. RICK COLLESS: Are disabled people in regional areas more likely than people in city areas to be forced into residential aged care facilities? Is there less specialised disabled housing available in regional areas?

Mr WALLACE: We would be happy to table an excellent report prepared by the Summer Foundation, which is one of our members, and PricewaterhouseCoopers. Its aim was to model the projected number of young people who would be living in residential aged care facilities in the trial sites for the National Disability Insurance Scheme. We know from initial projections that without significant investment over time the number of young people in aged care facilities will increase. Early indications from trial sites in the Newcastle-Hunter region and also in Barwon in Victoria may not point to the information you are seeking about rural and remote areas, but we do know that it is a concerning trend. I would suggest that based on that modelling, which was done over a significant period and which is underpinned by sound methodology, the answer would be yes, we are expecting an increase in rural areas without action being taken.

The Hon. GREG PEARCE: I realise that having young people in residential aged care facilities presents many problems. However, we need to face up to the fact that there is not a lot of money to build new facilities. I am not attracted to the idea that developers should bear the burden of something that is a State and social problem. Do you agree?

Mr HOLZ: I would not disagree with you. However, I would say that there is scope for greater cooperation between government and developers. For example, we know of developers who see this as an attractive option. They might build a block of 20 units and five of those will be quarantined to people with disability and built to a standard that would fit them. The rest of them are sold off to individuals in the community. Investors have shown an interest in participating in that development knowing that their return on that investment might be a little bit lower than what they would get otherwise but they get security of tenure and

they know they are doing a social good. I think there is scope to investigate further initiatives like the Defence Force Housing project.

The Hon. GREG PEARCE: What can governments do to identify the investors and developers who are inclined to do that? What sort of incentives do they need?

Mr HOLZ: I think it is about bringing them to the table and having an open discussion with them. Increasingly, for-profit organisations are looking to deliver on a triple bottom line and looking to fulfil their corporate social responsibility. There are probably only half a dozen really large developers in New South Wales. Bring them to the table and they may actually assist in providing some of the solution.

The Hon. GREG PEARCE: When you say we should bring them to the table are you talking about having a forum or trying to develop a joint policy with the private sector?

Mr HOLZ: Yes, I think so.

The Hon. GREG PEARCE: I wonder whether there might be some way that we can improve the use of aged care facilities. Given that there is no real expectation that we will be able to produce enough stock to take the people out of those facilities in a short period, are there some interim things that can be done? The actual physical facilities are quite good for people with mobility problems and so on, the community facilities are good and the care is there. Are there some methods we can look at to improve the situation and still use those facilities?

Mr HOLZ: You are right: it is not an issue that is going to be solved overnight but as National Disability Services we like to keep the light on the hill that we will address all of those people in time. How people spend their day is an important component. Anything that can be done around assisting people to access their community and really just use the aged residential care facility as a roof to sleep under would definitely be a better result for people than going on outings with people who are 40 years their senior.

The Hon. GREG PEARCE: Many countries are experiencing the same problems with ageing populations, particularly Japan and countries in Europe. Do you know of any ideas, trends or policies that have been adopted in those countries that we might be able to look at?

Mr WALLACE: No.

Ms GERIA: Not that I am aware of.

Ms JAN BARHAM: On page 12 of your submission you refer to workforce capability and capacity development. In the second paragraph under "Capacity development" you refer to a key issue about the disconnect in services provided by disability services providers and then speak about the need for those bodies to better understand the needs of people with disabilities. Are you referring to the need for specific training for all community housing providers to understand the special needs of people with disabilities? Are you looking to have some sort of training module so that people understand rather than there being the misunderstandings you referred to earlier?

Mr WALLACE: Firstly, I do not think we should discount the excellent work that is done by community housing providers in regard to supporting people with disability. For example, St George Community Housing has been excellent over the years in developing partnerships and innovations to really ensure that services are available to tenants living within relevant facilities.

Ms JAN BARHAM: We recognise it would work. We are really looking for what could improve the situation.

Mr WALLACE: Definitely. This is where our recommendation around using the Disability Council as a forum points to one way of being able to identify issues and share expertise. It is going to become increasingly important, considering the growing role that community housing providers play in supporting people with disability, to improve disability awareness training. We would welcome the opportunity to further develop cooperation there. A number of our members act as joint community housing providers and disability service providers. I am referring specifically to Achieve Australia, which plays a role in engaging the wider sector and

improving techniques used by staff to support people with disability. These are all examples of how we can address the situation.

CHAIR: Sadly, that concludes our time with you. Given the National Disability Insurance Scheme and its future there is no doubt a lot more time needs to be given to this topic. I thank you for your submission and your evidence. It was very helpful. We hope that we will be able to dedicate quite a section of our report to the issues you have raised. You have taken some questions on notice. Given our limited time today, members may wish to submit further questions. We require that the responses to the questions be provided within 21 days. If you need any help our most excellent secretariat will assist you. Thank you for your contribution. I hope that together we will make a difference.

Mr HOLZ: Thank you for giving us the opportunity.

(The witnesses withdrew)

LEN HOGG, Member, Independent Park Residents Action Group,

JUSTIN DONKIN, Secretary, Independent Park Residents Action Group, and.

CHRISTINA STEEL, Member, Independent Park Residents Action Group, sworn and examined:

CHAIR: I believe you have travelled some distance to be here this morning. Thank you for coming across New South Wales to this inquiry. We appreciate your time.

Mr HOGG: I hail from the Tweed area, so I had an early start. I represent something like 3,500 residents in the Tweed who live in 30-odd residential parks.

Ms STEEL: I am a member of the Independent Park Residents Action Group [IPRAG] and the tribunal advocate for Port Stevens Park Residents Association Incorporated. We have approximately 16 parks in the Port Stevens area and membership of around 800 at the moment.

CHAIR: Would you like to make an opening statement?

Mr DONKIN: Yes, please. Thank you for inviting IPRAG NSW to give evidence. IPRAG NSW came together informally last year as it became clear to us that the processes by which the Residential (Land Lease) Communities Act was being developed were somewhat flawed. Various resident groups around the State coalesced to form IPRAG NSW, which has since been formally incorporated. Our founding members include longstanding residents and advocates from the Tweed, the Port Stevens and the Newcastle regions, the Central Coast and Sydney. This is our first outing in a public forum. Our mission statement is:

IPRAG NSW provides a forum for all park residents to express their views and provides a vehicle to lobby State and Federal Governments about those views.

Len is a longstanding advocate and is forming a new residents association in the Tweed after dissatisfaction with the incumbent residents association there.

As secretary of IPRAG I am striving to raise the profile of our new group with a view to improving legislative outcomes for New South Wales residential park residents. Today we hope to assist the Committee's understanding of the role of residential parks in the ongoing mix of affordable housing in New South Wales and some of the challenges facing this role.

With regard to our submission, I would like to correct some minor errors. On page 7, the submission made reference to the "Senate Committee" which should have been the "Select Committee". In our references, the document listed in references 11, 19, 20 and 21 should have been dated 19 November 2013 not 14 November.

CHAIR: Going back to page 7 of your submission, I was intrigued by the table at the top of the page. It is concerning to see a 38.55 per cent increase in site fees at Site A between 2006 and 2012. Please walk us through that table, because it is very distressing.

Mr DONKIN: It is very distressing for the residents affected.

CHAIR: I can imagine.

Mr DONKIN: This chart was put together as part of a tribunal application for an excessive rent increase in the Dural Village Caravan Park. What became obvious to us at the time was that the minor percentage increases that were applied to site rentals annually compound in perpetuity for those residents. Keeping in mind that a lot of home owners and residents in these parks are not in a position, either financially or socially, to relocate and given the new trends in the industry to prohibit the relocation of second-hand or used houses, they have no option to relocate. The table gives a broad sample of six sites. We had something like 80 per cent of residents within the park joining the tribunal application. It became quite clear over the period, and even prior to the period, that these increases—by the compounding effect as it may be only 1 or 2 per cent each year and so not worth challenging, in many residents' opinion, on a year-on-year basis—over five to six years led to the differentials given in the table that are self-explanatory.

Mr HOGG: I attended two rent increase tribunal hearings in the Tweed last week. The rent increase was 6.8 per cent in two parks with rents ranging from \$170 a week to \$268 a week. Quite clearly, in light of the figures we had in the submission, this is disturbing. It is an emerging trend and it is why we stated in the submission that there are a significant number of residents in rental stress.

CHAIR: You mentioned future investment in these parks and that they are becoming very attractive to corporations. For the record please give the Committee your solution to the problems raised in that table.

Mr DONKIN: Giving a solution might be a stretch and we will take that on notice.

CHAIR: The word "freeze" comes to mind.

Mr DONKIN: Please repeat the first part of your question.

CHAIR: You talked about site fee increases and compounding impacts and in your submission said that these parks are now becoming attractive to corporate investors.

Mr DONKIN: Absolutely. That is a key part of our submission, in that the industry has somewhat morphed since maybe 2010-11. Traditionally parks were operated by family operators who may own one or two parks in a region. They provided affordable accommodation to a range of persons, whether they were nearing retirement age, retired or families looking for more affordable housing solutions. Since 2011-12 the evidence we have found is that up to \$500 million has been raised and invested in this industry by corporate vehicles driven by such companies as Ingenia Communities Group, Alceon and the like. There are also smaller players now entering the market—I think one is called Pacific Solutions.

Smaller players are recognising this market, and it is quite clear in the documents referenced in our submission that these corporations recognise that they are moving into a viable industry. They are looking for residential parks where there is significant land-banking or a significant opportunity to displace the more traditional houses and home owners and replace them with pre-manufactured homes that they bring in. In their marketing brochures and internal documents that we have sourced from the internet we see they realise about a 40 per cent profit margin on the cost of bringing in those homes when they on-sell them to new residents. I cannot offer solutions to this trend today or how it could be addressed. In our evidence we may make recommendations on including a mandated level of social and affordable housing in new developments or redevelopments of existing parks.

Ms STEEL: In the table it can be seen just how extensive these increases are. A big concern we have is that with the onset of the new Act, which is to come into being once the regulations are drafted, those increases are going to double or triple. Under the new Act owners will be able to apply for rent increases based on projected costs, rather than just actual costs. They can ask for actual as well as projected costs. This limits increases only to their imagination.

CHAIR: It does not leave much for cost-of-living expenses, that is for sure.

Ms JAN BARHAM: Thank you for your submission and thank you for travelling, especially you, Len. You have raised some concerns about the legislation. Do you imagine there is some way that that can be amended or reviewed?

Mr DONKIN: We would like to imagine exactly that; whether that is politically realistic or not is another matter.

Ms JAN BARHAM: Do you think that the magnitude of the impact of that legislation was not understood at the time? That is what you have outlined here.

Mr DONKIN: Understood by? It was certainly understood by residents.

Ms JAN BARHAM: Yes, but I think perhaps by the Parliament not realising—

Mr DONKIN: Perhaps, but certainly—this was before IPRAG New South Wales was formed—the Dural Village Residents Committee made quite detailed submissions about how these site fee increases would impact residents, especially given when we saw the draft consultative copy. We also made the point that within

the Act there is no provision to examine what costs presented by park owners and park operators would be considered. We made reference as well to the terms of the Act. Section 73 (4) of the Act, as it stands, states: "Orders as to excessive increases in site fees: The Tribunal cannot make an order that would result in an increase"—that is in site fees—"lower than that needed to cover any actual or projected increase (established to the satisfaction of the Tribunal) in the outgoings and operating expenses for the community since the previous increase (if any) in site fees for the community". That is binding the tribunal to a site fee increase for any and all operating expenses—

Ms JAN BARHAM: And projected expenses.

Mr DONKIN: —and projected expenses and it is somehow justified by, among other things, simplifying and reducing the number of tribunal applications made to the now NCAT. What in fact I think it does is set up some sort of circular flow of increases whereby the park owners project a certain amount and then somehow have to, or maybe not have to, justify that that money was spent when next year they go for their next round of increases.

Ms JAN BARHAM: So it can just keep rolling on and residents wear the fees?

Ms STEEL: A major part of our concern is that at the time there was public consultation in relation to this Act, the Residential (Land Lease) Communities Act, and the consultation initially was carried out by what was perceived by the Government to be the stakeholders, and they included a residents organisation. It later evolved that that particular organisation was only there for their membership; they were not there for all the residents of the State. Their memberships are a very small percentage. Port Stephens certainly were not included. We did ask to be but we were not included. IPRAG New South Wales was not at that time in effect, so I guess that is why. But there were a number of aspects about that that led us to believe that perhaps that whole process was flawed and that that is why it is weighted so heavily in favour of the park owners.

Ms JAN BARHAM: You refer to the fact that there appears to be a process whereby people can be moved out or moved on by the redesign or the redevelopment of the parks. I think Len knows full well that on the North Coast we are seeing this happen and we are seeing it happen in private parks and in Crown parks. Am I right in saying that some of these people were affected by the global financial crisis and some of them are now finding themselves homeless? We are talking about pensioners, the elderly, who really do not have anywhere else to go. Is this what you are experiencing?

Mr HOGG: Certainly residential parks play an important part in the affordability of houses. For my neck of the woods in the Tweed there is a less than a 1 per cent vacancy factor in the real estate market. Public housing has blown out from, I believe, 16 years to a 20-year waiting list. Obviously, with the temperate conditions it is amenable to live in caravan parks, to live in residential parks, and certainly bodies that are looking for accommodation in emergency housing, et cetera, have been targeting caravan parks. Elderly residents usually are socially and financially deprived, so, quite clearly, if they can buy into a caravan park they do. It ranges from all levels and it is the lower end of the level that I am particularly concerned about.

I visited a park last week, and we have got some paperwork we would like to offer up, where one of these corporate bodies had bought the park and within six months of buying it it is redesigning the park to the effect of reducing the number of sites, replacing them with larger sites—42, in fact—and then there will be 27 left. Those 27 sites they will put on homes to sell and they will make \$100,000 per site: 27 sites is \$2.7 million. My problem is: what is going to happen to the people who are on some of those sites? There are about 10 involved, and one lady is 89. They are also the older type of accommodation which are caravans and annexes rather than the more modern style of home. But, to them, they have lived there a long time, it is their home. All they have received to date was a letter from the council advising that there is a section 96 application in the process. I suppose it is up to council to decide whether there are social implications they should address.

Ms JAN BARHAM: Just to follow up on that. In examples I have seen where the park is redeveloped, there are still some permanent residential sites left. Some of those people cannot relocate because of compliance issues, which means they are out with nothing—they are valueless.

Mr HOGG: I have got personal experience. I was in a park that was deliberately run down by the park owner and eventually abandoned. The Department of Fair Trading did seek to put an administrator in and failed in the process. I was one of 114 residents who owned their own homes in that park and when the park owner walked away and a new park owner bought the park after 18 months, and paid something like \$9 million for it,

within two months we were given termination notices—and, I might add, only a 90-day termination notice. I am the only resident out of that lot who kept their home. My home was relocated to a Crown land site in my current park, which is one of seven parks administered by a council trust.

I personally travelled from Tweed as far as Port Macquarie, knocking on the doors of all parks to seek a site, because, quite clearly, a termination triggers some form of compensation, and that is usually in the form of relocation. The inflated prices of homes in parks means that you cannot get a valuer in if you are leaving a park and you have been compensated for your home. They are basically chattels—they do not have a land value—and homes that sell for \$300,000 technically are only worth about \$100,000, and that is all the tribunal, if it gets a valuer in to consider compensation, can give you. So you cannot use any compensation to go and buy a home in another park.

Going back to the caravan parks I visited, the general comment from the park owners was, "Why should we give you a site for your home, which might net me \$130, \$140 a week rent, when I can put a home on that site and sell it and make \$100,000 profit?" That has negated the relocation process advocated by the Residential Parks Act 1998.

Mr DONKIN: Can I go back to what Ms Barham was asking about in terms of understanding and how the bill was formulated, just very quickly? I refer to an article in last Sunday's *Sun-Herald*, which referred to donations and a very close personal tie between the CCIA and Mr Hartcher's office.

The Hon. SOPHIE COTSIS: What is CCIA?

Mr DONKIN: The Caravan and Camping Industry Association.

Ms STEEL: It is the owners association.

The Hon. GREG PEARCE: Point of order: This is a matter for the Independent Commission Against Corruption [ICAC]. It is not appropriate for us—

CHAIR: I will take the point of order on board first because I do not think the panel before us at the moment was in the room when I read out the guidelines this morning. There is a caution in those guidelines, to be aware that, while you are under parliamentary privilege now, not to take advantage to make adverse comment. Secondary to that is that, once you are out of this room, to be aware that those comments will not be covered by parliamentary privilege and if they are defamatory you could be held accountable for them. This is not a forum to make adverse reflections. You may choose to keep going with your comment but those are the guidelines that I read out earlier.

Mr DONKIN: May I do so then, without really referring to organisations' names?

CHAIR: Individuals?

The Hon. SOPHIE COTSIS: From what I understand, this matter is not before ICAC, is that right?

CHAIR: I have not ruled on whether it is before ICAC or not. I know Mr Pearce just mentioned something of another nature, that a certain person is before ICAC.

The Hon. SOPHIE COTSIS: But not for this?

CHAIR: No. I have not ruled on that, I merely informed the witnesses of the boundaries of this particular conversation and I just advise you to be wise when mentioning an individual's name.

The Hon. GREG PEARCE: To the point of order: It is highly inappropriate for witnesses to be launching into personal attacks on people and raising those sorts of issues.

CHAIR: I have tried to use the greatest discretion and wisdom in the matter to advise you to stay away from individuals' names, unless it is absolutely imperative and you have evidence to back your comments.

Mr DONKIN: Thank you. It is not my intention to state individuals' names.

CHAIR: Fine, let us move on.

Mr DONKIN: I will try to move on quickly, without stating the names of any organisations. Basically, both parties that were involved in the roundtable discussions that formulated the bill could appear to be somewhat compromised in that it has come out in the press that one party, representing the industry body, was making donations—

The Hon. GREG PEARCE: Further to the point of order: With respect, this is highly inappropriate and it is casting aspersions on the process and the people involved in drafting legislation.

The Hon. PETER PRIMROSE: To the point of order: The witness here is simply referring to an item that was in the newspaper. I think we should give him the opportunity to at least refer to that item. It is in the media. He has been advised and he accepted the advice of the Chair, but this matter, he is simply saying it was in the media, so it is hardly a confidential matter.

The Hon. GREG PEARCE: That is hardly worthwhile evidence for this Committee. With respect, we are wasting our time on material that calls into question the quality of the evidence we get.

CHAIR: Order! I am listening very carefully. The witness has mentioned that it was in the newspaper, which is part of his comment about the evidence given. I do not think he is crossing right now, I think he is choosing his words very carefully. You may continue on your way with your answer at this point of time, thank you, Mr Donkin.

Mr DONKIN: Thank you. That is the group that was representing the industry. The group that was representing the residents, Christine has already made reference to the fact that at the time the total membership represented around 5 per cent of the population of New South Wales park residents. They were afforded a grant for some research in 2011 and then subsequently invited to sit and represent the residents of New South Wales. However, it is clear that they really represented a very small proportion of that. So the wider residential park resident population—and certainly those that our group has been in touch with—have no real confidence in who may have understood what the impacts of this Act may have been. That answers the question, thank you.

The Hon. GREG PEARCE: Point of order: The witness has just cast aspersions on the other organisation he is referring to, and on their performance. If we are going to admit this sort of evidence we will need to give that other organisation the opportunity to put forward to us their views.

The Hon. SOPHIE COTSIS: That would be good, I hope they do come and explain this bill.

CHAIR: Order! It is a point of order and I do not want other members to get into a discussion on a point of order, other than a technical reasoning. Mr Donkin, you responded about something and I think you were pretty fair in the way that you brought it to a close. I take Mr Pearce's point. I think it is only fair that people get to respond and the Committee will make a point of inviting that organisation for their comment on that matter. I think that is a fair point. The way I receive that evidence, certainly in my view, is that you felt that some people felt that they were not being part of that process, yet it was said that they were part of that process. I think that is pretty fair comment.

Mr DONKIN: That is a large portion of it.

The Hon. PETER PRIMROSE: I know that we have already discussed your table at length but can I go back to the preceding comments about the Consumer, Trader and Tenancy Tribunal [CTTT]? There is a dot point under the table, asking that the inquiry examine the refusal of the CTTT to consider affordability. Is the suggestion there that there was a refusal of the CTTT or the NSW Civil and Administrative Tribunal [NCAT] or that they do not have the authority to do that, which is the way you alluded to it at the beginning?

Ms STEEL: There are guidelines set down under the Civil and Administrative Tribunal Act 2013 that say what can and cannot be used. That is the case. It is not in it. They say they are unable to. It is not so much that they refuse, it is just that they are unable to consider affordability because it is not one of the points to be considered.

The Hon. PETER PRIMROSE: So could I paraphrase from that dot point that what you are requesting is for this Committee to write to the CTTT and NCAT now, pointing out this evidence and seeking their comment back to us?

Ms STEEL: Yes, that would be excellent, thank you.

Mr DONKIN: In addition to that, if I may, it is incumbent upon applicants to the tribunal, in a rent increase matter, to provide evidence to overcome, or to prove and establish, that such an increase may be excessive. It was promoted prior to this bill being redrafted that that would be one of the areas closely considered and the weight of responsibility for that evidence would be taken off the residents and transferred back to the park operator to justify their site fee increases with hard evidence. It is my experience, and probably my colleagues' experience in the tribunal, that evidence by park operators might constitute an electricity bill, a water bill and a rates bill that may apply across the whole park when, in fact, up to 50 per cent of the park may be operated by tourism operations. As those tourism operations fluctuate, they will influence the cost of the electricity and whatnot. It is never identified as to whether it is the residential side of the park or the tourist side of the park. We were highly disappointed that the weight of responsibility of providing evidence still rests with the residents of the park. Maybe you could include something along those lines, if you were to take up the issue on the affordability as well.

The Hon. SOPHIE COTSIS: Thank you for traveling down to Sydney. Mr Donkin, have you met with the new Minister for Fair Trading to discuss your concerns?

Mr DONKIN: Unfortunately not. The Independent Park Residents Action Group NSW had an appointment booked with the Hon. Stuart Ayres while he was briefly in the Ministry. Unfortunately, before we could meet with either him or his Fair Trading advisers, the Ministry was reshuffled. We are waiting to hear if our meeting date is being transferred to the new Minister.

The Hon. SOPHIE COTSIS: Have you made contact with the new Minister's office?

Mr DONKIN: Only briefly, to ascertain whether the transfer of our meeting date is occurring.

The Hon. SOPHIE COTSIS: A number of my Labor colleagues have met with a number of your members and I also recall attending a meeting in Tomaree a couple of years ago. I heard many stories of people who had issues regarding maintenance. Have you, over the last 18 months, managed to resolve those issues with the park owners and the Government?

Ms STEEL: No, it has become worse.

The Hon. GREG PEARCE: Is this maintenance of the park itself—

Ms STEEL: Residential parks.

The Hon. GREG PEARCE: —or is it maintenance of the dwellings that are owned by the residents?

Ms STEEL: It is maintenance of the common areas of the residential park for which, under the Act, the owner is responsible. What we are finding happening in our area certainly is a number of the owners are cutting back any maintenance, and the only reason I can think of for that is that when the new Act comes in they will have a way of getting around it. It just seems crazy but that is what they are doing.

Mr DONKIN: Getting around it will be applying to tribunal with their expenditure to perform the maintenance that might not have been performed over the past decade and recoup that as an operating expense.

The Hon. SOPHIE COTSIS: What concerned me when I was up there is I was speaking to a couple. I am not sure if you recall but we had a number of very hot days. This was around January and there were some very hot days. The concern was that there was no running water for a number of days at one of the parks and the owners were trying to get that reconnected. What happens in those situations?

Ms STEEL: That park has been to tribunal and we were successful. However, the issues are continuing because they have not done what they were supposed to do.

The Hon. SOPHIE COTSIS: Are you saying that when the orders are made by the CTTT or NCAT the park owners do not comply with the orders?

Ms STEEL: Not always. Most of the time they do, but if they do not comply there are penalties under the existing Act but unfortunately the penalties are never applied.

The Hon. SOPHIE COTSIS: Who enforces the penalties?

Ms STEEL: The CTTT. They have an enforcement branch. Sorry, it is the Department of Fair Trading now, and there is an enforcement division. Much has been made of the fact that there will be penalties under the new Act. There are already penalties and they are not applied.

The Hon. SOPHIE COTSIS: Maybe we should talk to them. You mentioned that there may be a loophole in the new Act regarding maintenance. Can you elaborate?

Mr DONKIN: Not so much a loophole as much as the site fee increase matters now allow or bind the tribunal, which must award a site fee increase to cover actual and projected expenses. It does not analyse what those expenses may be. There is no attempt made in the Act to identify if an expense is a one-off expense or if it is an annual expense or perhaps it is capital expenditure. So the situation may evolve where an operator purchases a number of items as a one-off expense in his park. He also invests capital in perhaps providing a facility and also his annual operating expenses increase. The tribunal is not bound to look at any of those factors except to consider them expenses and then award a site fee increase, basically in perpetuity, to cover those expenses. We feel that is an unjust piece of legislation because the cost of a one-off expense could possibly be borne by park residents forever.

Ms STEEL: If I can add to that, under section 73 of the R(LL)C Act, 75 per cent of the residents can vote for an improvement, a facility or a service. If it is done, that then becomes the debt for all of the residents. So 25 per cent of the people will be landed with a debt they have no control over, probably cannot afford and probably do not want. Frankly, I cannot see how they can do that legally, how anyone can be forced to have a debt they do not want. If I can briefly touch on section 127, this is of great concern to us as well because, under 127, the use for the site can be changed. The owners do not have to put in a DA for it; they can just change it from long term to short term. That would make it impossible for the person who is on that site to then sell on, other than to sell it as a holiday place. So they could be left literally with nothing and nowhere to live because they cannot live there permanently, which leads right back to affordable again and what this is all about.

The Hon. SOPHIE COTSIS: I take you back to the \$100,000 grant that was provided. What was it provided to do? What was the grant?

Mr DONKIN: I can only speak generally about that. It was to conduct a research project across all residents in New South Wales, whether or not they are members of the body that it was granted to, to canvass opinions about issues within the existing Act that could possibly be improved in the new Act, as we understand it.

The Hon. SOPHIE COTSIS: How many responded to that survey?

Mr DONKIN: Can I take that on notice?

The Hon. SOPHIE COTSIS: Certainly.

Ms STEEL: We can say that the results of that survey were obviously not taken any notice of because the results were far different to what ended up being the case.

The Hon. SOPHIE COTSIS: In terms of the bill.

Ms STEEL: Yes.

The Hon. SOPHIE COTSIS: Another concern I have is that there have been cuts to the PAVS. Is that right?

Ms STEEL: Yes, their funding has been taken.

The Hon. SOPHIE COTSIS: How much were they getting?

Ms STEEL: I would have to take that on notice, I am sorry. I do not know the amount but I do know that they were highly critical of the bill and for one reason or another their funding was taken.

Mr DONKIN: PAVS were the third party involved in the roundtable discussions and shortly after the consultation period the funding that was available to operate that park and village service was not renewed, although I have had communication from the Fair Trading commissioner that the amount of money overall given to tenants services and the like has not specifically changed. It was just that that application and the moneys available to operate the park and village service were no longer available. We were distraught with that at a time where it was not just a revision of the Residential Parks Act; it was a complete rewriting of the legislation that affects residents around New South Wales that the one service with experience in that sector was abolished.

The Hon. SOPHIE COTSIS: Was their funding provided by the Office of Fair Trading?

Mr HOGG: Correct.

Ms STEEL: No, I think it was—

Mr DONKIN: I think we need to take that question on notice.

Mr HOGG: If I may just speak about PAVS a little, they have been a great support to me over the years and the difficulties we had. I have attended a number of forums. PAVS has the responsibility to provide education to all the residential parks. It also provided support for the tenancy advocacy service. It had been in existence for 17 years.

CHAIR: Did you say 70 or 17?

Mr HOGG: Seventeen. They were fierce critics of the new bill, and it just seems most odd that all of a sudden their funding has disappeared.

The Hon. GREG PEARCE: You will have to forgive me. I am not very familiar with these residential parks and this whole system, but listening to your evidence today it strikes me—I have been an owner of properties and I have never been protected from increases in expenses; I have been a renter and I have never been protected from increases in rental. Indeed, I recall on one occasion we were required to vacate a property on either Christmas Eve or Boxing Day on only a month's notice. You are describing a system which seems to provide quite a lot of protections for one sector of the market. Why are you given such privileged treatment? It is a very expensive system utilising NCAT and all these other things you are talking about. So why does your one group of residents get this privileged treatment?

Ms STEEL: I think because park residents, you could say, are in the unique position. You mentioned renting—

The Hon. GREG PEARCE: Obviously you are in a unique position and you are getting very favourable treatment.

The Hon. SOPHIE COTSIS: I dispute that.

Ms STEEL: No, I would have to disagree.

The Hon. GREG PEARCE: No-one else gets the same sort of rental protection you get. No-one else gets protection from the expenses of owning a property.

The Hon. SOPHIE COTSIS: Listen to their evidence.

Ms STEEL: They do have protections.

The Hon. GREG PEARCE: I have been; that is why I am asking the question.

Mr DONKIN: I would suggest that they do have such protections. They have access to the tribunal as tenants and they do have legislation that protects them, as the Residential Tenancies Act. As to whether or not there is preferential treatment to residential park residents, if that may be the case, it would be because a residential park home owner owns the house they live in but not the land on which it sits. Quite often they do not have the financial capacity, and I have mentioned social capacity. To relocate a home would probably be relocating it away from their support networks. So that is not desirable. With the current trends emerging in the industry as well as corporatisation and a certain amount of enmeshing into the retirement industry, they simply have not got the location to relocate a home to. So I believe that—

The Hon. GREG PEARCE: Most of these parks began as tourist parks. They were not intended to be retentively permanent.

Mr DONKIN: And they have evolved over time into what we now have. I guess that is the reason why there is a legislative catch-up that is occurring. It occurred in 1998, in 2005 and again last year. What we suggest with the legislation though is that a balance has not exactly been struck between the industry concerns and what the residents require.

The Hon. GREG PEARCE: We just do not have much time. I want to change to another topic. There have been suggestions that residential parks would be appropriate for public housing, particularly short term, and crisis housing. What are your views?

Mr DONKIN: Our submission does not necessarily support that position. Our submission supports alternate models of ownership of residential parks—so without the corporate model. I would have to refer it back to my members whether or not we would support it in terms of social housing. I would probably take it on notice.

The Hon. GREG PEARCE: It is a pretty crucial question and it certainly is put forward as an option.

The Hon. RICK COLLESS: In relation to lack of any title to the land on which you live, do you think there is a need for some sort of, dare I say, strata title?

Ms STEEL: No.

The Hon. RICK COLLESS: Or something that gives you some sort of title or right for you to maintain that system? It may not be strata title per se because those titles infer ownership of the land.

Mr DONKIN: We have members with extensive experience in making submissions on alternate models. Perhaps we could make a supplementary submission that would address that in further detail.

The Hon. RICK COLLESS: Yes.

Ms JAN BARHAM: Could you follow up with some information about the cooperative model?

CHAIR: That would be helpful.

Mr DONKIN: Yes.

CHAIR: Thank you for your input. Residential parks, as noted already, are in our sights to consider as future models in housing affordability. Sadly, many people are landing out of their houses. We need to do what we can in all areas of housing to make sure policies carry the burden of our most vulnerable. We appreciate your travelling all the way from the Tweed. Thank you for your presentation today. You have taken some questions on notice and have 21 days within which to respond to them. The Committee secretariat will help you if needed. Other Committee members may put further questions on notice to you. Given some of the context of your evidence, I remind you to be wise about what you say beyond that barrier from this point. Thank you for your time.

Mr DONKIN: Thank you. Sorry, I got caught up in the excitement of the day. We brought a submission to table prior to the hearing. Is it possible to hand over eight copies of that submission?

CHAIR: Yes, we will table that also.

(The witnesses withdrew)

(Short adjournment)

SUSAN KING, Director Advocacy and Research, Anglicare, Sydney,

MAGNUS LINDER, Executive Officer, Churches Housing Inc, and

ROB BURNELEK, General Manager, Salvos Housing, The Salvation Army, sworn and examined:

CHAIR: Would any of you wish to make an opening statement?

Ms KING: Yes.

Mr DONKIN: Yes.

Mr HOGG: Yes.

Ms KING: We realise there are two submissions on the table at the moment, one from the Salvos and one from us. I suppose from the Anglicare and Churches Housing perspective, there probably are three questions. I am going to talk to the first two and Magnus will talk to the third. The first question is: Why are we concerned about housing affordability? The second is: How bad is it? The third is: What can be done about it? Why the concern? Agencies such as Anglicare are well positioned to understand the impact of housing affordability issues, particularly on low- and middle-income households. Our agency alone sees more than 50,000 people a year in Sydney and the Illawarra. Over the last seven years we have tracked more than 36,000 people who have come through our emergency relief services. Those programs provide things like food, financial counselling, support with payment of bills and utilities, and we try to support families through housing issues. Increasingly, families are presenting with issues around housing. Housing and accommodation has been a rising trend over the last seven years, which we reported in our State of Sydney report that we launched earlier this month. Fifteen per cent of those families coming through our services are homeless or sleeping rough—in cars, refuges, caravans or staying with friends. Almost half of those households have children, which is our particular concern.

Why is that happening? Basically, we think there are a couple of key reasons. Basically income support benefits, particularly Newstart, are inadequate. We know also that two-thirds of households—around about 63 per cent—are endeavouring to survive on weekly incomes of less than \$500. That, coupled with increasing issues of rental affordability in the private rental market, is forcing many families into what we call deep and persistent disadvantage. Almost one in four households we see spend between 30 and 44 per cent of their income on rent and one in three are in severe rental stress spending on rent more than 45 per cent of their very low income. What does this mean on the ground in terms of the people we see? It means that people with a disability, single parents, Indigenous people and those on Newstart are increasingly unable to pay basic bills. They are making what we call hard choices. For most people, shelter is not seen as a discretionary item; however, food is. Consequently a number of households experience various forms of food insecurity.

In other words they are not sure where their next meal is coming from. We could talk about that quite extensively, and I am happy to report back on that if anybody is interested. We have done a lot of research in that area. Food insecurity basically means people are reducing the variety of food, reducing their intake, skipping meals and often going without food for a whole day. In the worst case scenario, our research indicates in households with children almost one in 10 such households have children going without food for a whole day every couple of weeks.

How bad is that situation? Recently we conducted a rental affordability snapshot across Sydney. You might be aware that happens every year; it is an annual report. The work is just on Greater Sydney and the Illawarra. We looked at more than 13,000 properties over one weekend. If you consider that two-bedroom properties are suitable for families with two children—AHURI and others consider it has got to be three-bedrooms but we narrowed it down to two-bedrooms—only 33 properties out of 13,000 properties were suitable for families on low income. The vast majority of those properties were located in the outer ring of Sydney, at least 20 kilometres from the central business district, and there were no rental properties in Sydney that were suitable for single people on youth allowance, disability pension or Newstart without placing them into severe rental stress.

So the issue from the Anglicare Sydney end is a significant one and it is increasingly so for families who are coming through our services. We feel that if housing affordability issues are not addressed then the

deep and persistent disadvantage which we are seeing on the ground will just degenerate into spiralling intergenerational poverty so we think something needs to be done.

CHAIR: You referred to food insecurity. If that is not covered in the Anglicare report would you table information to highlight what you have referred to?

Ms KING: I am more than happy to. We did a national report in 2012 which I am more than happy to table.

Mr LINDER: Thank you for inviting us along today. Even though we have two separate submissions, Rob Burnelek is also on the Churches Housing Board and the Salvation Army also collaborated with our submission. Anglicare played a leading hand and we drew a lot on its research. The church has a lot of goodwill in this area. We generally work with social welfare organisations of the church primarily, and local parishes and dioceses across denominations. In this area of housing affordability the church has enormous goodwill and see themselves as part of the solution and they have a desire to be part of the problem solving process.

Collaboration is really required. We want to collaborate with government and across the sector with community housing providers, secular ones, which we already do. We want to collaborate increasingly with businesses and the finance sector. We want to find innovative solutions to an ever-increasing problem. Despite the many small policy changes and directions that have been brought about over the past decade or so we are seeing that the problem itself of housing affordability, particularly for the most vulnerable and marginalised people in our society, is actually getting worse. We have had some big, small solutions like the National Rental Affordability Scheme which has now been parked until the Federal Government can work out any alternative, if there is going to be one.

At the same time we are finding that the real structural problems that exist in our society are not being addressed and so we are doing small things to try to help individuals. In many ways that is what the church is good at; helping individuals and families one at a time to see transformation happen. However, you will see in our report many recommendations that encourage the State Government to advocate more strongly with the Federal Government as well to make sure that the big levers and the big changes are being made. We want to encourage innovative and progressive solutions. We want to see that the most marginalised and vulnerable are not increasingly put under the hammer.

I have already had the pleasure of meeting our new Minister for Family and Community Services, the Hon. Gabrielle Upton, who has put out the welcoming mat to us and given us her ear to hear what we are saying, and that has also been very welcome. Our increasing concern over the past number of years has been that that portfolio is way too big for one Minister. I know that one of our colleagues, Brian Murnane, put forward a recommendation that there be a junior Minister assisting the Minister for Family and Community Services. We do see it as part of that continuum, and many of the problems are inter-related, and it should not be treated separately, but certainly it would be a wonderful initiative to see the Government appoint a Minister for Housing even if that is a junior portfolio assisting the Minister for Family and Community Services.

CHAIR: From the crossbench?

Mr BURNELEK: The Salvation Army sees firsthand the impact of increasing unaffordability. The additional financial stress for low income earners is often a catalyst for other problems, such as domestic violence and substance abuse. The affordable housing gap is frequently too large for many households to bridge. The underlying problem is the lack of supply in the housing market. The market has failed in keeping supply in line with demand and it is low- and middle-income households that are bearing the burden of this. Rather than assign blame to any particular sector of society I believe our focus should be on what can be done to fix this. The church sector, including the Salvation Army, has the ability to assist in solving the problem.

We have two factors that give us an advantage over other sectors. Firstly, at our core our mission is to help those that are in need and to help them to gain freedom. Secondly, our primary asset is land often in ideal locations. However, this alone is not quite enough to make a project viable. Some additional assistance is required and this does not necessarily mean providing for the full capital cost of construction. Small amounts of assistance, such as what was available under the NRAS scheme, can make the difference in the viability of a project.

So we believe that additional affordable housing can be introduced into the system by adopting measures such as: specifically targeting churches to help develop social, community and affordable housing; recognising the additional social value that churches do bring to an affordable housing development; streamlining application processes for assistance; and looking at new housing developments and having some form of mandate in terms of the amount of affordable housing that should be a part of that development.

CHAIR: Mr Linder, I am very glad that you mentioned you want to be part of the solution. This Committee is hearing a lot of hard-pressed stories and we want to do something about them just like you. On page 25 of your submission you note a couple of recommendations. You state:

NSW Department of Family and Community Services establish a pilot scheme of affordable home loans for eligible persons, including public and community housing tenants and former recipients of private rental subsidies.

Would you elaborate on how that will work?

Mr LINDER: I suppose a great example is what has happened in South Australia and as far as I am aware in Western Australia and Tasmania with shared equity schemes to enable struggling people who would otherwise be qualified for affordable housing to actually purchase their own home. I was very encouraged at the last Australian Housing and Urban Research Institute conference—AHURI is funded by the Federal Government—in South Australia. One of the great pieces of information that was received was that the South Australian Government has been able to implement a shared equity scheme at next to no cost to the Government.

Using economies of scale they have been able to build numbers of houses, not necessarily in the exact same location, but taking the example of four houses being built, there might be 30 actually that are tendered out at any one time. Because there are so many there is a considerable cost saving on that particular development. Let us keep in mind that they are not McMansions but simple and affordable housing. Out of those 30 let us say there are four built on the one block, two of which may be sold off at market value which may be, say, \$500,000 which is perhaps increasingly optimistic in Sydney. Because of the economies of scale 30 were built at the one time and so the cost of actually selling those was actually \$450,000, so \$100,000 from those two that have been sold off means that that can also be apportioned to the other two. At a cost \$450,000 each for the other two we can bring those down to \$400,000.

Then let us say that 70 per cent of the cost of those houses is sold on to a low to moderate income family that has met application criteria for affordable housing and they have taken on this particular debt and purchased it at 70 per cent which means the Government itself owns 30 per cent. The South Australian Government has found that the default rate is less than 0.1 per cent, which is far better than all of the major banks, so this leg-up is really being treated very seriously as an opportunity by these lower- to moderate-income earners, an opportunity they otherwise would not have had. Most of them go on to buy out the Government's share of 30 per cent, which is encouraged, and most of the time that seems to happen. The Government ends up by the economies of scale having extra assets on the Treasury books for very little cost and also removing people from waiting lists for affordable and public housing.

CHAIR: Will you elaborate on the second recommendation that states:

- Newly established Affordable Housing Taskforce investigate the feasibility of the Community Land Trust model for NSW in recognition of international housing trends.

Ms KING: That was in relation to some work that came out of the United States in terms of the literature that we were looking at there. The model has actually operated in the United States. There are about 200 such trusts in operation there and it is actually starting to take off in the United Kingdom. Under that model you have land that is actually held by a private not-for-profit and then it is leased on a long-term basis back to other members of the community or organisations. As I understand it from having read the literature, the buildings and the services are then owned or leased by other parties. According to the report that we read, the model has a potential to be used for not only home ownership but also for boarding houses, affordable rentals et cetera. I think there are a lot of interesting models out there internationally that are probably worth exploration. We have just put in one but there are probably a few that the Committee could also take into account.

CHAIR: Will you elaborate on your comments in relation to public housing sales and transfers on page 28 of your submission:

We strongly discourage the sale of public housing assets in the open market in order to meet short-term budgetary needs.

Mr LINDER: I think it is a depressing reality for public housing that with the decrease in rents, because of the increase of dependency of public housing tenants—of course, history shows that public housing was once upon a time a leg-up for working families—these days it has increasingly become the last resort for people who have no other means. To see that continually sold off to just cover the maintenance budget on the rest of the properties is a very depressing thing for the church to be sitting aside and watching. To see that the stocks of public housing are continually declining in order to cover those budget costs we think is totally unsustainable both for the future of public housing itself and also for the sake of some very needy sections of the community.

We think that there are alternatives and we make mention of them in the previous paragraph where we strongly encourage, even assets that are rundown, to be transferred to community housing providers, whether faith-based or secular, we do not mind either way. They are both not-for-profit organisations that can actually work to rebuild those assets. Not-for-profit community housing providers have access to Commonwealth rental assistance and other tax incentives that even the State Government itself does not have. We would love to see longer term tenure of those properties, and even the transfer of title. We find that any short-term transfer, or transfer only in management but not the actual title, does not allow community housing providers to leverage those assets to actually do anything with them. So that is just passing the buck and we do not want to see that.

CHAIR: The Government has announced that it will sell off housing and a building at Millers Point to fund \$330 million worth of backlog of maintenance. Do you suggest that that is an unwise use of money?

Mr LINDER: Yes, most definitely. Where do moves like that end? We know that those particular properties were gifted to the Government from other bodies within our State. We do not actually feel the Government has any right to sell those properties, particularly when those assets will be forever lost to cover a maintenance budget, even for a household that is selling off assets just to maintain a particular lifestyle, is unsustainable. I think it sets a very bad example for the future.

CHAIR: What if the Government were to hypothecate that funding back into building brand new units around that site to offset and as you have noted it should be no net loss of social and public affordable housing? Is that a move in the right direction?

Mr LINDER: Most certainly a move in the right direction. One of the things we would like to see, particularly in the inner-city and inner-west which have the biggest price pressures in the market, is that we work hard at actually maintaining the diversity of people with that city. I am also a preferential shareholder in City West Housing. Churches Housing was involved in that from the beginning, and that initiative in itself was to see that people on low- to moderate-incomes were still living within reach of the city. Of course, the city depends very much on people doing more menial labour tasks and jobs, which the highfliers and everyone else will not consider. You cannot jump on a train from Camden to come into the city to do those jobs. It is just not worthwhile. We need to think seriously about the long-term implications, not just for the public housing budget but for the economy of the city itself.

Ms JAN BARHAM: Thank you for your submissions. I wish to acknowledge the value of the Anglicare Snapshot report. It shocks people to see the facts about what is available and what is most often not affordable. I hope it continues.

Ms KING: It will continue. We have got to the point now after four years that we have some data to do comparisons. There is a commitment on the part of the whole of the Anglicare network to maintain that research report every year.

Ms JAN BARHAM: At 9.6.1 of your submission there is a recommendation about tenure in residential parks that states, "... government review the regulation of tenure at residential parks to ensure security for longer term residents." Can you provide background about why you think that is important?

Ms KING: From the Anglicare perspective, we get quite a few people coming through our emergency relief services who are tenants. For a lot of those people the security of tenure is particularly problematic, especially for people who are older and who might have been living in that particular area for a long time. There is often high anxiety about the security of their tenure in those parks. We have concerns about all sorts of things. There are some things that even people in caravan parks cannot access, for example, assistance with payment of electricity bills and things like that. There are a lot of things that they cannot access. We know it is of concern,

particularly the older people who are coming through our services. We have examples of people who move from living in tents, living under bridges, et cetera, who are living rough who then move across into residential parks.

Ms JAN BARHAM: You are saying that that type of living does not provide those people with access to some of the supports that are available to people who are in other forms of accommodation?

Ms KING: The only exception I know and the only valid example I can give is in relation to accessing the Energy Accounts Payment Assistance [EAPA], so we know that people who are in difficulty who are renting privately or publicly or even own their home can access support to pay electricity and utility bills. For a long time people in residential parks have not been able to do that. It is a small thing, but that is the only thing I know from our end.

Ms JAN BARHAM: Another recommendation states: "Housing NSW restore Rentstart to its previous rate of assistance for the payment of rental bonds and advanced rent."

Ms KING: One of the concerns we had was that Rentstart moved, as I understand it, from a grant to a loan and then the requirement that the loan be repaid over a 6- to 12-month period. We know that the grant was a huge benefit for a lot of people, particularly some of our clients coming through. If you are on \$400 or \$500 a week in income, you cannot accumulate the amount of money for a bond to be able to move into housing. Even if you can access housing in the private rental market, it is often very difficult to get the bond. Rentstart makes a huge difference to a lot of people to get a foot into that market. Our concern is that at least in the first six months of people moving in, if they have to be repaying that on top of the rent that becomes unsustainable for some families. In some cases that is a barrier to be able to maintain or sustain rental in the private rental market. Our preference would be for it to go back to being a grant rather than a loan. Our other preference would be if it is going to stay the way it is that people be given a six-month moratorium before they have to pay it back so that they have an opportunity to settle, get their budget organised and get their bills paid so that they can maintain it in the longer term.

The Hon. SOPHIE COTSIS: Thank you for your attendance and the comprehensive submission. I also acknowledge the importance of the Anglicare Snapshot report. It is shocking, but it is imperative for us and the Government to ensure that there is a long-term plan for building new public and social housing. Mr Linder, I like that you said that you have enormous goodwill. You have used words such as "collaboration" and you want to be part of the solution. Have you put any of your proposals to the former Minister for Family and Community Services about how you or your sector want to work with the Government?

Mr LINDER: We have a quarterly meeting with Housing NSW. You may not be aware, but the beginning of our organisation was funded by Housing NSW. We continue to get a grant that we report on. As part of the outworking of that grant and delivering on outcomes, we have regular meetings and we provide regular feedback. We see ourselves as being an advocate to government from the church, but particularly when there is government policy and programs and incentives to get affordable housing happening that will be relevant to the church sector we will also advocate on behalf of the Government to the church sector. There is an important link there. We have regular communications, especially with the department.

The Hon. SOPHIE COTSIS: With the former Minister?

Mr LINDER: With the former Minister, yes. We have had some communication. I have only been in the hot seat for the past nine months, so it is difficult for me to speak any longer term than that.

The Hon. SOPHIE COTSIS: In respect of your recommendations, you talk about establishing an automatic notification system with Centrelink similar to Roads and Maritime Services and the Australian Electoral Commission. Can you elaborate on that?

Ms KING: We ran a program, which has since closed, called Carramar. It was an early intervention program. Out of the research we did with young mothers—we gave them supported accommodation for 18 months—we found that one of the issues for this young group of women who had young children and who were vulnerable was that they were basically homeless. They were moving from one place to another and if for some reason they did not update their details to Housing NSW, then they fell off the waiting list and they had to start all over again. For some of the young women it was particularly problematic. The recommendation was in relation to that. If it was automatically updated via Centrelink then these young women who were having a particularly rough time—so they might have been on the waiting list for three years then somehow or other they

lose contact or their contact details are not updated, the next thing they know is they are off the waiting list and have to start again. That was the reason behind that.

The Hon. SOPHIE COTSIS: Is there a cost issue or is it a privacy issue?

Ms KING: I am not sure. I do not know how the links between Centrelink and Housing NSW operate. I cannot answer that question.

The Hon. SOPHIE COTSIS: I will make further investigations. Another of your other recommendations states: "An investigation be conducted by Housing NSW into re-establishing Public Church Partnerships... ". Can you elaborate further?

Mr LINDER: This particular recommendation came from some of our member organisations who have had very effective partnerships in the past. I will use an example. The Catholic diocese in Ballina opened a homeless ministry for men, an outreach centre with accommodation and it is the only service of its type in that particular area. This particular partnership was done approximately 15 years ago and it is coming to the end of its life and agreement. The Ballina parish itself puts in over \$100,000 of its own money each year to sustain that particular service to the homeless men, which just shows you that goodwill. That particular parish is nearly as big a developer as the local council. They have actually built a whole suburb. They have other developments that do make a little bit of money which they can then use for community benefit as well.

We just see with some of these opportunities where the capital cost needs to be shared out and where you have grassroots involvement from churches that are intimately connected with the people and their communities, that sometimes there is not that opportunity to actually do anything even though you have the goodwill, you have land and wraparound services but all you need is a small injection of capital. For a project that will often last for 20 or 30 years the value of that can be quite considerable to the community and take a lot of load off both government and non-government services in that particular region. We would love to see more of that.

Over the last number of years there has been none of that. We have seen in the past—and we can share more projects with you that have happened probably more than 10 years ago and they have all come to an end—there does not seem to be a commitment to those sorts of projects anymore. I think it contrasts with the top-down approach where new programs are rolled out through either Housing or Family and Community Services—they want to see these particular outcomes. It does not take into consideration and regard the relationships, the community, the things that are already happening within the community by people who are already there. By trying to layer a new program on top of what is already there that is separate from that, we actually feel it helps to break down civil society. Of course it is trying to help but what we need is a more grassroots approach that flows back up to the top rather than more programs just coming down from the top.

If we want Anglicare, for instance, to be providing a particular service, we should be saying, "You have people who deal with this particular group of society every single day. Why don't you tell us how you would provide an innovative solution to this particular problem?" rather than saying "Will you tender for this?" and "This is what we are going to give you" and "These are the particular outcomes that we want to see".

The Hon. SOPHIE COTSIS: Do you have any statistics or evidence? You just mentioned that the diocese at Ballina has injected funds for the men's homeless centre. Do you collect data on those results? You also mentioned wraparound services. I am interested in the evidence and the outcomes. You have said that with your partnerships the Government would provide a one-off injection of capital money so there would be a percentage between government, the churches and secular community and you would then provide the maintenance and wraparound services. So it is just a one-off injection, is that right?

Mr LINDER: Yes. I believe that there may have been some cost sharing for ongoing services. I was up there a few months ago and spoke with the coordinators. That was certainly something they would like to see continue and that cost for the diocese itself was happily borne by them, realising that they had other projects. As a not-for-profit, it does not mean that you cannot make profit in certain areas but you just reshuffle it in other areas. I think that is part of the goodwill and wanting to be part of that solution. We are doing research and some case studies.

We have currently started one with Lighthouse down in Yallah south of Wollongong near Shellharbour. They have been running a youth homelessness service with eight beds, only one of which has been government-

funded, so the other seven are off their own bat. They have just announced that they are going to increase that to 28. Once again, there is absolutely no government funding whatsoever. We want to actually come alongside and write up a case study on that particular one and I would be happy to share that with this Committee. I cannot say that it will be done within 21 days but as soon as we have that report ready; it should be within the next few months.

The Hon. SOPHIE COTSIS: Great, thank you. Ms King, you have compiled an extensive document that you released a few weeks ago. I have seen the statistics about women and their children at risk of homelessness. I know that there is not a one size fits all but could you leave us with three things that the Government could do over the medium to long term? The concern for all of us, regardless of political colour, is the impact particularly on the future of these children, and their mothers. Could you elaborate on that?

Ms KING: Yes. The children resonate with me particularly in all the research I have done. I am particularly concerned about children at risk of both housing insecurity and food insecurity. In the end, the answer is about the supply of affordable housing. The answer is that there are macro solutions and micro solutions at the local level and at the State level. We have put a raft of recommendations through the report but in the end it comes down to the supply of housing stock and affordable housing.

Beyond the State Government's scope is also the adequacy of benefits, particularly the adequacy of Newstart and moving single parents—and this is the issue about children—off the parenting payment and onto Newstart when there are significant childcare issues and the costs of childcare are so great. For many of those women who have very little training, or often do not have any qualifications or have not finished school, the jobs they are going to get, if they are going to get them, will be part time and not pay well and then they cannot afford then to pay the child care anyway.

We have been tracking it for the last 12 months, since January last year when the legislation changed, and we are seeing an increasing number of young single mothers coming through our services who are destitute. I would say that it is an issue about the supply of affordable housing. There is a whole raft of issues around rental, private rental affordability and things that could be done in the private rental market but it is also about the adequacy of payments and particularly our concerns about the adequacy of Newstart. One of the issues that we also have concerns about is moving the indexation of the age pension back to the consumer price index rather than to average weekly earnings. We know that is actually steadily going to erode the age pension and that is going to cause increasing problems, particularly for ageing people who do not own their own home who are in the private rental market.

The Hon. SOPHIE COTSIS: Coming back to women and their children being at risk of homelessness, are the numbers increasing? I have heard from services that there is an increase in the number of mothers and their children living in their cars and sleeping rough. My concern is that winter is approaching and hearing of these women with young children, not teenagers—

Ms KING: Toddlers.

The Hon. SOPHIE COTSIS: Toddlers and babies—that really concerns me and all of us. You are seeing that increase, are you?

Ms KING: In terms of the data itself all I can say is that we are seeing an increasing number of single parents with young children coming through our services. I cannot tell you the data in relation to whether or not they are becoming increasingly housing insecure. One could make that assumption, but we could check the data to find that out. With our early intervention young mums program one of the things we found out about was the life that those young mothers who are homeless or at risk of homelessness spend. Housing NSW provides emergency motel accommodation. They will go into Housing NSW with a child in a pram and a baby in arms and have everything they own sitting in the pram. They get told that morning, "We have actually got a place for you at a motel in Campbelltown." She has to get onto public transport with all her stuff and find her way there. She then has to find the motel and, when she does, she has got maybe three or four nights there. Then she has to go back to Housing NSW. She then has to find out where her next accommodation is going to be.

Often the motels do not have heating—cooking facilities, and they often do not have fridges so they are forced to have takeaway food and that is obviously very inappropriate for babies and young children. We put out a report several years ago called "Home Truths". That report contained the tales those women told us about the transient nature of their lifestyle. The workers in our Carramar program who spent time with these young

mothers and children—the children were missing key milestones and becoming developmentally delayed because of the nomadic and transient nature of the life they are being forced to lead—they are basically on the run—trying to sustain care.

In early intervention programs like the Carramar program, for example, we actually had supported accommodation, wraparound support services for a period of 18 months to help make them more resilient, more capable of getting into employment and education and then sort of exiting them into some sort of sustainable accommodation—that is a really good option for that particular group of young women and children. The problem we were having in the last 12 months we ran the program was that increasingly we could not find sustainable or affordable accommodation for them. So we would be looking after them for 18 months, building them up and getting them resilient and at the end of the 18 months the workers were coming to me and saying, "We haven't got anything. We cannot get access to affordable housing for these young women." The program itself is a great idea but it does not work if you have not got the affordable and sustainable accommodation for them to exit into.

Mr BURNELEK: Can I just add that the experience of the Salvation Army is exactly the same.

The Hon. GREG PEARCE: Mr Linder, you commented that you thought it was unsustainable for Housing to be selling existing stock and putting the money into maintenance. In fact, I think they have been selling existing stock and putting the money into new stock and maintenance. Are you aware of that?

The Hon. SOPHIE COTSIS: I am sorry, could you repeat that question?

The Hon. GREG PEARCE: In fact Housing was selling existing stock to fund new stock and maintenance.

Ms KING: I think the question that was asked was: Was it feasible to just put it into maintenance?

The Hon. GREG PEARCE: That is why I am taking it a bit further.

Mr LINDER: Any sales, if they have to be sold, our recommendation would be that all of that money was put into putting up new dwellings.

Ms KING: One-for-one replenishment would be the preferred option.

CHAIR: Replenishment in the area they are taken from. I think your submission talks about no net loss of social housing.

Ms KING: That is it.

The Hon. GREG PEARCE: Do you know when the practice of Housing selling off existing stock to replace stock with new stock or for maintenance started?

Mr LINDER: No. I do not have such a long history in this sector.

The Hon. GREG PEARCE: Do either of the other witnesses know?

Ms KING: No.

Mr BURNELEK: No.

The Hon. RICK COLLESS: Mr Linder, in recommendation No. 9.1.16 of your submission you raise the issue of taxation incentives and negative gearing. If negative gearing was to either be removed or, as you suggest there, be provided only for a maximum of 10 years after purchase, have you any figures on what the impact of that would be on the total number of houses currently supplied by the private investment industry?

Mr LINDER: I think our figure is actually based on research which shows that out of all the properties that are currently negatively geared 5 per cent or less are new dwellings. The argument to say that negative gearing provides all of this extra housing is not really true from that perspective. What we would like to see is an encouragement for the new dwellings.

The Hon. RICK COLLESS: Are those figures on an annual basis or a construction basis? For example, if I own a house that was built 10 years ago, which was bought as a house and land package and I negatively gear it and put it into the housing market, is that included in those figures as an old house?

Mr LINDER: I will have to take that question on notice. There are a number of other reports that I know the Committee has also received from economists that probably delve a lot more accurately into this area. I do not know the basis of that figure.

The Hon. RICK COLLESS: If the net result of that was a net loss in the number of houses available to the rental market, would we then see an increase in rents as a result of the higher demand?

Mr LINDER: I do not think so because all of the existing housing stock will still be there. It may actually have the effect of putting a downward pressure on prices. Putting the negative gearing towards new stock I think would actually see a dramatic increase in construction. One of the dilemmas this country has seen is that no matter what the past incentives and different things have been the net rate of construction per year is virtually a straight line, with very few little bumps on the graph, with approximately 120,000 dwellings per year regardless. I think we need to probably do something different to see that actually go upwards rather than remain stagnant. Part of that pressure on prices and rents is a result of us not building sufficient housing.

The Hon. RICK COLLESS: Mr Burnelek, on page 9 of your submission you look at the possibility of involving the investment industry in public housing. Is the 75 per cent you are referring to there the amount that would be chargeable to the tenant?

Mr BURNELEK: That is correct. The section is looking at a comparison with a private investor or another community organisation that does not own land. So they need to go out and purchase the land and look at the full funding cost of that, versus the advantage that churches have in that—they have underutilised land so there is no debt on that—effectively that land is for free. How that could work comparatively. I suppose we have got a competitive advantage if we can make it work just with a little bit of assistance.

The Hon. RICK COLLESS: The figures you have prepared are quite interesting. Can you tell the Committee what return on investment was used for the private investment model used in those various scenarios?

Mr BURNELEK: The figures I have there show the net operating cash flows. That is looking at the free cash flow after we have put aside funds for long-term maintenance provisions and things. I suppose I could always work out what the rate of return would be but with a positive cash flow it is bound to be very encouraging. That is also taking into account any loan repayments as a part of that.

The Hon. RICK COLLESS: There is an old saying in the real estate industry that buildings depreciate and land appreciates. So in that situation where the investor would not own the land, in the long term the investor will be faced with maintaining a depreciating asset without any appreciation occurring.

Mr BURNELEK: The model I have presented here is more about looking at what would happen with churches. The reason I have not gone down the path of looking at the rate of return is because in my experience, both with the Salvation Army and talking with other churches, we are not interested in that kind of long-term rate of return. We want to make sure we have enough funds to do what it is that we can do. The view of selling it in the future is not paramount in our minds. I believe it would be positive and encouraging but we are looking at it as being a long-term sustainable model.

We can use our land and once we are able to get the debt reduced to a sustainable level which is primarily where assistance from Government or some other form of assistance can make it long-term and sustainable. It can be there for perpetuity. My discussions were not targeted at how it might work for a private investor. It is looking at how a church, and in my case looking at the Salvation Army, can show that it can be more beneficial to spend a dollar in partnership with the church than a dollar spent with a private investor.

The Hon. RICK COLLESS: You would be looking for outside investment rather than investing in it from the church's resources?

Mr BURNELEK: I have looked at it from the view of the church doing the investment and acquiring—

The Hon. RICK COLLESS: That makes a lot more sense.

Mr BURNELEK: —whether it is a mortgage from a bank or some other form of finance. We are exploring on another tangent doing other types of partnerships but this specifically was about the church owning the land, doing the construction and having some form of partnership.

The Hon. RICK COLLESS: I misinterpreted that, I was reading it with a view that you were getting a private investment company or builder.

Mr BURNELEK: That is another avenue we are looking at but specifically here it was about the church land.

Ms JAN BARHAM: In the Salvation Army submission you refer to "social benefit bonds". Can you elaborate on that?

Mr BURNELEK: I was responding to the terms of reference. I will admit it is not an area that we have really looked into. Following on from the previous comments: if we are using church land it comes down to the cost of funds in terms of making a project viable or not. One of the issues that the community housing providers and churches have had is that social housing, community housing, is viewed as a risky investment by banks, so there is an additional premium put on the funds. With social investment bonds it is to do the counter of that, whether it is underwritten in some form by the Government to have the effect of lowering the cost of funds and therefore helping with the viability of a project. I have not looked specifically into that. I support the idea in principle.

Ms KING: An interesting development in Anglicare across the network, not Sydney, is the development of two foyer models, one in Western Australia and one in South Australia. That has been done on the basis of partnerships supporting wraparound support services. There has been discussion recently with a number of interested parties about the possibility of developing a foyer model using a social benefit bond as the basis for doing that. That is very embryonic. We know that sort of partnership works and we know from the United Kingdom experience that the foyer model is very effective in getting young people back into pathways for education and employment. There is lots of possibility in terms of partnerships. The social benefit bond might be able to be used for something like a foyer model.

Ms JAN BARHAM: We heard about the foyer model from the Illawarra group. It has been done well down there. What impact will the announcement of the loss of National Rental Affordability Scheme have sitting alongside—thank you for your concerns about young people—a future where young people might be without any safety net for six months of the year? Where are we headed and what concerns do your organisations have about those two factors?

Mr BURNELEK: I will start. Unfortunately the Salvation Army was a late starter with NRAS, so we did not participate in rounds one to four. When I started a little over 12 months ago it was with the anticipation of NRAS round five. We applied for 196 units of accommodation in New South Wales and 140 of those were on the fringe of Sydney. I think it would have been one of the best affordable housing developments. It was not just affordable housing, it was a range from crisis accommodation through to affordable accommodation. Naturally I am devastated about the loss of NRAS.

Ms JAN BARHAM: Are you saying that falls through now?

Mr BURNELEK: Literally this morning I have had a meeting with colleagues and looking at what other options we might have. Purely just on its own it does not work. Some of the projects we are going to have to shelve because they will not work. The one close to the city is too good not to do something. I am actively doing stuff at the moment with that. We can talk a little bit about the impact with NRAS but we can apply this to other government programs as well. Part of the issue is when an opportunity does come up you get a limited window to apply and you have to be ready to jump on it at that particular point in time and that is difficult for churches to do because we have our own approval processes to go through and we are not as experienced in terms of doing some of those things. That is one of the issues.

In the case of NRAS round five, the applications were put in last August and it was only a matter of weeks ago that we found out that it was not continuing. Even if it had and we had approval it is an enormous period of time when effectively nothing is happening and we are not building things and we are not helping people. That is one of the impacts. There is a reputational impact within the Salvation Army. I had a phone call from the commissioner a couple of days ago and he said, "So, that means it is all off, we can't do any of it?" That is why I have gone in to bat to look at what other approach we might be able to take. I am not saying we can do this but I am going to do everything I can to see what we can do and we will be approaching the Government to look at ways to get assistance if we can.

Ms JAN BARHAM: Best of luck.

Mr LINDER: I would like to add that overall the sector is depressed and devastated with the news of NRAS. We believe that even a very small incentive will have a project that is often doubtful or marginal actually get over the line in terms of that cash flow. It is the cash flow, not the return on investment, that is the most important for churches. We are not-for-profit organisations and even speaking more broadly I do meet a lot with the secular community housing providers as well. I think everyone agrees that this is a very bad look for the entire sector. It gives an air of a lack of confidence in the sector, particularly where finance and other businesses are involved to fund often multimillion-dollar developments in affordable housing.

It places doubt in a lot of people's minds and particularly when you have a process that has been approved by the State Government and we have appreciated the support of the State Government in NRAS, but it has been sat on for so long. That is very bad. I know there are some organisations that have been members who sat on considerable land holdings and have had to move on before the announcement was made because they could not wait for those decisions. It does not look good.

CHAIR: That concludes our question time with you. Thank you for your submissions and to the church in general. There is no doubt that the church props up governments across the globe and thank God they do. I do not think governments could carry that burden alone never mind the great job you do trying to help the most vulnerable in society and those people that are able to step up and step out. You give them a place to call home while they get their lives together. It is fantastic what you do. The Committee may have further questions that need answering within 21 days. You have taken some questions on notice and they will be required within 21 days. The secretariat will help you if you require their assistance. The Committee is here to be part of the solution and thanks you for your evidence; it will certainly be helpful for the inquiry.

(The witnesses withdrew)

CHARMAINE CROWE, Senior Advisor, Research and Advocacy, Combined Pensioners and Superannuants Association of New South Wales, and

AMELIA CHRISTIE, Manager, Research and Advocacy, Combined Pensioners and Superannuants Association of New South Wales, affirmed and examined:

CHAIR: I welcome witnesses from the Combined Pensioners and Superannuants Association of New South Wales. I invite you to make an opening statement.

Ms CROWE: We would like to thank the Committee for inviting us here today to give evidence. The Combined Pensioners and Superannuants Association of New South Wales [CPSA] is a non-profit, non-party-political membership association found in 1931. CPSA has approximately 130 branches and affiliated organisations throughout New South Wales, with a combined membership of over 30,000. CPSA advocates on a range of issues as they affect people on low incomes, and housing falls into that mix. Our submission attempts to detail the extent of the affordable housing crisis in New South Wales as it concerns people on very low incomes and to highlight the inadequate approach that all levels of government have taken in addressing the lack of affordable housing.

Housing policy in Australia has been delivered on an ad hoc basis. The lack of a coherent approach to increasing affordable housing supply has meant that housing policy across most forms of housing, from strata to residential parks and retirement villages, is largely developer driven. The extent of the need for affordable housing demonstrates that the market has failed spectacularly to meet demand. Policies that aim to use the market to increase affordable housing supply do not necessarily help people at the very low income end of the scale. The National Rental Affordability Scheme is a good example of this. Equally, State planning policies do not necessarily produce housing that would be affordable for someone on a pension or Newstart.

Essentially, for this group social housing is the only way to deliver genuinely affordable housing. But in New South Wales public housing stock is being sold off and lost housing is not being replaced. The Millers Point sale is a good example of the loss of public housing stock. I point to the statement by the former Minister for Family and Community Services which indicates that proceeds from the sale of these properties will be put back into the social housing system rather than it being guaranteed that it will be used to increase supply. The Auditor-General of New South Wales confirmed that social housing supply has declined since 2003. The New South Wales Government has disposed of twice as many properties as it has built.

CPSA recognises that addressing the affordable housing crisis is not simply a State Government matter and that there is no silver bullet. However, as a first step the State Government should at least try to ensure that existing affordable housing, whether it be public housing or low-cost housing options such as residential parks, is retained. I would like to congratulate the Committee on establishing this inquiry. It is a very welcome first step in trying to boost affordable housing supply in New South Wales. We are pleased that it is taking a holistic approach to the problem.

Ms JAN BARHAM: This morning we heard from the Independent Park Residents Action Group. You are probably aware of some of the concerns they have raised about the legislation that was passed last year. I know that you have a keen interest in this area as well. Do you have any additional comments to make about the concerns of people in residential parks and what needs to be done?

Ms CROWE: Unfortunately we were not here to hear the evidence that they provided earlier so we may be going over ground that has been covered already. Our key concern is that the legislation poses the risk of making residential parks unaffordable. The legislation may act to discourage people from looking at residential parks as an affordable housing option for them. We are particularly concerned with the voluntary sharing agreements. We think that there is a clear power imbalance between a park operator and a prospective resident. We do not think that prospective residents would be in a position to calculate whether entering into a voluntary sharing agreement would be better for them financially over the long term. Indeed, there are probably few who would be able to make a decent calculation in that respect.

Ms JAN BARHAM: Issues about tenure and rent increases have been raised. Are these issues that you are hearing from the people who you represent? Do you concur with the concerns raised about this legislation? Without knowing what the regulations say, there is quite a level of fear out there about what the future holds and how vulnerable these people are.

Ms CHRISTIE: Yes, definitely. We used to run a service called the Park and Village Service. It lost its funding at the end of last year. We still receive calls from people looking for specialist park assistance. We are having to refer them to their local tenancy advice service, which often does not have the level of expertise to be able to deal with the situation they are having—often around eviction notices or disputes with the park operator. So we are very worried that, when the new regulation comes in, there will not be the level of support for residents to be able to find out, for example, whether a voluntary sharing agreement or a rent agreement is beneficial for them and things like that.

Ms JAN BARHAM: So you are saying that we have a piece of legislation that has created an increased vulnerability for these people and yet we have lost the service that was there as an advocate? Is that what has happened?

Ms CROWE: Absolutely, not least because you have a new piece of legislation and you have suddenly lost the expert body. It did a lot of work when the legislation was being drafted so it had a very good understanding of the legislation. It has suddenly been removed—right at the time when such a body is perhaps needed most to work through how the legislation is going to work and to help park residents understand what the new legislation means for them.

Ms CHRISTIE: And it is important for park operators as well. We have a situation where nobody knows what the new legislation will mean. We have a situation where there needs to be some good advice out there so that park operators and residents know what the implications will be.

Ms CROWE: The other issue is that it places more pressure on existing Tenant Advocacy Project services because they suddenly have to take on residential park cases that would otherwise have been dealt with by the Park and Village Service.

Ms JAN BARHAM: Who supports those people?

Ms CHRISTIE: Each region has a local tenant advice and advocacy service. The level of support they can provide differs.

Ms JAN BARHAM: But they are not focused on this particular issue.

Ms CHRISTIE: No, there is nothing specific for park residents. There is also the tenants' union, Tenants NSW.

Ms CROWE: It has a part-time officer who deals with park residents.

Ms JAN BARHAM: The concerns of those residents are validated by your support. Do you have any evidence about the number of people who have moved into that type of accommodation because it is affordable as a result of the global financial crisis and who would now be put at risk?

Ms CROWE: The difficulty is that there is so little information about park residents. The Social Policy Research Centre at the University of New South Wales did some Australia-wide research in 2010 on park residents, but it focused primarily on New South Wales and Queensland. It might be valuable to look at that research. I cannot provide the information off the top of my head about how many people have moved into residential parks as a result of the global financial crisis.

Ms JAN BARHAM: So you cannot compare the figures because the historical information is not available to do so. Is that what you mean?

Ms CROWE: Absolutely.

Ms JAN BARHAM: Some witnesses have mentioned the good move by the Government to establish a register. However, some people have said that they are not comfortable that it properly reflects what is happening on the ground, whether they have self-identified or if some other process is required to ensure that we know exactly how many parks there are and who is housed in them to be able to do a longitudinal study about the impact of legislation.

Ms CROWE: Absolutely. Our understanding is that a number of parks are not on the register that should be because they have permanent residents. Again, that comes from the Park and Village Service. The Committee will have to excuse us that we do not have people from the Park and Village Service with us. They are the experts. They have told us that they have concerns that the register will not accurately reflect the number of residential parks in New South Wales with permanent residents.

Ms JAN BARHAM: In your submission you also refer to increasing the minimum lease period for long-term residential tenancies. Why is that an advantage? Are there other jurisdictions doing it and is it a proven opportunity?

Ms CROWE: There is nothing restricting landlords from imposing longer lease periods. However, it is our understanding that very few do it. The biggest issue for private renters is lack of security of tenure. That was a huge problem for older cohorts and across all housing. Security of tenure is a key consideration for them. That is why we recommended that consideration be given to encouraging landlords to provide longer leases. It would hopefully put downward pressure on rent rises.

Ms JAN BARHAM: Do you know of other jurisdictions that have that longer minimum period?

Ms CROWE: I will have to take that question on notice. Germany is a good example.

Ms JAN BARHAM: You made reference to the boarding house situation. Can you provide a little more information about how you see boarding houses or this new model of boarding houses better meeting the needs of some of the State's most vulnerable people? Is that the position you are taking or supporting?

Ms CHRISTIE: We are not that supportive of boarding houses. We definitely support the legislation that requires them to be registered so that there is more oversight of their operations. However, as a general rule they are not usually the best housing option for people on low incomes or for people with special needs—people with disabilities and things like that. We do not have a position on boarding houses as a long-term solution to the housing problem.

Ms JAN BARHAM: The point I am trying to establish is whether what people see as outcomes to deliver more affordable housing, social housing or residential parks often fails to recognise the power imbalance and that vulnerable people often do not have the support, representation or advocacy they need. Therefore, they can be in a worse situation whereby they are disempowered. I have heard that sometimes 90 per cent or 95 per cent of their income is being used for their day-to-day living expenses.

Ms CHRISTIE: Definitely. I spoke to someone recently who was living in a private hotel in a boarding house situation. She was paying much more than she could afford and when she could not pay up-front in cash they said that her possessions would be on the street that afternoon. Even using that kind of threat—

Ms JAN BARHAM: Is that legal?

Ms CHRISTIE: No. They cannot simply throw someone's possessions out on the street on the day. However, they say that they are technically a hotel, so accommodation is provided night by night. Because people's knowledge of their rights is often limited, particularly in the case of people with complex mental health issues—as this woman had—they are vulnerable in being able to assert those rights and being able to find more appropriate longer-term accommodation.

Ms JAN BARHAM: Is there much conversation in the sector about the impact of the likely changes to pensions and benefits? Is anything being said about how that might stress already vulnerable people?

Ms CHRISTIE: Definitely. If the pension indexation is changed to reflect the CPI alone we will see the pension lose value in real terms over time. We estimate that that impact will be more than \$80 within 10 years. We are concerned about what that will mean for people's purchasing power when they are in the private rental market. We are already hearing from members who say that CPI increases cover only 10 per cent of their annual rent increases. When you factor in all the other costs they have to meet, it is unaffordable.

Ms CROWE: This is also in the context of Commonwealth Rent Assistance being increased only by CPI. In 2009 the Harmer pension review recommended that the CRA be reformed to increase on the basis of market rent rises rather than the CPI alone because its value has seriously eroded over time. Once we have

pensions indexed in line with the CPI we will see a further erosion of people's purchasing power. That is a huge concern to people renting privately because most private rentals are already unaffordable for a pensioner with no other income. That situation will be exacerbated. Newstart is a huge concern in the community, especially for recipients under the age of 30 who are potentially facing not having an income for up to six months. Obviously that has implications for someone being able to keep a roof over their head.

The Hon. PETER PRIMROSE: I refer to the erosion of some form of income and housing poverty. That is not only in relation to a form of direct income and expenditure. I imagine there would be concern about things like the proposed Medicare co-payment. That would be particularly true in this group of people, who would have to balance up whether they and their children access not only medical care but also the pharmaceuticals that they need. Can you talk about that?

Ms CROWE: About 65 per cent of all pensioners have no other income or assets, so they are reliant on the pension alone. That is a group that really concerns us because they live from fortnight to fortnight. As soon as you add any extra cost to their budget it becomes more difficult for them to purchase essential goods and services. Obviously, the Medicare co-payment is of huge concern to our membership. Coinciding with that are increases in the Pharmaceutical Benefits Scheme [PBS] co-payment as well as the number of scripts that a pensioner would have to purchase before they reach the safety net.

We estimate that by 2018 the PBS changes will see a pensioner who needs a lot of scripts paying an extra \$108 a year. That might not sound like much for someone on an average wage but it is a huge deal for someone on the pension. Pensioners are really being hit from all sides as a result of this budget and it is going to see a lot of people fall into severe financial hardship, especially if they are renting privately.

Ms CHRISTIE: The other thing to note is the potential cut to State concessions that we are facing after the Federal budget. If things like the council rebate or the low energy rebate were to go or be reduced or if changes are made to water concessions and things like that it would impact incredibly negatively on our constituents.

The Hon. SOPHIE COTSIS: Thank you for the work you have done advocating on behalf of your members. You said that 65 per cent of pensioners are on a fixed income. Is that correct?

Ms CROWE: Yes, they are on a full-rate pension.

The Hon. SOPHIE COTSIS: Have you kept a catalogue or any data about the calls you have been getting about the proposed changes to the GP co-payment and the cuts to the concessions?

Ms CROWE: We have. We will have to take it on notice but we will be able to provide you with some information on that. Unfortunately, two days after the budget Telstra had an issue with our phones and we were not actually receiving calls. The number of calls we have received is probably much lower than the number of people who were trying to get in touch with us about it.

The Hon. SOPHIE COTSIS: It has been an unusual time because of the changes to pensioner concessions. Obviously, many of your members are very concerned.

Ms CROWE: Absolutely. There is a huge level of concern out there. People feel very insecure. They are very anxious about what the future will hold for them as a result of this budget. They are concerned about the concessions, the co-payments and also the reduction in indexation of the pension.

The Hon. SOPHIE COTSIS: I know you will provide us some data about the calls you received but can you provide some anecdotal evidence now? It is difficult for people who have worked hard all their lives. Many of them are either in private rental accommodation or in public housing and they are quite nervous about these issues as well as the bed tax. Are they talking to you about having to make choices about whether they go to the doctor or buy medicine or cut down on their food intake? I know you will provide us with evidence but can you elaborate anecdotally?

Ms CHRISTIE: Definitely. We have received a lot of calls from people who are incredibly upset, particularly people with chronic illnesses who require a lot of medication and people who are carers who are very concerned about what it will mean in relation to what they will be able to afford for the people they are caring for and for themselves. It is creating an incredible amount of stress and a lot of people are asking how

they go about it and when it is coming in. There is a lot of confusion around whether they can go and see the doctor today because they are feeling unwell because they are not aware that the co-payment has not come into place yet. There is a lot of misinformation out there as well about when they are losing a payment, hearing that all concessions are to go from July. We have had people in tears come into our office wanting an explanation of what is happening. There are definitely a lot of distressed people out there.

Ms CROWE: There was some research done when the PBS co-payment was increased back in 2005. It showed that pensioners reduced the number of purchases of PBS medications as a result, presumably because they could not afford the extra cost. But some of those medications that they reduced their purchase of were life-saving medications. Our concern is that we will see a similar thing happen with these reforms.

The Hon. SOPHIE COTSIS: The cuts to the pensioner rebate scheme will affect the landlord but will it also impact the rent paid by pensioners or pensioner couples living in private rental accommodation?

Ms CHRISTIE: The council rate rebate is for pensioners who are home owners themselves. If you are a private landlord and you have a pensioner living in your property you do not receive that rebate. The council rebate is crucial for pensioners to be able to remain in their own homes. It has not gone up in value since 1993 when it was introduced so it has obviously lost a lot of its value over time as rates have skyrocketed, particularly in more metro areas. We are seeing a situation where people are incredibly stressed about not being able to pay their council rates and definitely not being able to do repairs on their home.

The Hon. SOPHIE COTSIS: Do you know the percentage of the Federal Government's effect on the pensioner rebate scheme?

Ms CHRISTIE: On the rebates overall it is about 10 per cent of the cost of New South Wales concessions. But that is not just for the council rate rebate; that also covers the energy rebates, the water rebates and transport.

The Hon. SOPHIE COTSIS: The Government announced the bed tax about 18 months ago. You have written extensively about the effect of that bed tax on many elderly people. Can you elaborate on those effects and what you are hearing on the ground?

Ms CHRISTIE: A crucial thing with the bedroom tax has been that there seems to be a disconnect between what the policy is and what seems to be happening in practice. Part of the policy says that people will be provided with assistance if they require it for moving into another property and setting up that property. That seems to be very ad hoc depending on which housing office it is. This is something we have raised with Housing NSW. We have had calls from people who have said that they wish to move and they do want to move into a smaller property and then they are told that they have to foot the bill for the moving costs and they are on a full-rate pension with a disability. Practically they cannot do the moving themselves at all. That has been confirmed by me calling the office, asking that and they have a flat response that they do not help anybody with moving costs, which is counter to the policy. It really seems to depend on where people are.

It also just does not seem to be an effective policy as far as requiring people to move. The vast majority of people have elected to pay the bedroom tax and that often means that they are foregoing other essentials to be able to do so, as Ms Crowe has discussed. The other crucial thing is that there has been a lot of misinformation out there. People were not told about the bedroom tax up-front by the Department of Housing; they were finding out information through the mainstream media. We fielded a lot of calls from people who were very distressed that it applied to them but they live in community housing so it does not apply or they live in a two-bedroom place. It would have been really helpful if people were told what affected them and if what the changes meant for them was spelt out exactly.

The Hon. SOPHIE COTSIS: It is unfortunate that public policy is announced in the media before the people who are going to be affected are told.

The Hon. GREG PEARCE: And the Opposition runs a scare campaign on it.

The Hon. SOPHIE COTSIS: It is not a scare campaign. You have just heard—

The Hon. GREG PEARCE: It was as a result of your scare campaign.

CHAIR: Order! Time is important. Members should use this opportunity to ask questions of the witnesses.

The Hon. SOPHIE COTSIS: I have fielded many inquiries about the bed tax and it is very concerning. I have asked questions in the Parliament and read the policy. My concern is about single or couple pensioners who have elected to move on. You are saying that their moving costs have not been paid for. Do you have examples of any of those representations? I am happy to put them forward to the Minister.

Ms CHRISTIE: The issue is that people simply cannot move. They are saying they cannot take a property because they cannot afford the moving costs. They are also not achieving the policy aim of getting people to downsize, because that person is flat out and cannot pay for removalist trucks and people to assist them. These are figures we were given at a housing non-government organisation reference group in February. Housing NSW has given some slightly different figures at this inquiry, but we were told that as at February 240 households had been approached, over 200 had started paying the bedroom charge and only 27 had agreed to move.

The Hon. SOPHIE COTSIS: You can try to use a disincentive or tax to get people to move out, but from what I have seen there is no accommodation in those areas. It has hit people initially in Western Sydney and in Shellharbour, where there is a lack of two-bedroom housing for elderly people with health issues and the need for medical equipment or a carer on the premises. Is that what you have found?

Ms CHRISTIE: Definitely there is a disconnect between housing supply and people's requirements. That was extensively brought up in the Auditor-General's report. There is also an issue when people are shown inappropriate properties. We have heard from people who have been shown properties with a lot of stairs when they are living in an accessible dwelling. Often they cannot walk up two flights of stairs so they cannot view the property on offer. They have also been shown properties without nearby parking or where they would feel unsafe. For example, if Housing NSW does not show up to show them a property and the person next door says, "Don't worry, I can get into the property and show it to you" the elderly person does not feel safe knowing that person can get into the place.

Ms CROWE: We also had a case in a semi-regional area when the person was asked to move to another town. That was a serious issue because it meant moving 40 minutes away by car. That would mean they would be disconnected from their general practitioner of many years et cetera. In this case, when they rejected the first offer, they were told the home they were living in was going to be sold. We thought that was strange and for them it was a huge deal because they had lived in the property for a long time. They then felt they did not have a choice.

CHAIR: I want to make sure this is clear: Housing NSW does not give any financial assistance whatsoever to downsize?

Ms CHRISTIE: Their policy says that they do provide assistance if it means somebody will take up another property. If there is too much of a financial or practical burden on a person to move then Housing NSW will assist that person. It is meant to be done on a case-by-case basis, but we are hearing it is done on an office-by-office basis.

Ms CROWE: We are happy to provide you with what we have. We have a letter from the Minister confirming that households will be provided with financial assistance.

CHAIR: Please provide that as it is an important issue.

The Hon. GREG PEARCE: Can you give us a list of offices you have spoken to and they have not provided assistance?

CHAIR: We want evidence.

Ms CHRISTIE: Yes, sure. Gosford is definitely one of them.

The Hon. GREG PEARCE: Where else?

Ms CHRISTIE: I would have to take that on notice.

The Hon. GREG PEARCE: Your memory is fine about having to ring places, but you cannot remember which ones?

Ms CHRISTIE: After speaking to Gosford, I spoke to Housing NSW and they said that they would send it around to the other offices.

The Hon. GREG PEARCE: Are you saying you have only rung Gosford?

Ms CHRISTIE: That is the only office I called to confirm.

The Hon. GREG PEARCE: Right, so there is only one. How many properties were affected?

Ms CHRISTIE: The issue is that not everybody wants to tell us where they are living because they are scared about their housing.

The Hon. GREG PEARCE: How many were affected that caused you to ring the Gosford office?

Ms CHRISTIE: That was one person, but we were told that was their flat policy and it applied to everybody.

The Hon. GREG PEARCE: One person. Thank you.

The Hon. SOPHIE COTSIS: We will get the information and take it to the Minister.

Ms JAN BARHAM: I think they are saying there are more.

Ms CHRISTIE: People do not want to cause a fuss.

CHAIR: Let us not burn up time on this.

The Hon. GREG PEARCE: This is a very important issue and I want to get to the bottom of it. You had one call from one person.

Ms CHRISTIE: No, we have had many more calls.

The Hon. SOPHIE COTSIS: Hang on.

CHAIR: Let the member ask the question and the witness answer the question.

The Hon. GREG PEARCE: You can take that on notice and give us the details by phone calls and locations, so we can follow it up.

Ms CROWE: We are happy to do that.

The Hon. RICK COLLESS: I want to follow up on comments about council rates and that aged pensioners can claim a rates rebate but that does not apply to rental properties. Do you think there is a need for that same provision to apply to rental properties occupied by rent-stressed aged people?

Ms CROWE: It is an interesting suggestion. I doubt that it would relieve the cost pressures on private renting pensioners to a great degree.

The Hon. RICK COLLESS: I think it would need to be done on the basis of the rates coming off the rent. They might end up with a \$20-plus rent decrease.

Ms CROWE: It is something we would consider. How it would be administered would be another question. Pensioners renting privately are paying upwards of 40 or 50 per cent of their income in rent. The larger issue is that their income is not high enough to cover market rent. It is something we would be willing to discuss.

The Hon. RICK COLLESS: I turn to the table in relation to the number of persons who will be rent-stressed in 2036 on pages 13, 14 and 15 of your submission. The inference from that is there is a need to provide more housing for rent-stressed people in particular age brackets. These figures could be calculated based on population distribution. What are the projections for post that era? How do we plan the number of houses for those target groups in 2045 or 2055?

Ms CROWE: We will take that on notice. We commissioned Judith Stubbs and Associates to give us an overview of the extent of affordable housing need across New South Wales. Through them we could get further projections, but I cannot give you a response today.

CHAIR: We spoke to the Government some time ago about pensioner rebates. We have heard about a possible initiative to share the rebate with the pensioner if they live in a rental property. Many local governments are financially unsustainable, and that has been acknowledged, so the State and Federal governments would have to carry that burden. If there is to be an increase of 5 million people over the age of 65 between now and 2050 that will be a huge burden. This is one reason this inquiry is so important. We need to make sure there is a long-term home for pensioners. I do not believe the Government will be able to carry that burden alone and neither can local government, so this needs to be addressed. There is a graph on page 15 of your submission. Are those statistics based on the population of over-65s growing from now to 2050?

Ms CROWE: Yes, to 2036.

CHAIR: I see that, but the statistic I have heard is that the number of people over 65 will grow by 5 million: added to the current 2 million that means there will be 7 million people over 65. Are your statistics based on a figure like that?

Ms CROWE: I would have to take that on notice.

CHAIR: Please do so to make sure those are the right figures. You just spoke about the diverse housing, particularly small dwellings and high-density developments. Do you have a comment on minimum lot sizes? If not, you can take it on notice.

Ms CROWE: I am happy to take it on notice. But, more broadly, this is about ensuring that there is a decent mix of different housing options that perhaps would be more affordable for lower income households. I will take it on notice.

CHAIR: Given the fact that, I think in 1950, 12 per cent of land and house packages was the land cost but now it is like 60 per cent for the land cost, it is getting unaffordable, without a house. What I am saying is that part of the solution is maybe to reduce the land sizes so pensioners can integrate with maybe larger land packages. Unfortunately, we are out of time. You have represented your organisation very well. We are very mindful that there is a lot of anxiety out there about the budget for numerous reasons—there always is for pensioners because there is very little margin at any time under any government where they have been able to address their cost of living issues.

We really need to look after the pensioners; they are a capable group but they are also a vulnerable group if they do not have enough money to live. I think your after-housing poverty comment is a striking comment that we need to be very aware of. Thank you for your input. We have put questions on notice. You have 21 days to acknowledge those. There may be further questions and the Committee secretariat will be here to help you.

(The witnesses withdrew)

(Luncheon adjournment)

MANDY YOUNG, Chief Executive, Aboriginal Housing Office, sworn and examined:

MIKE ALLEN, Chief Executive, Housing NSW,

ANNE SKEWES, Deputy Director General, NSW Land and Housing Corporation, and

PAUL VEVERS, Executive Director, Housing Services, Housing NSW, on former oath:

CHAIR: We did get an opening statement some time ago but are there any brief comments that anyone would like to open with?

Ms YOUNG: First of all, I pay my respects to elders past and present and I also pay my respects to the Parliament. It is my first time appearing here. I wanted to take the opportunity to talk about the Aboriginal Housing Office being the only statutory Aboriginal housing authority in Australia. We are governed by the Aboriginal Housing Act 1998 and we have a strong, clear mandate to deliver quality housing options for Aboriginal people across New South Wales.

Our functions are twofold. We not only deal with social housing to Aboriginal people who are doing it tough, we are also developing and delivering initiatives to support the community housing sector as it strives towards improving housing management and financial sustainability. We are committed to providing and facilitating long-term opportunities for Aboriginal people to break the cycle of disadvantage and enable increased economic participation. Our core functions are to provide housing services with good quality homes which provide the platform for people to thrive and prosper and reach their potential.

Most of us are aware of the importance of a roof over our head. It provides dignity, safety, physical and psychological health opportunities and it helps us to meet social needs, providing space for important relationships to be brought and nurtured. On top of this, for many Aboriginal people it is even more important as it allows for connection with country and place and it is an important connection with clan, mob and friendship. So it is about our family.

To give you a little bit of a summary: As of the end of April, we owned 5,347 properties. We have service level agreements with the Land and Housing Corporation and Housing NSW to manage those assets and the tenancies. We also have about 1,000 of our homes being managed in the Aboriginal community housing sector. The Aboriginal community housing sector is made up of lands councils, Aboriginal housing cooperatives, corporations and associations. In addition, they have about 4,700 homes. So we have 206 Aboriginal community housing providers and we oversee the way that they manage their tenancies as well.

Those organisations provide important foundations for those dignities, helping to bring emotional wellbeing and they are also, in many cases, linked to the family and individual's past. They provide solace for the present and a springboard to hope for the future. We rely on these organisations to work with the community and Aboriginal people to develop their own prosperity through the housing sector.

CHAIR: In some of the evidence the Committee heard that \$1 billion is now held by the Rental Bond Board in Fair Trading. Does Family and Community Services receive some of this money to help deal with capital and maintenance costs and what happens with the interest on this money?

Mr ALLEN: That is probably a question best directed to the Office of Fair Trading. Certainly, some of the interest has been provided from time to time over the years for a variety of housing-related purposes.

The Hon. SOPHIE COTSIS: I direct my question to Ms Young—and congratulations on your new role. Are there any plans for providing additional housing for Aboriginal people?

Ms YOUNG: The Aboriginal Housing Office is currently working on its performance strategy and how we build the sector. We have built new ground. We have built around 900 properties in the last 10 years, or they were acquired, and we continue to grow that. So we are doing some work at the moment to think about how we can do that more strategically and to acquire more housing for Aboriginal people.

The Hon. SOPHIE COTSIS: It is probably not your role to answer but maybe, Mr Allen, if you can tell me what happened to the previous CEO of the Aboriginal Housing Office? Was he reporting to you? I was not aware until very recently that there was a change. I do not know whether a public statement was made.

Mr ALLEN: I am not aware of whether there was a public statement made. The previous chief executive left the role. He did not report to me, he reported to the secretary of the department.

The Hon. SOPHIE COTSIS: Over the last couple of months we have been travelling across the State and one of the biggest issues is accommodation for the Indigenous community, particularly in some of our regional areas. I know you have been in the role for a short time and you have got a strategy going, but in terms of those partnerships are you looking at working with council? How would some of the Federal Government cuts to NRAS and other housing affect building additional homes for the Indigenous community?

Ms YOUNG: To answer your second question first: The National Partnership Agreement on Remote Indigenous Housing is how we receive the primary bulk of our funding through the Commonwealth. But, according to the Budget papers that have been released so far, knowing that the Federal Budget is not finalised, it stands that, up until the end of 2018, our funding is locked into the same amount it was previously, so we have not been impacted. That was a 10-year agreement for about \$400 million, which will continue to the end of 2018. That allows us to build new properties. It allows us to acquire new properties in remote areas but it also allows us to build and acquire new properties in more regional areas, where there is economic opportunity—employment-related accommodation. We will continue to grow that over the coming years. That is primarily where our funds are from. Additional to that, we have our business as usual, which is our strategy to reinvest our own money and the State Government's money, to build more properties.

To answer the first part of your question: We will continue to work with councils, with Aboriginal housing providers, with the construction industry and with the Land and Housing Corporation, to build those properties and to get them moving.

The Hon. SOPHIE COTSIS: Have you sought to put in a request to the Government to provide additional funds to provide that additional housing in the next budget?

Ms YOUNG: At this stage we have not. I can give a couple of reasons for that. We are at the midpoint of the 10-year Build and Grow Aboriginal Community Housing Strategy and also just after the midpoint of the Commonwealth National Partnership Agreement on Remote Indigenous Housing [NPARIH]. We are taking the opportunity at the moment to look at what we have done within those agreements and to look at what has worked and how we build on that. Once we have a good look at that, then we will look at how we approach our new direction and new strategy to build the portfolio.

The Hon. SOPHIE COTSIS: Have you got any figures for how many Aboriginal people are on the waiting list?

Ms YOUNG: I can give you exact figures but it is around 2,500.

The Hon. SOPHIE COTSIS: Have you got any projected figures?

Ms YOUNG: There is a projection that the Aboriginal population will increase by about 2.5 per cent every year for the next 20 years. That obviously impacts the number of people who will potentially go on the housing list. We have had some research done recently, which we are about to release, that suggests there will be approximately a 135 per cent increase in demand over that period. So we do have an increase in demand and we will need to work through how we deal with it.

The Hon. SOPHIE COTSIS: Do you know when that research will be released?

Ms YOUNG: It is with the publishers now, so it is imminent.

The Hon. PETER PRIMROSE: This question is addressed to anyone. In evidence earlier from Churches Housing and from Anglicare, there was a suggestion made that one of the problems in relation to waiting lists was when people change addresses, which is not uncommon with people in short-term tenancy arrangements. It was suggested that it may be an option to have an automatic update of address between

Housing and Centrelink. I was wondering whether you could comment, whether that has been put to you and whether you would be prepared to look at that?

Mr VEVERS: We can certainly look at that. At the moment we do have an agreement for an exchange of information with Centrelink. It does not run to addresses but that is certainly something we can investigate with them. We do not rely solely on letters or postcards to people to update their addresses; we make extensive use of SMS. In fact, probably 60 per cent or so of people on the waiting list have given us a mobile phone number and we use that to update their details on the housing register. It is not dependent on where they live.

The Hon. PETER PRIMROSE: Obviously, anything you can do in addition to that, given the effects on families if they do happen to drop off the list and suddenly find that they have to start the process again. What has been cited to us is the fact that all mechanisms are used to update the electoral roll and this might be worthwhile as well. Thank you for your answer. It would be something worthwhile and the Committee may consider that. But any additional information you may have which would help our deliberation would be appreciated. How many additional units of housing will be funded in Airds this coming financial year?

Ms SKEWES: Thank you for your question. I will take that on notice, to be precise in the response we give. As you know, the Airds estate is a redevelopment. It commenced several years ago and it was subject to quite a detailed community consultation, particularly around the concept planned at the time. So that estate is proceeding. The Land and Housing Corporation has a project delivery agreement for that estate in place with Urban Growth NSW. They are the partners in that estate and I think that was one of the estates that you recently visited.

The Hon. PETER PRIMROSE: Yes.

Ms SKEWES: You met with some of the community representatives there. The program at Airds will be a staged redevelopment. You could see, from your visit, the early work that has happened to enable land to be developed in Stage 1. The next stage of work also involves retention of existing housing and some tenants will have chosen to stay in the estate and in some of those redeveloped houses. The balance of those houses in those first stages will be sold as houses with some upgrade work to stimulate the market and show the potential. We are very excited about Airds. It is starting now and it comes off the back of the Minto development, which is now concluding and the last blocks are being sold over the next couple of years. I do not have precise numbers but I would be happy to respond with that detail.

The Hon. PETER PRIMROSE: We did not go to Minto but we may as well throw that in. We would like figures for the other locations we visited—Claymore and Rosemeadow-Ambarvale—as well. Maybe you could have a look at giving us those figures over the period of the forward estimates?

Ms SKEWES: So you are interested in the new construction programs there?

The Hon. PETER PRIMROSE: Yes, how many units of accommodation over the period of the forward estimates do you propose will be constructed in those locations?

The Hon. GREG PEARCE: And how many demolished?

The Hon. PETER PRIMROSE: And how many demolished? It is a net process.

Ms SKEWES: Are you also interested in the private housing take-up? Because effectively what we are doing is putting lots on the market. Are you interested in what we have got?

The Hon. PETER PRIMROSE: Yes.

Ms SKEWES: I will be able to give you figures for as far as we have planned those stages. As you know, we change the lot mix depending on the staging of the development and the market response. I am happy to give you what we can for the new developments that you have visited, including Minto.

Ms JAN BARHAM: I am keen to know where the people from Gordon have been relocated to?

Mr ALLEN: Perhaps I should answer that, because I assume you mean what was the Gordon Estate at Dubbo?

Ms JAN BARHAM: Yes.

Mr ALLEN: It is now Rosewood Grove.

Ms JAN BARHAM: Yes. We met with someone out there and there was talk of it being successful but the only success I could see was a real estate success. It is not hard to sell property; it is hard to relocate people, to build housing for the needy and to provide the services that people need. I did not feel that selling off the property was a real mark of success and I want to know where all those displaced people are and whether their needs have been met.

Mr ALLEN: I am more than happy to answer that question. The vast majority of the tenants of that former Gordon Estate were relocated elsewhere in Dubbo, over a period of a number of years. There was additional housing constructed in Dubbo and spread, in a pepper and salt fashion, around the general Dubbo area. It enabled the tenants to live more anonymously in those communities. One of the issues that led to that decision and direction on that particular estate was the fact that a long period of antisocial behaviour had been perpetrated, generally by people who were not resident in that location. Something in the vicinity of around 45 homes were destroyed by fire over the preceding several years. Those people have been relocated elsewhere in Dubbo. We did a survey of those tenants to determine their level of satisfaction with their new home.

Ms JAN BARHAM: I am interested to know whether or not you have done a report; whether there is some documentation about the process; and, now that you have raised it, I am keen to know what action the department took while this situation was evolving over time because communities do not just overnight become wild and crazy. It appears from what we have heard from people that this built up over a number of years and it probably leads to the fact that there has been a lack of good wraparound service provision for those vulnerable communities. No offence but I want to know if there is documentation, if this whole thing has been properly recorded so it can be assessed so that the mistakes of the past are not repeated. I do not want to sound rude but I just do not want platitudes; I want to know that it is documented and where these people have gone, because that is not what we heard when we were out there.

Mr ALLEN: It is certainly not my intention to give you any platitudes. I was out there at Dubbo on Wednesday of this week. I toured the former Gordon Estate. I met with all our housing staff in that location. I also met with the general manager of the council, who agreed that the relocation of those tenants and the redevelopment of that estate was extremely successful. As I have mentioned, the tenants went elsewhere in Dubbo. We did a satisfaction survey of each of those tenants some months after their relocation and we achieved approximately an 85 per cent satisfaction rate with those tenants in terms of their new housing.

Ms JAN BARHAM: Is all that documented somewhere so we are able to know that that is what happened?

Mr ALLEN: Yes. There has been documentation of that experience. I also need to point out that the decision to relocate all the tenants from that estate was taken back in late 2005 and implemented in 2006, as I recall. So we are talking about events that preceded that 2006 period. The relocations took place over the subsequent three or four years. We did do a review and we certainly monitored the situation very closely to ensure the needs of those tenants were met. One of the things that we were particularly pleased about was the feedback from those tenants that in fact they had received less racial discrimination in their new homes than they did before when they were living on the estate, because one of the sad features of where the estate finished up was that it became a magnet for troublemakers—

Ms JAN BARHAM: Is this all available so that I can read it? Is it documented somewhere?

Mr ALLEN: There is a variety of public reports about the strategy. There was a report and that was documented before the strategy was implemented, and there has been—

Ms JAN BARHAM: Is it available on the website?

Mr ALLEN: Yes, it is. There has also been a report that was independently prepared by the Business Intelligence Unit of the *Australian Financial Review* as well, and that is also available on our website. So there is a substantial amount of material there. The key point I want to make is that the general manager of Dubbo City Council, when I met with him on Wednesday, reflected what he thought was both the sense in the decision

that was made at that time and the success of the decision that has been seen for Dubbo over the subsequent years.

The Hon. GREG PEARCE: We have had a few comments on Millers Point and Sirius. Can you do two things for us? One is take on notice and give us the current proposal, whether it is more than a press release or whatever. Secondly, can you briefly outline the proposal? In particular there has been a suggestion that the sale of the entire estate will produce proceeds which will then go to the maintenance backlog.

Mr ALLEN: It might be appropriate if Ms Skewes answers the first part of the question, but it might also be helpful for the Committee's benefit if Mr Vevers is able to give an update on the tenant relocation program.

CHAIR: And the sale time frame.

Ms SKEWES: Thank you for your question. In respect of the Sirius Building, as you are aware the Government has made the announcement to sell its social and public housing assets in the Millers Point and The Rocks region. That program includes the Sirius Building. As part of that process the Government has decided that Government Property NSW will be the agent on behalf of the sales program. So they are acting on behalf of the Land and Housing Corporation in managing the sale of the Sirius Building.

The Hon. SOPHIE COTSIS: I am sorry but we cannot hear you and the people in the gallery cannot hear you. What is the name of the agency that is selling the properties?

The Hon. GREG PEARCE: Government Property.

Ms SKEWES: Government Property NSW is managing the sale. They are the Government's commercial property arm and they have been appointed to manage the sale of the Sirius Building as well as the properties in the balance of the portfolio. That sales program is being developed currently by Government Property NSW, so reference to the strategy for the Sirius Building would be a matter for Government Property to answer as part of that sales program. The whole emphasis in Millers Point has been to focus on appropriately and sensitively managing the tenant impacts and the tenant relocations. So the program largely, as is being delivered at the moment, is being supported well by Housing NSW in the work that Mr Vevers and his team are doing to support the tenant relocations. So I am not able to elaborate on the sales strategy because as the asset owner we have engaged a commercial part of government—

The Hon. GREG PEARCE: If you could take on notice that you should ask your agency to give you a report, which you can then give to this Committee.

Ms SKEWES: In relation to the Sirius Building specifically?

The Hon. GREG PEARCE: On the program for the sales. Can we specifically deal with the issue as to the Government's announcement in terms of the use of the proceeds from the sales? The comment has been made to us that it will be used for maintenance.

Ms SKEWES: The proceeds of sale from Millers Point, as the Government has indicated, would come back into the social housing system. They will be proceeds of sale once we actually sell some properties. As you know, there are complex issues not just with the sale of properties but the heritage considerations and the planning considerations that need to be dealt with on individual properties. That program of work is the program being supported by Government Property NSW. The Land and Housing Corporation is doing the heritage planning part of that process. That does not apply to the Sirius Building particularly but it does apply to the balance of the portfolio. I am happy to provide as much information as we can via Government Property NSW, but as I said there is still significant work to be done to prepare the properties and move through the required planning process. Sorry, I have forgotten the second part of your question.

The Hon. GREG PEARCE: Specifically how the proceeds are intended to be reinvested.

Ms SKEWES: We require Government Property to prepare the strategy for sale. That strategy will have an estimate about when properties will be sold, subject to moving through the planning processes. The intention though of all the proceeds from the sale of Millers Point will be proceeds returned to the Land and Housing Corporation, obviously net of costs. This exercise obviously has planning and other considerations that

need to be dealt with as part of that. Those proceeds will come back to the Land and Housing Corporation; depending on the timing of those sales, they will then be used to fund both maintenance and also to support new supply programs. We are waiting to see from Government Property its timetable but all of that money will come back into the Land and Housing Corporation and support our future programs.

The Hon. GREG PEARCE: Is there any current proposal to utilise any of that funding to build any new social housing in the Millers Point area?

Ms SKEWES: The Government's decision clearly was not to invest in new social housing in the Millers Point precinct. So any proceeds from the Millers Point sales program that go back into either new supply or maintenance will be used in the balance of the portfolio.

CHAIR: On that, you have had no approaches for the Government to change tack on this issue, given the last time we saw you about the Government's position on selling Millers Point for upgrading the \$330 million backlog of maintenance? Are you suggesting to this Committee that you have had no further approaches in terms of maybe looking at reserving a part of that philosophy for social, public and affordable housing?

Ms SKEWES: Just to be clear, the proceeds from the sale of the Millers Point properties will be proceeds of sale back to the Land and Housing Corporation. That money will be used for maintenance. It will be used to address the maintenance backlog. It is money back to the Land and Housing Corporation to support the maintenance backlog and also to support new supply.

The Hon. GREG PEARCE: The issue we are trying to get to is to what extent the proceeds will be used for new supply.

Ms SKEWES: To the extent it will be used for new supply, until I can get a sales program and see the money flowing back into the system, we have not got that detail of that program, but, absolutely, they will be proceeds. Depending on the time frame, that money will come back to Land and Housing Corporation and be used for both maintenance and new supply.

CHAIR: But surely FACS is aware that all our best practice knowledge about not only looking after the most vulnerable people but also those with low-income situations should have a place in all local government areas across New South Wales? Everyone should carry the burden of the vulnerable and those most exposed to low-income issues. Surely a portion of these funds are going to be allocated to at least equal the net loss of social and public housing in that Millers Point area in the Sirius Building? Are you telling me there is not going to be any net gain beyond zero?

Ms SKEWES: I am sorry. Obviously, I am not communicating well on this matter.

CHAIR: Is the Government's intention to totally sell off all that property with not one new apartment, unit, building, dwelling being replaced for social, public or affordable residents?

Ms SKEWES: No, that is not what I am saying. I am saying that the proceeds from the sale of Millers Point will be applied to both maintenance and to new supply. The numbers around how that money will be apportioned are not yet determined. They will be budget matters for Government, based on the program of sale. The money has not yet been received. The sale program is a two-year program.

The Hon. GREG PEARCE: At least some of the money, though—

Ms SKEWES: Absolutely.

The Hon. GREG PEARCE: —I imagine a significant amount will go back into new stock to replace things?

Ms SKEWES: Absolutely.

CHAIR: My point is that everything this inquiry has heard is that the most unwise thing for us to do is to shift that money away from that area and put the people out further and further geographically. That is not on. But the knowledge we are getting is to keep a portion of those funds and those people close to their communities

where their families are, given their long historical past. The next question is: Does any part of the sales document encourage a new developer to develop further units for social, public and affordable housing in those particular areas potentially being sold to developers? Or is there a requirement for those developers to also contribute to building such a block in that Millers Point area?

Ms SKEWES: Just picking up the point just to be clear, there will be an investment in both new supply and maintenance as a result of the sales proceeds from Millers Point—absolutely.

CHAIR: In Millers Point?

Ms SKEWES: I will get to the second—

CHAIR: I am not talking about across New South Wales. I am not talking about Blue Mountains. I am talking about Millers Point.

Ms SKEWES: Yes.

Ms JAN BARHAM: He is asking specifically what will end up in Millers Point.

Ms SKEWES: Yes, I understand that. You are asking about the location?

CHAIR: Yes, in the city of Sydney area.

Ms SKEWES: Yes. I can just clarify that. The Government's decision and direction to the Land and Housing Corporation is that there would be no investment of new housing in Millers Point to replace the housing that is lost. The investment in new housing will be in other parts of the portfolio more widely, dependent on the needs of public housing tenants.

The Hon. DAVID CLARKE: At the end of this there will be tenants who gain housing as a result of what you are going to be doing with the sales? That is the purpose of what is going on here, is it not?

Ms SKEWES: Absolutely. The investment into the social housing system, as you know, the Government's position around the cost of maintaining these houses, they are very expensive assets to maintain, and there is a significant backlog around maintenance. The proceeds from sale will be absolutely invested back into the social housing system to build new houses and to address backlog maintenance issues.

The Hon. DAVID CLARKE: For a greater number of people?

Ms SKEWES: For a greater number of people for the benefit of the system.

The Hon. PETER PRIMROSE: Wonderful. Can you table those documents?

The Hon. GREG PEARCE: Can I just have some of my time back?

The Hon. PETER PRIMROSE: We want some documents.

CHAIR: Order! That is a fair point. It is the Chair's fault. It is the Government's question time.

The Hon. GREG PEARCE: I think we have a pretty clear answer. I want to go back to the overall sales process. A previous witness described what they called an unsustainable process whereby in the past Housing has sold properties in order to raise funds for new properties, and that the sale price and cost of new dwellings are out of sync. Perhaps you could take this question on notice because we are having trouble getting some real facts on it. For the past 15 years, how many properties have been sold each year, how many new ones have been produced and what is the amount of extra dollars that governments at various times have put into new housing? We want to be absolutely clear.

The Hon. SOPHIE COTSIS: It is in the Auditor-General's report.

The Hon. GREG PEARCE: I am asking.

Ms SKEWES: I am happy to take that detail on notice.

The Hon. GREG PEARCE: Bonnyrigg was seen as a very important and wonderful way forward for estate renewal. We know that the builder collapsed, which took place seven or eight months ago now. What is happening about resolving that position and getting that project going again?

Ms SKEWES: Thank you for the question. The Government has been concerned, and certainly the Land and Housing Corporation has been concerned, about the status of the Bonnyrigg development following the receivership of one member of the development entity—the Becton Property Group. The Government has been seeking a response from the Living Communities PPP about how it would approach the next stages of development—its position particularly around a replacement development partner to help deliver the project. The obligation is with Living Communities to come forward with a proposal to government. There have been a series of discussions, obviously now with time moving on, as to where that project is up to. Effectively, stage four is the next stage of work that needs to be completed. We are waiting to receive some further information from the Living Communities entity before we can put forward some options to government about the future of that.

You will know that that is a 30-stage project. It is a very big project and certainly only into the very early stages. We are very concerned, I guess, about the status of commitments that were given to the community around and within Bonnyrigg about redevelopment opportunities and the staging and timing of redevelopment. We are concerned about commitments to community infrastructure within that development and how they will be delivered. They are all the questions that we have been asking in discussions and in seeking response from the entity. Subject to getting that information, I would be hopeful that we would be able to put some proposals to government about alternatives. The Land and Housing Corporation will take a strategic view as well about the overall estate and options for the Government in the balance of that very long tail of the project, and particularly, as you are aware, there are master plans and concept plans sitting across that development that show some quite significant density in the last stages of the project. So we need to have all of that reviewed.

The Hon. DAVID CLARKE: Getting back to Millers Point, what is going on is that there are going to be sales to allow maintenance of properties for additional numbers of tenants. That is the idea, is it not? The maintenance is all about putting into proper condition other properties in various places—

Ms SKEWES: Yes.

The Hon. DAVID CLARKE: —and also to build new properties so that at the end of the day more tenants will be housed than are presently housed at Millers Point? That is the overall purpose, is it not?

Ms SKEWES: Yes. On the maintenance issues, as you well know, and certainly the Auditor-General, we discussed last time, recognised a figure of about \$330-odd million in backlog maintenance. When you maintain and better support a property to make it fit, safe and habitable, that is not producing more housing for people. That is addressing outstanding issues around the condition of properties. I know that as you have looked around as a Committee you have been concerned about some of the properties you have seen. We would acknowledge those requirements. The capacity to support new tenants into that social housing system off the waiting list will be really supported by the new supply program. We need to see the sales numbers from government property. We need to have these properties move through the planning process and have their heritage approvals and various other considerations. That money, absolutely, will be put for the benefit of the system.

The Hon. DAVID CLARKE: As a result of what is happening at Millers Point, there will be more people who will be provided housing than are presently housed, that is substantially what will happen, is it not?

Ms SKEWES: As a result of new construction as a result of the program.

The Hon. DAVID CLARKE: Can I ask a question—

CHAIR: Mr Clarke, your time is up. We will have a second round.

Ms JAN BARHAM: Have you conducted a review of maintenance? We have heard from residents who live in some of these areas that multiple people turn up to inspect, to review, to measure up and then nothing happens until next time when someone comes back to do a quote and a check and a measuring up. Still

nothing happens or work gets done that does not need to be done. In local government, if we had contractors who were doing this sort of work we would be calling for a review. Have you done a review because that figure of \$330 million gets pulled out but it sounds like there is an awful lot of unnecessary expenditure happening around maintenance? Mr Allen, I cannot find any information on your website other than the 2010 Dubbo Transportation Strategy.

CHAIR: Order! For Mr Allen's sake, there are two questions. Mr Allen, can you table the documents that you spoke about earlier to Ms Barham on the transformation of the old Gordon Road? We want to know the process and an evaluation of what happened to those residents, how they were moved out and what was done to revisit the process. The second question is her comment about maintenance.

Ms SKEWES: That is a question for me. I acknowledge the concerns around maintenance. We are doing a number of reviews and I am happy to talk a little bit about those. Before I do that, each year the housing contact centre receives 500,000 to more than 600,000 of requests for maintenance work. There is a lot of work happening on maintenance. This backlog issue is not a new issue but it was made transparent on the value of the Auditor-General's work. He identified it based on information that we supplied him. It was not work that he did individually or uniquely.

Ms JAN BARHAM: It is not the backlog that I am interested in because it is well documented.

Ms SKEWES: It is the system.

Ms JAN BARHAM: It is about whether or not you have reviewed whether the State is getting value for money from the invoices you are paying against and whether the work is being done. That is not what we are hearing from people.

CHAIR: We have had evidence from people that they have had someone come in three different times and it is low quality work. We are wondering what systems you have in place to keep that accountable.

Ms SKEWES: Can I talk now about what we are doing because you have rightly raised the question: Are you reviewing it? We have several reviews underway on maintenance. We acknowledge the problems there are in the maintenance system. The first thing we are doing is property assessment reports on every property in our portfolio. We started this work last year. It is the first year that we will have every—

Ms JAN BARHAM: I do not want to be rude, but I have heard that before. Again, there have been concerns raised about people checking but the work is not being done. You obviously pay for the people to come and check. All I want to know is whether or not you have conducted a review of the work that has historically been done and whether you are getting value for money. What I am saying is, is there any chance of incompetence or neglect or is there some other phrase that people use when contractors do not deliver what they are meant to?

Ms SKEWES: Can I finish?

Ms JAN BARHAM: I want to know whether you have investigated that. It is a yes or no answer.

Ms SKEWES: Yes, and we are putting in place a new maintenance contract. I am happy to talk more about it if you would like to know about it.

Ms JAN BARHAM: I want to know whether you have investigated it.

Ms SKEWES: We absolutely investigate it. We acknowledge performance and contract management issues and we are in the process of having a new maintenance tender that will dramatically transform how maintenance is delivered in the future.

Ms JAN BARHAM: But if you have found problems with the existing tender then there are reasons for the current tender to be cancelled or reworked.

Ms SKEWES: We have reviewed the current contract. There is a new tender on foot. It is a fundamentally different process. I am happy to supply you with more information about how we are going to do

maintenance in the future. It addresses the process issues, the double and triple handling in the system, and it places a much stronger emphasis on contract and performance management.

Ms JAN BARHAM: There is no evidence of corruption?

Ms SKEWES: The tender is on foot under strict probity guidelines, so there is no evidence of corruption around that at all.

Mr ALLEN: Can I clarify that answer or add to it? When maintenance orders are issued through our housing contact centre, we actually have mechanisms in place that Mr Vevers might comment on briefly.

Mr VEVERS: We did a telephone questionnaire with 25 per cent of tenants who ordered urgent maintenance and asked whether the work that should have been done was done, whether the contractor arrived within the time that they should have arrived and whether the contractor was polite and courteous. I would have to report the success rates to the Committee; I do not have that.

CHAIR: Can you table those results because one of the bigger issues is quality of life. I am mindful of time and I wish to move on. Ms Barham has her answer.

The Hon. SOPHIE COTSIS: Ms Skewes, will you be able to table the new maintenance tender documents and also the proposed contract?

Ms SKEWES: I will take that on notice. The tender process is a select tender process so I will take that on notice.

The Hon. SOPHIE COTSIS: When will that be announced?

Ms SKEWES: The sensitivity of this is that you have a very big commercial tender costing \$2 billion. It is a five-year contract that is now on foot, which is why I would take that on notice and take advice. I suspect I am heavily constrained around the release of the tender documents, which are now in a process with those select tenderers. We expect, knowing that this is a very significant tender and a rollout of a new contract, which as I said is a fundamentally different way of doing maintenance, particularly around the contractual terms and conditions, that this will be implemented in the second half of next year. Our time frame is to involve as we have in previous years, to have a very thorough transition process into a new contract model. Given the changes that we are proposing, we will manage that carefully over several months.

The Hon. GREG PEARCE: To help Ms Cotsis, the current contracts end middle of next year?

Ms SKEWES: Yes, mid 2015.

The Hon. SOPHIE COTSIS: Thank you. You were asked a question by Mr Clarke about Millers Point, Sirius and the proceeds of the sale. Have you conducted any economic modelling to substantiate that the proceeds will provide additional homes?

Ms SKEWES: As I said, part of those proceeds will be invested into maintenance and new supply. I need to see the marketing and the sale program around how much money is expected from that exercise. That is being managed by Government Property New South Wales, so we have not done any economic modelling at this time.

The Hon. SOPHIE COTSIS: You have done no economic modelling?

Ms SKEWES: I have done no economic modelling because I do not have a time frame and a delivery strategy on the sales program. We have not yet got properties on the market to sell, so until we work through that exercise and I get marketing and strategy—sales advice, effectively—only then we will be able to know precisely the investment that will be made and when it will be made in new supply and the investment into maintenance and when that will be made.

The Hon. SOPHIE COTSIS: This is a monumental decision. It affects people who live in the inner city. When the Government talks about high-value property, that also relates to places around the city such as Woolloomooloo, Redfern, Bondi Junction and other areas. Have you done any economic modelling to at least

provide a case to demonstrate to the public that the properties that you are putting on the market are going to provide additional properties?

Ms SKEWES: I am just happy to take it on notice. As I said, the position is we have done no economic modelling.

The Hon. SOPHIE COTSIS: So you have done no work?

Ms SKEWES: No, because I do not have a sales program yet.

Ms JAN BARHAM: How can you not?

Mr ALLEN: Mr Chair, if I may? There is an important point of clarification that there have been sales of long-term 99-year leases of a number of properties in Millers Point going back a number of years so sales evidence is amply available to the organisation, so real sales data on approximately 30 properties—

The Hon. SOPHIE COTSIS: Yes, I have read those documents and I have read the Government's documents and they are very different. The Government has said that they will sell properties; they will not lease properties. But, look, you are not here to talk for the Government.

Mr ALLEN: No, I appreciate the point you are making.

The Hon. SOPHIE COTSIS: I am conscious of the time. The other thing that concerns me is that you talk about government property but the Sirius Building is owned by the Sydney Harbour Foreshore Authority and Gloucester Street is owned by the Sydney Harbour Foreshore Authority. Will you sell the Sirius as one building or by lots?

Ms SKEWES: The Sirius Building is owned by the Land and Housing Corporation. The Sydney Harbour Foreshore Authority has the land leased—

The Hon. SOPHIE COTSIS: The land?

Ms SKEWES: Yes, and similarly on Gloucester Street. The sales strategies for those two properties are part of the program that will be developed by Government Property NSW.

The Hon. SOPHIE COTSIS: So no proceeds will go to the Sydney Harbour Foreshore Authority?

Ms SKEWES: The advice is that those proceeds will come to the Land and Housing Corporation. As I said, all of the sales in Millers Point, including the Gloucester Street properties and the Sirius Building, will come to the Land and Housing Corporation.

The Hon. SOPHIE COTSIS: If you have that advice, could you table that advice?

Ms SKEWES: It is not formal advice written anywhere but apart from the Government's decision to sell—

The Hon. SOPHIE COTSIS: Sorry, how can you—

Ms SKEWES: They are assets owned by the Land and Housing Corporation.

The Hon. SOPHIE COTSIS: But on the title deeds—

Ms SKEWES: The land-only components.

The Hon. SOPHIE COTSIS: The land component?

Ms SKEWES: Yes.

The Hon. SOPHIE COTSIS: But the landowner, which is the Sydney Harbour Foreshore Authority, has a lease and you have obviously seen the lease between Housing and the Sydney Harbour Foreshore Authority for the Sirius Building.

The Hon. GREG PEARCE: But it is only an intergovernmental transaction.

The Hon. SOPHIE COTSIS: No, but this is a 50-year lease.

The Hon. GREG PEARCE: Yes, but it is still an intergovernmental transaction.

The Hon. PETER PRIMROSE: You must have done a briefing note on this.

Ms SKEWES: The proceeds of sale from the Sirius—and we will negotiate with the Sydney Harbour Foreshore Authority as to any transfer arrangements or any proceeds arrangements—are not expected to be significant.

The Hon. PETER PRIMROSE: Will you be able to table any documents associated with what we are talking about?

Ms SKEWES: I am happy to take that on notice. I do not particularly recall any documents.

The Hon. PETER PRIMROSE: Do you have any documents with you?

Ms SKEWES: No, not in relation to this matter.

The Hon. PETER PRIMROSE: So you have come here and you have got nothing in writing about this?

Ms SKEWES: Not on this matter, no. It is not a detail that I would have any particular reason to have any information on.

The Hon. SOPHIE COTSIS: It is a huge matter of public importance because this is about the future housing of, as the Government claims and what is in the Auditor-General's report, 57,000 people.

The Hon. RICK COLLESS: Point of order: I appreciate why the Opposition is pursuing this line of questioning but these are questions that would be better put to the Minister during the estimates hearing rather than the course of this inquiry.

The Hon. PETER PRIMROSE: To the point of order: What we are seeking to do here with the officers who are giving advice to government is to elucidate on what basis they are making decisions. Despite the various platitudes that this would happen and that would happen and that there would be many, many new units of accommodation, we now find out from our questioning that there has been no economic modelling, we cannot nominate how many, there is uncertainty about the contracts and the witnesses have nothing in writing on the matter.

Ms JAN BARHAM: So how did government make a decision?

The Hon. PETER PRIMROSE: So how did government make a decision?

CHAIR: Order!

The Hon. RICK COLLESS: To the point of order: Mr Chairman—

The Hon. SOPHIE COTSIS: You cannot make a decision by press release. I am very sorry.

CHAIR: Order!

The Hon. PETER PRIMROSE: And they are legitimate questions.

The Hon. SOPHIE COTSIS: These are people whose lives you are affecting by press release.

Ms JAN BARHAM: It is just ridiculous; there is no strategy, no policy, no information.

CHAIR: I appreciate there is some passion and public interest in this matter but we are not here to interrogate people to the degree of belittling. There is a mature conversation.

The Hon. GREG PEARCE: Do you mean members belittling themselves.

Ms JAN BARHAM: Yes, that is what we are here for.

The Hon. PETER PRIMROSE: Mr Chairman, we are asking questions.

CHAIR: Order! I am just ruling on the point of order. I rule that it is totally in order to get the answers that the members are asking for. Ms Skewes has given her verbal testimony. She has also made it very clear that she would be happy to table documents to deal with that but at this point in time she does not have any knowledge of such documents, is that right, Ms Skewes?

Ms SKEWES: Absolutely.

CHAIR: You are happy to take that on notice and provide the inquiry with the documents if there are such documents relating to that line of questioning?

Ms SKEWES: Yes. I am not aware of any particular documentation but the best thing I can do so that we can deal with this matter is to take the matter on notice.

CHAIR: That is what I thought was the spirit of the questioning so I do not have an issue with it. I will allow the questioning.

The Hon. SOPHIE COTSIS: How did the Government make the decision without the economic modelling and the information about where the sales proceeds would go, the percentage that would go to maintenance and the legal questions about the ownership of the Sirius Building? Do you have documents to substantiate the Government's decision?

Mr ALLEN: I think Ms Skewes has made it fairly clear that we will provide whatever information we reasonably can. The Government has made a decision and that was publicly announced by the then Minister. The department is implementing that decision. There are a range of matters that could be subject to government confidentiality that we might not be able to assist with. There might be other matters in terms of commercial-in-confidence material but we have given an undertaking to provide whatever information for the Committee's benefit we reasonably can.

The Hon. GREG PEARCE: And Mr Allen did point out there has been a process of 99-year leases over a number of years so there is good market evidence there.

The Hon. SOPHIE COTSIS: We know that but it is this decision, Mr Pearce.

The Hon. GREG PEARCE: They can show you some numbers based on those previous sales.

The Hon. SOPHIE COTSIS: Okay.

The Hon. GREG PEARCE: On the maintenance issue, the fact that some of the money will go to maintenance effectively replaces the high maintenance costs in Millers Point and it might help the Committee if you could give us, say for the last 10 years, the actual expenditure on maintenance in Millers Point and Sirius so we can actually see the sort of dollars we are replacing here?

The Hon. SOPHIE COTSIS: But Sirius is the purpose-built one.

Ms SKEWES: We are happy to find the information in relation to maintenance, effectively the amount of money that is being spent. We know that to maintain a property in Millers Point is probably three or four times more than to maintain the balance of the portfolio.

Ms JAN BARHAM: Do you mean the heritage buildings?

Ms SKEWES: Yes.

Ms JAN BARHAM: But not Sirius.

Ms SKEWES: We know that we have an estimate of about between \$90 million and \$100 million to bring properties in Millers Point up to some improved standard, particularly to deal with outstanding maintenance. If you effectively were going to keep those properties there would be at least \$100 million that would have to be taken out of the existing maintenance program within the social housing system and put into upgrading those properties to a reasonable standard.

The Hon. SOPHIE COTSIS: I am sorry, Ms Skewes, you are talking about \$90 million from the maintenance budget. Are you talking about the 2012-13 budget period?

Ms SKEWES: No. What I am giving is a hypothetical proposition that if we were to maintain—

The Hon. SOPHIE COTSIS: We cannot talk about hypotheticals. We have to talk about the real facts and figures.

The Hon. GREG PEARCE: It is the projection.

The Hon. SOPHIE COTSIS: No, we need the evidence.

Ms SKEWES: I am very happy to talk about the actual maintenance budget as well but what I was just referring to was if we were going to keep the properties in Millers Point—

The Hon. SOPHIE COTSIS: So you have got those figures?

Ms SKEWES: If I could just finish?

The Hon. SOPHIE COTSIS: Yes?

Ms SKEWES: Just to be clear because it does get confusing when you are talking about scenarios—and, effectively I am talking about a scenario—if we were going to keep the properties in Millers Point, it would cost somewhere between \$90 million and \$100 million out of the existing maintenance budget to go back in and upgrade those properties to a standard that would be fit for purpose. That would be money, if the Government was going to retain those properties in Millers Point and we were going to spend that money, that would come out of the maintenance budget and that would be diverted into Millers Point, I guess at the disbenefit of others who have outstanding maintenance issues in the balance of the portfolio.

The Hon. SOPHIE COTSIS: Just on that point, do you have any economic modelling to suggest that the Land and Housing Corporation can continue to be sustainable by selling off properties to pay for maintenance? From all the readings that I have done it is not sustainable to sell properties to put into maintenance. Do you have another plan or policy going forward?

Ms SKEWES: Thank you for your question because it really goes to the nub of the sorts of challenges that we have as an organisation. We are here to provide the optimum number of houses to maximise the fit-for-purpose use of those houses for tenants in the social and public housing system. We take that job very seriously. Part of the process of the Land and Housing Corporation as an asset owner is to look at the asset base and prepare a strategic plan around the property portfolio. I had the question about property assessments but to actually prepare an effective asset plan you have got to have good data. You have got to have real-time information about the condition of the portfolio. That is why we have spent the past 12 months going around doing property assessment reports on the existing portfolio.

The Hon. SOPHIE COTSIS: Will you be able to table that property assessment information?

Ms SKEWES: I will take that on notice and prepare the information in an appropriate way. The Auditor-General recommended that we go away and do some work on this. Work is being done to provide an outline of how that work is being done and the processes that we are up to in that plan.

The Hon. DAVID CLARKE: Mr Allen, at the beginning of your evidence you referred to some 45 homes being destroyed by fire. Was that in a particular area or was that statewide?

Mr ALLEN: That figure was in response to what was known as the Gordon Estate at west Dubbo. It was specific to that estate.

The Hon. DAVID CLARKE: Forty-five homes destroyed by fire in one estate?

Mr ALLEN: In one estate, over a period of approximately 10 years prior to 2006.

The Hon. DAVID CLARKE: How many homes in total were there on the estate?

Mr ALLEN: There were approximately 325 homes on the estate at that time.

The Hon. DAVID CLARKE: And 45 of them were burnt down? Was that due to electrical faults? What was the cause of those 45 fires?

Mr ALLEN: In almost all cases the cause was arson or vandalism or a combination of both.

The Hon. DAVID CLARKE: So people came from outside and burnt these houses down?

Mr ALLEN: On some occasions. On other occasions the arson was carried out by people resident on the estate.

The Hon. DAVID CLARKE: On their own homes?

Mr ALLEN: Not the homes they were living in.

The Hon. DAVID CLARKE: On their neighbours' homes?

Mr ALLEN: Potentially on their neighbours' homes, yes.

The Hon. DAVID CLARKE: Were any of those people prosecuted?

Mr ALLEN: Wherever we can obtain sufficient substantiation and evidence we would always seek to prosecute people. As I recall there were some who were prosecuted and they were convicted in a number of cases.

The Hon. DAVID CLARKE: I find it extraordinary that in an estate of some 300-odd homes, 45 were burnt down by people from the region.

Mr ALLEN: It is not typical of what happens in public housing estates but it was absolutely very typical of what had taken place in that public housing estate as the neighbourhood, and the behaviour of many people who came into that neighbourhood, deteriorated over the preceding 10 years up until 2006. That is what led to the decision to relocate all of the tenants out of the estate. Ms Skewes would like to add something.

Ms SKEWES: Just responding to the sorts of circumstances that Mr Allen has been describing, we spend somewhere between \$8 million and \$11 million a year dealing with matters of tenant damage and that comes out of our maintenance budget. So we can spend up to \$11 million a year dealing with the impacts of tenant damage. We can spend \$30,000 or \$40,000 a time going in and cleaning up tenant damage in a property.

The Hon. DAVID CLARKE: Is that \$30,000 or \$40,000 on one property?

Ms SKEWES: In going in, cleaning up and repairing a property we can spend significant amounts of money. All of this money is coming out of our maintenance budget. Just getting properties back into the system—and Mr Vevers can talk about this as well—if we actually have to go in and deal with the impacts of tenant damage it is very, very expensive.

The Hon. DAVID CLARKE: So you have a positive program in place of pursuing those who are deliberately damaging these properties and burning them down and causing \$30,000 or \$40,000 to be spent in restoring one property?

Mr VEVERS: We absolutely do. If someone carries out serious damage to their property we will seek to take that case to the tribunal and terminate the tenancy. We always seek to levy charges on the tenant for the damage to the property.

The Hon. DAVID CLARKE: One would assume that such people would not be given another property in its place so to repeat the procedure again?

Mr VEVERS: That is absolutely correct. They would be given a tenancy record of a former unsatisfactory tenant and we would not take them back into the system.

The Hon. GREG PEARCE: I have two questions. Firstly, one issue raised with the Committee has been that most people in public housing are now on Centrelink benefits but there is no mechanism for an ongoing transfer between Centrelink and Housing NSW. Could you outline to the Committee what has happened there because this has been raised over the years? Secondly, a number of comments have been made about the vacant room rent arrangements and people have been speculating on how many people are affected and so on. Will you please take on notice the exact number of vacant rooms that have been identified, how many people have been written to, how many have elected to pay and how many have been assisted with moving expenses and so on?

Mr ALLEN: We are certainly happy to provide that information.

The Hon. GREG PEARCE: The Committee heard evidence earlier today about inconsistency in the vacant room issue and that one office at Gosford, for example, had not paid for removal expenses but there was only one tenant. Would you have a look at that evidence and address that as well?

Mr ALLEN: We are certainly happy to take that on notice and provide that information to the Committee. As to your first question we do have a rental deduction scheme in place for any and all of our tenants who receive a Centrelink benefit whereby our tenants can direct that their rent payment be deducted from their Centrelink benefit and provided to us directly. That is a voluntary arrangement.

The Hon. GREG PEARCE: That is the issue—it is voluntary, there is leakage and changes, administration costs and time et cetera.

Mr ALLEN: As an individual jurisdiction, but in partnership with other States and Territories, we have been discussing this issue with the Australian Government—both the current and previous Australian governments—to put in place a housing payments deduction scheme that required rent to be deducted from a tenant's Centrelink benefit and provided to us directly. There have been some Commonwealth legal issues that have had to be resolved as part of that process—to do with the Social Security Act—but we have been in active discussions with the Australian Government over the course of the past several years about such an arrangement. We felt we got fairly close a couple of times but on each occasion there have been other legal matters or statutory matters that have needed to be resolved. It is still a current approach that has been agreed by other States and Territories and we are obviously individually and collectively quite keen to pursue that. We are continuing those discussions with our Commonwealth colleagues. I might just ask Mr Vevers to comment specifically on some of the detail.

The Hon. GREG PEARCE: That is enough, thank you.

The Hon. RICK COLLESS: I take you back to the Gordon Estate at Dubbo. You said that most people from the Gordon Estate moved to other parts of Dubbo. Did they move voluntarily? Were they happy to move out of that area?

Mr ALLEN: I think by and large it is fair to say that most of the tenants were happy because the area had become such a disadvantaged location and, as I indicated earlier, such a magnet for troublemakers from a variety of areas outside of Dubbo. Certainly there were some tenants who were concerned not to move out of Dubbo. We made a commitment that if those tenants wanted to be relocated in Dubbo we would find them somewhere else in Dubbo; if they wanted to move outside that city altogether, and some did, as is often the case,

we relocated those people to various locations across New South Wales. We gave people choice about where they went. It is fair to say that we have been clear with tenants that public housing was not going to be provided on the estate into the future.

The Hon. RICK COLLESS: Do you have any idea how many families were moved to other towns in New South Wales?

Mr ALLEN: I do not have a specific number but our general experience in those situations, where we are relocating reasonably large numbers of tenants is that around 10 to 20 per cent of those being relocated would want to move to a completely different area. A typical example would be older people who have grandchildren who live in another place and they would prefer to be closer to their grandchildren and family, so we relocate them to a completely different area. We do give people choice about their area. We cannot get down to a specific suburb but we can to a general location. For example, if someone wanted to go to the Central Coast from Dubbo in the Gordon Estate relocation we would have housed them somewhere around Gosford or Wyong, the sorts of suburbs in that Central Coast location.

The Hon. RICK COLLESS: In the other area in Dubbo, I think it is called the Apollo Estate, we observed many houses that were boarded up and being prepared for sale—that was what we were told. We were wondering why there were so many boarded houses in that estate that all looked to be in the same state. I would like to know the background of that and where those people have gone?

Mr ALLEN: If I can answer the last part first. The people that previously resided in that home have been relocated somewhere else to a location of their choice to free up those properties so that they can be sold to owner-occupiers because there is a covenant attached to the sales, through the process of the contract, that requires the people purchasing those homes to reside there, all else being equal, for a seven-year period.

Ms SKEWES: Typically in estates like Dubbo where we are involved in a program with our partners Housing NSW inevitably there are properties that are being prepared for sale or in the hands of agents and, as Mr Allen has said, he has spent some time at Apollo Estate, as have I, and driving around you can see that there are properties either still with us being prepared to hand over to an agent and be put into the market or some of those properties would already be in the hands of agents and not with us anymore. From my recent visit to Apollo Estate there are some properties that have been more recently vandalised and some of those will be either prepared for reletting or again sold because they are too expensive for us to be able to renovate for the purposes of reletting to needy families.

The Hon. RICK COLLESS: As a follow up question: Do you have a similar program for selling some of those properties in other regional centres where there are similar problems?

Ms SKEWES: If you take another example of the Kelso Estate where there is a program to support and some very good work over several years to look at some of the safety and amenity issues in that estate. It may have been one of the estates you visited where you saw properties being prepared for letting. We maintain a very active program to either move the properties in those particular estates quickly through for renovation and refurbishment so they can be relet, or alternatively, we are looking at deconcentration in some of those estates where it seems to be reasonable to do so. That particular example is a place where there has been significant investment in addressing some of the amenity issues and improving safety and security on that estate. We have a relatively low number of vacancies, from my recent visit, and they are being turned around fairly quickly so they can be relet to needy families.

CHAIR: You mentioned there were 45 houses burnt in the old Gordon Estate; how many houses have been burnt out in the Apollo Estate?

Mr ALLEN: I do not have that specific information.

CHAIR: There were quite a few?

Mr ALLEN: There have been one or two properties over recent months that have been damaged by fire or destroyed, but I am happy to provide that information in response to a question on notice.

CHAIR: It just seems ludicrous. They were two estates we looked at. How many houses are boarded up across New South Wales? How many houses have been burnt out across New South Wales?

Mr ALLEN: I do not know.

CHAIR: Given the fact that there are 57,000 people on the waiting list surely it is an inefficient use of houses to board them up?

Mr ALLEN: The properties can be boarded up for a variety of reasons. First, if they are being prepared for sale, if that is what was going to happen to them; second, to ensure vandals cannot access the properties—

CHAIR: What is the length of time that they are boarded up, because they are long term?

Mr ALLEN: Certainly as short as possible.

CHAIR: Can you table that information?

Mr ALLEN: We can provide information on the processes we go through. In some locations where we have concerns about vandalism the properties are boarded up while maintenance is carried out on the properties. In other locations they would not be boarded up because there are not any fears or concerns about vandalism and further damage to the property. It is a property protection measure, it is not to stop people living there. We try to make sure, in partnership with the Land and Housing Corporation, that we are returning those properties to a let state as quickly as possible.

CHAIR: I understand that, Mr Allen, but you must admit that it is fairly frustrating. We have been across the State and there are properties boarded up all over the place and then we go to other places and hear that young mums with kids are sleeping in cars. There has to be some weighing up of this process. We must ensure that if these houses are boarded up for a serious amount of time because we are lagging in a process of maintenance that the priority is a mum with kids has a roof over her head.

Mr ALLEN: Absolutely, it is a high priority, and that is why we work extremely hard with our colleagues in Land and Housing Corporation and through Mr Vever's tenancy management teams to make sure that we return those properties to a let state as quickly as possible. Mr Vever's will comment on some of the vacant processes.

Mr VEVERS: All up at any one time about 3 per cent of properties would be vacant. That is consistent with a normal turnover and consistent with a vacancy rate in the private rental sector where 3 per cent is a normal figure.

The Hon. GREG PEARCE: Three per cent would be 4,000 houses?

Mr VEVERS: Yes, thereabouts, but given that something like 12,000 tenants would leave during the course of a year that is a consistent figure. Then there would be other properties being prepared for sale that would be boarded up. The vacancy rate in New South Wales is equivalent to every other State and Territory and similar to the private sector.

CHAIR: During that process is there an assessment of the house? It is boarded up for the reason of maintenance, but does anyone go around and say this would take very little momentum to fix up and get some of those homeless people, the mums and kids, in there?

Mr VEVERS: Absolutely we do, and the vast majority of properties are not boarded up. The vast majority of properties would be relet quickly and an officer goes around and inspects the properties and in many cases they need a quick clean-out and the property is available for letting.

CHAIR: This is part of the problem. I appreciate the issues of estates, like all of us do, but we go to an inquiry in Dubbo in the afternoon and they tell us that about 10 people per day or per week are knocking on the door who are potentially homeless. We then look at how many houses are boarded up that have at least a roof over it and these people are living out in the streets and in cars. It is hard to balance those situations in real outcomes.

Mr VEVERS: I understand the question. There is a legal requirement for the standard to which those properties must be brought. If a property has been damaged by fire it is not legally acceptable to let that to anybody.

CHAIR: It is okay to freeze in a car rather than be in a house with a roof over your head?

Mr VEVERS: No, because if somebody is living in a car we would absolutely seek to provide some temporary accommodation—

Ms JAN BARHAM: But you are not.

Mr VEVERS: —and we have a line open until 10 o'clock at night to assist people in that situation.

CHAIR: I understand. I just want to drive the point home that it is pretty sad that there are all these vacant houses boarded up while mums and kids are in cars. I have made my point.

Mr ALLEN: Mr Chair, I would like to reassure you and the other Committee members that we work exceedingly hard to turn those properties around as quickly as possible. We are absolutely mindful, as you are, of the needs of those people who we are here to assist and we are driven to try to turn those properties around as quickly as possible. In some places, like Dubbo and some estates, the vacancies are more obvious because we board properties up to stop them being vandalised. It does not mean that there are more properties vacant; it just means that they are more obvious in those places.

CHAIR: I understand that. The whole issue is that people vandalise perfectly good houses that should be given to those women and children. I want to move on as I am running out of time. Are we looking to implement the three-strikes system that Queensland has in place given the fact that they have been able to reduce their issues? On Channel 9 the other night there was a good report about the different States and the different ways that they deal with the people who are doing the wrong thing. Are we looking to implement the Queensland system and would that help our system by getting rid of the ratbags out of public housing who are not doing the right thing?

Mr ALLEN: We have a number of measures in place in New South Wales, through the Residential Tenancies Act and through our own operational procedures, to deal with antisocial behaviour; and that is, by and large, a successful approach. We have been looking around at what all the other States and Territories have been doing on antisocial behaviour. So we are currently considering our position on our current measures and current processes based on the information we have received from the other jurisdictions. So, yes, we are looking at a range of measures. I cannot comment specifically on that three-strikes approach in Queensland but we are certainly looking at what all of our State and Territory colleagues are doing at the moment.

CHAIR: I would like to come back to the Millers Point situation. Has the Government approached community housing providers to form a joint venture or in any way help a developer to put some social, public and affordable housing on the Millers Point site?

Mr ALLEN: Perhaps I might comment on a couple of issues. We certainly work in partnership and constructively with community housing providers in a variety of ways—

CHAIR: That was not my question.

Mr ALLEN: However, the portfolio at Millers Point is substantially heritage listed. Those properties are not able to be redeveloped.

CHAIR: I am not about that; I am talking about the bit that the developer will buy to build on, as you well know. I am talking about the bit on which they are going to build who knows how many storeys high and make a buck out of it. Has there been any approach from the Government to you as the department to consider joining with community housing providers to maybe do some sort of joint venture or to play a part in providing social, public and affordable housing in the area that you are selling off?

Mr ALLEN: The answer to that question is no.

CHAIR: Right. That is all I want to know.

Mr ALLEN: But I need to point out that there is no redevelopment capable of taking place in heritage properties at Millers Point.

CHAIR: I am not talking about that.

Ms JAN BARHAM: We are not talking about the heritage properties.

CHAIR: I am talking about the spare block behind the heritage properties in that area. I may have the wrong precinct that I am talking about but I mean the spare block there. Mr Pearce, is that in Millers Point?

The Hon. GREG PEARCE: There are several development sites.

Ms SKEWES: I think the best answer to your question is no.

CHAIR: We heard from you some time ago in this inquiry—I think it was back in March. Have you been instructed in any way, shape or form by the Government not to proceed with the sale of Millers Point or the Sirius building?

Ms SKEWES: Could you reframe that question?

CHAIR: Has the Government or the Minister instructed you in any way to not proceed with the sale of the Millers Point properties and the Sirius building since we first met back in March?

Ms SKEWES: There has been no change. We are implementing the Government's decision on Millers Point and the Rocks.

CHAIR: In terms of new supply, you said that hopefully the sale would bring new supply. Is there any way in which some of that money is able to be hypothecated to the area to provide social, public and affordable units?

Ms SKEWES: That is probably a question you need to direct to the Government.

CHAIR: Thank you. I have, and that is why I am asking if they have spoken to you. Finally, I will ask a question of Ms Young, if I may, because she has been sitting there so quietly. The Auditor-General's report mentioned that Aboriginal Housing had a surplus of about \$93 million or \$56 million—it was quite a substantial amount. What are you doing to use surplus funds like that to address the Aboriginal housing population?

Ms YOUNG: I think it is probably incorrect to say that they are surplus funds. They have come through the National Partnership Agreement on Remote Indigenous Housing. NPARIH is actually a rolling agreement so the funds get rolled over to future years. We had an issue at the start of NPARIH with the uptake of community housing providers. That has now been resolved, and the uptake is probably almost more than we can handle. That was due to a number of reasons. The floods in 2010-11 really restricted access to communities and prevented us from doing the refurbishments and maintenance we need to do there. So it took a bit of time for people to come on board. Now that we have them on board that money will all be spent by the 2018 period.

CHAIR: Excellent, that is what I wanted to hear.

Ms JAN BARHAM: I am seeking some clarification about the asset assessments which Ms Skewes referred to. I understand you are doing those on 140,000 properties. Is that right?

Ms SKEWES: Absolutely, yes.

Ms JAN BARHAM: Does that mean that, prior to that program being initiated, it had never been done before? Did you not have rolling assessments?

Ms SKEWES: Mr Allen might comment on the history. The program is a concerted program in one year to go right through the whole portfolio. It has never been done, as far as I understand it, in such a concerted way—to get it all done, to get the data in and to build the asset strategy.

Ms JAN BARHAM: I did not know that, as a level of government, it was possible for you to own assets and not have a requirement to know the state they are in and to have a long-term maintenance plan, which requires you to have an asset audit. I suppose I am surprised at the audacity of State Government in not doing that when it requires local government to do it. So your revelation that it was not done or has not been done—

Ms SKEWES: I did not say that it was not done; I said that it is being done in a 12-month period. It has been done—

Ms JAN BARHAM: But why would it not be done on a rolling basis? That was my understanding. Local government has to do it that way.

Ms SKEWES: It is a quite expensive exercise.

Ms JAN BARHAM: That is my point.

Ms SKEWES: It is a very expensive exercise. It is a very important exercise. It has been done historically. A decision was made, in response to the Auditor-General's report, to get all of the assets reviewed over a 12-month period. That is not to say that it was not done in the past—it certainly was.

Ms JAN BARHAM: So you are willing to have duplication of work that had been done previously?

Ms SKEWES: As you know—

Ms JAN BARHAM: No, I do not know. I do not understand.

Ms SKEWES: Maintenance conditions change for properties. As we know, our property portfolio is quite old. So it is important to have very current information, particularly when you are dealing with challenges.

Ms JAN BARHAM: Can you make available a copy of the template that you are using? I am keen to know more about this because I have been at the other end of being required to do things in terms of good governance. I am interested to hear that the State Government may have been operating to a lesser standard than what it required of local government. Local government always had to have an awareness of the level of maintenance and the deterioration rate and capacity of an asset.

Ms SKEWES: Before Mr Allen comments, there is no question that there have not been standards and conditions. That is not what we are saying at all.

Ms JAN BARHAM: Well, I am confused by what you are saying, because that is what it sounds like—that you have redone 140,000 assessments.

Ms SKEWES: No, I am saying that we are getting those assessments updated and refreshed in a 12-month period. We are putting a lot of resources in so as to have very current information. I will let Mr Allen comment on the history of the assessments to date.

Ms JAN BARHAM: That is okay I will ask another question then. My interest is then about the relocation. People from the Gordon Estate are being relocated. I think Mr Allen said that if they wanted to go to the Central Coast then they would be relocated to the Central Coast.

Mr ALLEN: Yes.

Ms JAN BARHAM: Does that mean they would gain priority over everybody else on the waiting list on the Central Coast? Would the people from the Gordon Estate have priority over people who might have been on the waiting list for five or 10 years on the Central Coast?

Mr ALLEN: The system for a number of years has been that when people are required to relocate from a property they take equal priority with the people who are in the high-priority category. So they take the same priority as someone who is homeless.

Ms JAN BARHAM: If those people from Dubbo who have relocated wanted to come to my part of the world then they would have been transferred to the north coast waiting list. So would they be on a 20-year waiting list like everyone else on the north coast?

Mr VEVERS: No, they would be on the priority waiting list.

Ms JAN BARHAM: Which is 20 years.

Mr VEVERS: No, the priority waiting list is different. The ordinary waiting list for the North Coast would be 10 or 15 years. That is correct.

Ms JAN BARHAM: It is 20 years.

Mr VEVERS: But for the priority list, the average wait across the State is about three months, but it varies depending on your location.

Ms JAN BARHAM: I will try to get further clarity with a question on notice.

CHAIR: In terms of innovative funding models and prime advertising sites, have any sales processes entertained the idea of getting annual advertising income that could be spent on maintenance?

Ms SKEWES: No, we have not.

Mr ALLEN: In fairness, the sales value of a property would reflect a variety of things, including its future commercial income potential. If there were opportunities to do that, it would be reflected in the sales income. Also and importantly, almost all of the properties are heritage listed and there are significant constraints on what can be done with them.

CHAIR: I am thinking about the Sirius site in particular. If there was a huge building there in the future and the developer was interested in investing in social capital that would be the way to go.

Ms SKEWES: Our whole focus on Millers Point is sensitively and carefully dealing with the issues of tenants. That has been the whole emphasis to date. These issues around sales and processes have not been addressed yet.

CHAIR: I simply need to have a discussion about this and to bring it to your attention.

Ms SKEWES: Thank you for doing that.

CHAIR: Once again, I am referring to innovative funding models. Reference was made to houses being boarded up. Could we get lifestyle television shows to fix up those homes for homeless mums and kids and broadcast the process?

Mr ALLEN: We have worked with some of those lifestyle programs before in the restoration of public housing.

CHAIR: I have seen programs like that, but it was just a blitz. Surely that would be helpful season after season. It would be helpful and fun and it would provide housing for homeless mums and kids.

Ms SKEWES: We note that.

The Hon. SOPHIE COTSIS: I refer to the Consumer, Trader and Tenancy Tribunal orders and property sales in Western Sydney. As a member of the Opposition, I ask that one of you go to Millers Point and meet with the residents and talk to them. There are some very distressed people there at the moment and they need some compassion and leadership. I know you have a team there, but you should hear some of the real stories first hand.

Mr VEVERS: I was meeting with those tenants on Tuesday morning this week. I meet with Millers Point tenants most weeks. I was at the last estate advisory board—

The Hon. SOPHIE COTSIS: I understand and I know what you are doing. However, I am simply putting that out there. I know that the Minister has been asked to meet with residents, but I understand that that has not happened. I could be wrong. A September 2013 *7.30 Report* revealed that in 33 per cent of cases Housing NSW does not abide by orders of the Consumer, Trader and Tenancy Tribunal. This is a huge issue. I was at a housing meeting a couple of weeks ago and people said the same thing. People are going to the tribunal and orders are being made with regard to maintenance and so on but the work is not being done. I know that when the director general was questioned on the *7.30 Report* he said that it was a concern. I am paraphrasing. Can you look into that?

Mr ALLEN: We will take that as a question on notice and provide that information. If we have any orders against us we would certainly be looking to resolve them with the tenants as quickly as we can.

The Hon. SOPHIE COTSIS: Thirty-two studios and one-bedroom apartments at 308 Great Western Highway, St Marys have been put on sale. Apparently Housing NSW sold them to one owner last year, but I am not sure about that. The purchaser has done them up and they are now for sale. I point out that 10,000 Western Sydney families are waiting for properties. I am happy to provide an article about that and I will speak to you about it after the hearing.

CHAIR: Thank you for appearing before the Committee this afternoon. We gave you a right of reply. Like the department, the Committee is passionate about this issue. At the end of the day, we need to get answers. Too many people are struggling to get housing now and if we do not do more than we have been doing over the past decades there will be some very bad situations and many more people will be on the streets. I appreciate that you are the heads of your departments and that you take the heat for everybody. You have been very helpful. Thank you for your time and I wish you the very best in the future. Hopefully we will come up with some solutions.

(The witnesses withdrew)

(Short adjournment)

EAMON WATERFORD, Director, Policy and Advocacy, Youth Action New South Wales, affirmed and examined:

CHAIR: Would you like to make an opening statement?

Mr WATERFORD: For starters, thanks for having me. I really appreciate the opportunity to give evidence. Can I say how happy we are that this inquiry is happening. This is such an important issue. To my mind, housing affordability is one of the most significant issues facing Australia in the next five to 10 years and it will disproportionately be felt by young people. I am from Youth Action New South Wales, which is the peak body for young people and youth workers across the State. We represent the 1.25 million young people aged 12 to 25 who live across the State and the 2,000 or so youth workers who work with them and provide support to them. We believe that every young person should be supported, valued and engaged. I will keep my comments brief to allow plenty of time for questions, but I just wanted to express one key point to the Committee.

It will come as no surprise to you that we have an affordability crisis in housing in New South Wales. It is especially prevalent in Sydney. Young people are disproportionately affected by this crisis, which has a number of effects. Homelessness rates are high in the youth population; young people are pushed to the margins of our cities where jobs are sparse and social networks are weak; and young people often live in overcrowded houses and in insecure rental situations. The solution to these problems is multisystemic: there is no one clear-cut solution.

We need robust homelessness services that provide support to young people and to all people on the margins. We need significant investment in affordable housing both through the social housing sector and in the private market. We also need to have a serious conversation about density and increasing density of housing where too often established communities have opposed increased density, resulting in young people being pushed out of the community they have grown up in. Providing only one of those solutions alone will not resolve the current crisis. It is only through working on all three areas that we will see an improvement in access to affordable housing for young people.

CHAIR: Recommendation 11 in your submission states that there should be a whole-system approach, which we have been talking about, that integrates housing and service provision such as the foyer model. That is getting a few raps. Can we use the foyer model throughout New South Wales or is it site specific and not one size fits all?

Mr WATERFORD: Any particular foyer that you have across the State would not be one size fits all, it would be quite specific, but the model itself is fairly robust and you can adapt it for local circumstances. I cannot speak highly enough of the foyer model. It is an excellent model. It is obviously a different type of model than is being used in the United Kingdom and France where the idea originated, but as a model that provides both support for vulnerable young people at risk of homelessness and links them through to welfare services and also employment and education services it is a fantastic model.

CHAIR: At recommendation 9 (b) you talk about housing providers promoting young people as key stakeholders in decision-making processes. People often say that but how do we practically involve them in decision-making about these issues?

Mr WATERFORD: The first thing I would say is it does not just mean young people who are currently tenants in public housing; it also means talking to young people who are potential tenants.

CHAIR: Are we talking about people in the 12 to 25 years definition, which is usually the council's criterion for defining a young person?

Mr WATERFORD: That is the definition we use. The way you would consult with young people who are 12 is very different to how you would consult with people who are 18. We have a number of quite effective bodies that are set up to work with young people. Obviously, our organisation does a bit of that but also the newly developed Advocate for Children and Young People and the previous Commission for Children and Young People had a role specifically to support young people to have their voices heard.

It often simply comes down to a matter of including a consultation process in decision-making and practically and proactively thinking about how you include marginalised people in those discussions. It is not enough to expect that if you hold a town hall meeting with all members of the community young people will have an equal say in that conversation, because they will not. That is much in the same way that people who have other difficulties will not have as loud a voice, such as people with disabilities and so on. Consulting with young people is not difficult; it just requires proactive thought and putting a bit of time into it.

CHAIR: And creativity.

Mr WATERFORD: Yes, sure.

Ms JAN BARHAM: Interestingly, I think consultation is probably the last thing that is needed at the moment. A lot of work has been done historically and we know what the issues are. Supply is a big one, as is support services. Unfortunately, young people will probably be placed at greater risk due to recent announcements. That is troubling for a lot of people because a whole generation might get trapped without a safety net, which will make housing even more important. How do you think the magnitude of the problem will expand if young people are unable to access funding support through Newstart?

Mr WATERFORD: This is a reference to the budget changes to welfare?

Ms JAN BARHAM: Yes.

Mr WATERFORD: I suppose there is one specific and quite immediate risk that we see with this. About 100,000 young people will be affected by the changes at the Federal budget level. That is a rough number, we are not sure exactly. About 20,000 of those young people live in social housing of some sort. They are either living in community housing or in public housing. Those young people currently have their rents set at 25 per cent of their income or thereabouts. If they have no income it is going to be impossible for them to retain their tenancies.

We will see charities, who certainly do not want to be evicting young people at the margins from housing, and other organisations have to pick up the bill, and that will trash their business model, or have to evict young people en masse. On the day it is implemented we will see an immediate effect on about 20,000 young people. Then I suppose there are obvious ongoing issues. If people do not have income support whilst they are looking for work it is going to make it very difficult to retain a tenancy.

Ms JAN BARHAM: What does the idea that they will not be supported for six months of each year and have been undermined by not having shelter do to further eroding their capacity to step up? They will be more vulnerable and, possibly, more likely to have mental health or substance-abuse issues associated with lacking security. How desperate is this?

Mr WATERFORD: The evidence is pretty clear. This model of cutting off welfare has been tried in various forms in other countries. It has resulted in the unemployment rate increasing and the homelessness rate increasing. It has resulted in mental health issues increasing and in drug- and alcohol-abuse engagement increasing. There have been negative effects. In terms of the specific effects this will have, as I said, about 100,000 people will be without support, and that is going to have a significant effect on their ability to look for work, at the start, but also retain a sense of place and have a place to live, afford to pay bills, afford to buy food et cetera.

Ms JAN BARHAM: Does your organisation have a position on whether the savings from not paying benefits for six months of the year are equivalent to the cost to society of the consequences of this action? Has any work been done on the cost of mental health issues, substance abuse, homelessness and, quite likely, the fact that the young people affected will have nothing much left to them to survive but crime? Does that not cost society in the long run?

Mr WATERFORD: It certainly does. We have a motto that early intervention and prevention are not only more effective but cheaper. Excellent research has been done in Australia around the costs of homelessness. I believe it was a study by Flatau and Zaretsky of the University of Western Australia—I would be happy to check that. Their report found that the average cost per year to the community of a person being homeless is about \$30,000, just in costs to the justice system and the health system. Some homelessness services have very high success rates at about \$3,000 per family.

Ms JAN BARHAM: It just does not make sense financially, does it?

Mr WATERFORD: It is quite possible that there would be a short-term improvement in the budget bottom line but a long-term significant deterioration in the amount of money we have to spend on these sorts of issues.

Ms JAN BARHAM: I am concerned about the current lack of opportunity for young people who have been made homeless or have made the choice to be homeless because of a risk of harm in their home—the refuge or youth house model. Do you have a clear indication about the shortfall or unmet need in that area?

Mr WATERFORD: Do you mean leaving an actual support service or leaving the family home and accessing support services?

Ms JAN BARHAM: Leaving the family home because of risk of harm.

Mr WATERFORD: And then needing to access specialist homelessness services or the equivalent?

Ms JAN BARHAM: Yes, particularly whether we have a major problem in regional areas.

Mr WATERFORD: Yes, we absolutely do. The Australian Institute of Health and Welfare does studies of unmet need in the specialist homelessness sector. The institute has found that about one in every two cases of a person seeking support from a homelessness service does not get the support needed. That means twice as many people need the support than are currently supported. That is a significant issue, I would say. That would suggest we are only supporting half the people we need to support with a system that we know saves money. In many ways we are seeing half the people who need support relying on far more expensive services further down the track once their issues become more entrenched.

Ms JAN BARHAM: So we are not investing in young people or giving them the confidence that society respects them. Is that fair?

Mr WATERFORD: That is maybe a bit of a long bow, but that is a part of it.

Ms JAN BARHAM: For some?

Mr WATERFORD: Yes, sure.

The Hon. SOPHIE COTSIS: One concern you raise in your submission is young people in public housing and, to paraphrase, the adverse effects of the concentration of disadvantage. Please elaborate on what you mean. My concern is estates, such as those in Western Sydney or the regions, where young people are not attending school or they have issues with their parents that impact on their schooling and wellbeing.

Mr WATERFORD: There is quite clear research that says concentrating marginalised and vulnerable people in the sorts of social and public housing estates we have—that, frankly, are often more like suburbs—has negative consequences for people living there. That is felt more intensively by young people, because they grow up in that situation and it is the only situation they know. Very good research says if we can diversify some of these areas, perhaps by staggering the amount of low-income households with some medium-income or even high-income households, that would be good not only for marginalised people but for society at large. If you do not have access to affordable housing in areas with only high-income housing you lose out on cultural benefits of community and all the jobs requiring people on low incomes. That can be detrimental to the community. We would be in favour of diversification of the large estates. I will not comment on any specific estate, but there is a particular need to unpack some of those places and provide a little aspiration for young people who live there so that more community spirit and wealth, I suppose, come into the community.

The Hon. SOPHIE COTSIS: When you talk about aspiration, what do you mean?

Mr WATERFORD: A fairly common story we have heard from young people living in some of these areas is that they do not know anybody who has a job. None of their parents has a job or has ever had a job; none of their friends' parents has ever had a job. I am not of a mind that aspiration alone will resolve an issue like youth homelessness or youth unemployment, but it does help. If there is no livelihood to aspire to other than

unemployment it makes it really difficult for people to be aware of the opportunities available to them. At the same time, we know that concentration leads to increased risk of crime, domestic violence and drug and alcohol abuse, as well as people putting themselves into risky situations. There are also care and protection issues, I suppose.

The Hon. SOPHIE COTSIS: From your research—there are never enough particular types of services—but in terms of youth services in some of the areas where there is a concentration of housing and there may not be, again, the issue of access to transport because a lot of these families do not have a car and there is a private operator that might operate a bus once an hour and then there are no other activities, and then there is the financial aspect because it costs you to go to the cinemas, what happens? What are the three things that we could do in this inquiry that we may be able to make some change?

Mr WATERFORD: A big question. You raise a very good point, which is that there is rarely infrastructure investment in areas of high public housing concentration and that means that there is no public transport, which of course adversely affects people on low incomes because they are so much more reliant on public transport. One thing that I certainly think is needed in New South Wales is some targets around affordable housing. Currently, as it stands, there are no goals for the State Government in terms of how many affordable houses they intend to build or intend to support to be built in the next two years, five years, whatever. So some targets around that that actually push for an increase in the amount of investment in this space would be welcome.

I think we need to have a serious conversation that does not just include existing residents in a particular area and developers, and sometimes that developer is the State Government, but also includes people who are priced out of a particular area. So it is not uncommon for us to see what is termed the NIMBY sort of group, who are opposed to additional development in a particular area, and sitting on the other side of the fence are the developers that want to build a unit block in that area. The voice that is missing—and this so often is young people—are those people that are priced out of living in the community that they have grown up in.

Parents generally want their kids to be able to grow up in an area nearby, they want to be able to have access to their children to support them, they want similar things for their children that they got themselves, but there is a bit of a cognitive dissidence between recognising that more development is needed if you are going to have your children being able to afford to live in the area you grew up in and not wanting more houses in your area because of the busyness of the local streets. Those are two things that I think are quite useful.

The Hon. RICK COLLESS: Thank you very much for coming along and thank you for your interesting submission. Have you got any figures on the percentage of Aboriginal young people compared to other groups—are they more represented in the young people homelessness figures, do you know?

Mr WATERFORD: Absolutely. I am happy to take on notice the specific percentage but I can say that they are significantly overrepresented, quite possibly by a ratio of five or six.

The Hon. RICK COLLESS: Is that ratio of any significant difference in regional areas compared to the city areas?

Mr WATERFORD: Significantly more in regional areas. The density of Indigenous populations outside the city is in areas where there is very low affordability and very low access to housing. So you see significant populations of Aboriginal people where—I imagine this is a story that the panel has heard a number of times—it is not uncommon to see 10, 15 people crammed into a single home because there is no other housing availability for people.

The Hon. RICK COLLESS: Have you heard of an organisation called the Clontarf Foundation?

Mr WATERFORD: I am aware of them, yes, very good work.

The Hon. RICK COLLESS: I have had a bit to do with them over the last 12 or 18 months. Their website says they exist "to improve the education, discipline, self-esteem, life skills and employment prospects of young Aboriginal men". They are not so active with young Aboriginal females but certainly with the young males. Talking to the people from Clontarf, they started in the year 2000 in Western Australia and some of those programs they kicked off early in that process. The people that went through in those first groups have now progressed themselves so they are all working, they have got jobs, they are all owning their own homes, that sort

of thing. Do you think that the Government needs to promote that type of approach to disadvantaged kids of all groups, not just Aboriginal boys but all disadvantaged groups, to try to help them get themselves established more in society than they might otherwise have been?

Mr WATERFORD: The short answer is yes, absolutely. The best way to think of issues like homelessness is not as an issue in and of itself but as a symptom of other issues in a person's life. Organisations like the Clontarf Foundation and the Australian Indigenous Mentoring Experience and a number of other organisations like Aboriginal Connections, Partnership Brokers, that are doing really, really effective work with young people in terms of improving their employability, improving their educational retention, improving their self-esteem, mental health, these sorts of things, that has a necessary flow-on effect to their ability to hold down a tenancy and avoid homelessness and generally much, much better life outcomes.

The Hon. DAVID CLARKE: Could you help clarify something for me? I do not know whether it comes within your ambit or not but we can give it a go. Has there been in the past and is there, indeed, now a program under which various non-government community organisations are given an allotment of a certain number of units of social housing to distribute among members of their respective communities; in other words, the allocating of public housing has been, in effect, subcontracted out to various community organisations? Does that ring a bell with you?

Mr WATERFORD: Certainly, if I understand correctly what has been happening in New South Wales over the last five years.

The Hon. DAVID CLARKE: What sort of community organisations?

Mr WATERFORD: Primarily it is housing associations. I must admit I am not an expert on housing associations but the non-government organisations, not for-profits, but sometimes charities, sometimes not charities, but certainly not for-profit they will have an allocation of public housing—community housing, as it is termed.

The Hon. DAVID CLARKE: Ethnic communities and so forth?

Mr WATERFORD: I am not aware of any particular community housing providers that provide housing to specific ethnic communities.

The Hon. DAVID CLARKE: They have been allocated the housing to distribute among those they feel are the most needy in their respective communities. Does that ring a bell?

Mr WATERFORD: My understanding of the community housing sector is that they still take the tenants that are fed through from the existing pipeline of the public housing waiting list. There has been recently DV NSW, which is the peak body for women's refuges, and the Yfoundations, which is the peak body for youth homelessness organisations, who were allocated \$12.5 million each for the purchase of properties. This was not allocation of public housing; this was to go out and purchase existing properties in a private partnership and to use those properties as community housing providers but with a specific community in mind. Obviously for the Yfoundations, it is only young people that will be eligible to access these houses; DV NSW will only be women escaping domestic violence. Aside from that, I am not aware of any particular groups within ethnic groups. They may certainly exist but I am certainly not aware of any.

The Hon. DAVID CLARKE: You are not aware of any situations where, for instance, there have been complaints of favouritism being given by the heads of some of these non-government community organisations allocating public housing to mates and so forth? Does that ring a bell?

Mr WATERFORD: I am not aware of any complaints. It sounds like you might have heard some but I certainly have not heard any.

The Hon. DAVID CLARKE: I seem to have somewhere. I am just trying to focus a bit on it.

Mr WATERFORD: I am not aware of any. Broadly, what I will say is that all the research says that community housing providers in general are doing a much better job of providing support to people who are living in the social housing sector than the State Government has been doing in the past. They exist closer to the ground; they are generally only existing in one or two communities, so they have a much stronger understanding

of what the needs of that community are—when I say "community" I mean a geographical community—but also a much stronger understanding of what other services are available in that community so they can link people that live there into other services—not just housing but a youth service, for example, or a mental health service, or if they identify that there are drug and alcohol issues, they know where the drug and alcohol rehab clinics and the support services are in that local town, so they can be much better at linking people into getting all the supports around them that they need. I am not aware of any particular instances but I would say, in general, I think the idea of community housing providers providing those services—it is one of the recommendations in our paper—they do a good job.

The Hon. DAVID CLARKE: With regard to youth in our community requiring public housing, are there any threads that are common to young people that stand out?

Mr WATERFORD: There are two types of young people in social housing. As you have heard, the mainstream waiting list is around 10 years, so that cuts young people out because, by the time they get a house, they are not young any more. The two groups of young people in social housing are those that have grown up in social housing—they have lived there because their parents got the tenancy and they have grown up living in that house.

The Hon. DAVID CLARKE: That is not a good situation, is it?

Mr WATERFORD: It is not ideal, but then again there is something to be said about appreciation of community, living in a particular area, one builds social networks and social supports. I am sure there have been others who have testified to the value of the community that gets built up around public housing. But it suggests that if people are not transitioning out of public housing, they have significant problems, not necessarily of their creation.

The other group of young people in public housing are those on the priority waiting list and there are common threads in that group. They have experienced significant trauma in their lives, usually outside their control. These are young people who have experienced abuse and neglect as an infant or as a child. They are young people who have experienced abuse and domestic violence from their parents. They are likely to have been taken away from their parents at some point and been made a ward of the State—a ward of the Minister. They are likely to have a small child—that is one of the reasons that people get on to the priority waiting list. So it is not only their wellbeing we need to look after but also the infant's wellbeing. We can safely say that those young people who have been on the priority housing list have really had a tough time.

The Hon. DAVID CLARKE: You have spoken about two different groups: the second group has experienced trauma and so forth and the first group are young people who have grown up in that environment and that is the only common thread. There are no other threads, like abuse and so forth. What would the proportions be, from your experience?

Mr WATERFORD: I am not sure. I am happy to take it on notice. That would be something that Housing NSW would have the data for but I am happy to go away and have a look.

The Hon. DAVID CLARKE: I would be grateful if you would do that.

Mr WATERFORD: It is worth noting, for that group that have grown up in public housing, they are not the head tenant on the property so it is often difficult to determine how many there are. They will be living there because their parents are still living there.

The Hon. DAVID CLARKE: It would be interesting to see what happens when their parents are no longer there. Do they continue to live in the same property?

Mr WATERFORD: I think they can put in an application to but I suspect, in many cases, they move on as well.

The Hon. DAVID CLARKE: Any information that comes to mind would be good.

Mr WATERFORD: It is not my area of specific expertise but I know the people for whom it is and I am happy to go and have a chat to them and come back to you.

CHAIR: Do you think we should abolish negative gearing?

Mr WATERFORD: I do.

CHAIR: Can you explain why you think that?

Mr WATERFORD: I am obviously conscious that this is not a State Government issue but a Federal Government issue. I would not advocate for the overnight abolishment of negative gearing; I would advocate for a phasing out of it over a number of years—seven, five years or something like that. It is a bit unfair to people who have already made investment decisions based on having negative gearing in place. But negative gearing is an incredibly inefficient tax break that provides a significant benefit to people, generally speaking, who can afford an investment property, which means that they are rich. It has very little social value. There has certainly been the argument that it increases supply, because negative gearing allows people to build more houses but that has been shown, time and time again, not to be true. In fact, it has very little effect on the number of houses. The amount of money that is lost to the Federal Government as a result of negative gearing would be far better spent in other ways to promote the increase in housing supply. Negative gearing, by and large, is a transition of wealth from the community to the wealthy.

CHAIR: Did I see—I am not sure whether it was in your submission or the next one—statistics that the average negative gearing property was to someone earning \$80,000?

Mr WATERFORD: That may be true, it is a long submission.

The Hon. DAVID CLARKE: Can you give us some evidence of the proposition you have just put forward?

Mr WATERFORD: Yes, I am happy to provide it. It is not based on my original research but on research done by other organisations.

CHAIR: It is on page 60. It says:

A 3-5 year phase of phasing out is important in ensuring that this policy would have the minimum retrospective effect possible. Youth Action recognizes that the majority, (76 per cent) of investors who negatively gear earn less than \$80,000 per year and understand changing this policy overnight could have significant financial ramifications ...

I would suggest that people earning \$80,000 a year are not necessarily rich.

Mr WATERFORD: That is certainly true.

CHAIR: Given the fact that I read an article in the *Daily Telegraph* this morning that said that, in a certain situation, someone on benefits could earn up to \$54,000 tax free, in all sorts of benefits. It was equivalent to a person earning \$70,000 gross. So I put it to you that they are not incredibly rich but are probably incredibly smart in using the negative gearing.

Mr WATERFORD: There are two types of wealth: income wealth and asset wealth. These are people who have a significant amount of money invested in two properties—their own family home and an additional property.

CHAIR: I am putting this on record because I said it to the ABC the other day: When properties are bought by investors, they invest in a community and benefits flow to local plumbers, local builders, local carpet people, local shopkeepers supplying appliances and a whole gamut of people.

The Hon. DAVID CLARKE: And there are more properties out there for rent.

CHAIR: Those jobs are important to people and so they do have an impact that flows far beyond just a second property. That is my point. Unfortunately the time has gone. I note that you have taken some things on notice. You can have a right of reply, if you wish.

Mr WATERFORD: I do not see any difference between an investor purchasing those services from a local business or a person who decides to live in a house purchasing those services from a local business. It makes very little difference.

CHAIR: You have 21 days to reply to the questions on notice or to give us any information you want to supply. The Committee secretariat will be more than happy to help you, if you need their help. I thank you. It is always good when we get someone representing youth because sometimes our youth can be overlooked. I know that quite a few of us are passionate about how youth gets affected in these situations.

Mr WATERFORD: Thank you, I appreciate your time.

(The witness withdrew)

MICHAEL CASSEL, Chief Executive Officer, Mission Australia, and

PATRICK FLYNN, Advocacy and Campaign Manager, Mission Australia, sworn and examined:

CHAIR: I note you were sitting in the public gallery and heard that last comment. Do you have a comment on capital gains and negative gearing? I note you do in your submission so I thought you might like an opportunity—

The Hon. RICK COLLESS: Are you going to give him a chance to make an opening statement?

CHAIR: Sorry. Would you like to make an opening statement?

Mr CASSEL: Yes, I would. Thank you for giving us the opportunity to appear at the Committee and thank you for taking the time to go down to Common Ground. We are very passionate about that facility and we are very proud of it. Mission Australia has been in the business of helping people for over 150 years, and the lack of affordable housing is a significant issue. Mission Australia Housing, the business that I look after, was formed in 2009 to try to help with the shortage of affordable housing. We currently look after in New South Wales and around the country more than 2,000 properties. We are of the view that there is a failure in the housing market, especially for those on low to moderate incomes. Put simply, there are not enough homes to address the demand, and I do not think that is new to anybody.

The demand for social housing is high and that is reflected in the growing waiting lists not only in New South Wales but nationally. We believe there are a number of impediments to that, which we hopefully have addressed in our submission and they made sense. We believe that it is not only the State Government but it is local government and the Federal Government that need to play a role in resolving those issues. Some of the things we have teased out in our submission are around the supply of housing. The impediments to the supply in housing are embedded in the planning system and embedded in how they can be financed. The housing is not viewed as infrastructure; it is seen as the poor cousin, I guess you could say. We also think there is a way to encourage private investment back into the system to aid in the expansion of community housing. Thank you for asking us here today.

CHAIR: Mr Flynn, do you have any comments?

Mr FLYNN: No. I support Mr Cassel's opening remarks.

CHAIR: In terms of my previous comment about negative gearing, do you have a view on that?

Mr FLYNN: I think you said there was a particular reference you were looking at.

CHAIR: I did but I cannot find it. Do you have a view on it? I am sorry but I cannot see it.

Mr FLYNN: That is fine. I think generally we would say that we are concerned about the interactions of the tax system with the housing system and that, to be honest—and this may sound like a cop-out—it is complex and there are a number of elements to that, which include negative gearing and the combination with capital gains tax and other elements. Obviously there are also State taxes, stamp duties, land taxes and other things. To refer you back to your earlier witness, there is a concern about whether or not negative gearing has delivered significant additional supply if that was the purpose of providing that tax break. The evidence tends to suggest that—I think it is in fact 90 per cent or more is in existing supply so, yes, we would have concern about whether or not negative gearing is delivering the purpose it was intended.

CHAIR: On page 13 of your submission you speak more comprehensively about the National Rental Affordability Scheme. I see on page 14 you have provided some numbers in the second paragraph:

... NRAS by 2026 as \$445 million for the NSW Government and \$101 million for local government.

Are those figures based prior to the Federal budget, the long-term outcome of NRAS? How would you see the Federal budget affecting these figures?

Mr FLYNN: If I have the correct figures that you are referring to, that would have been based on the study done at Bond University prior to the budget. I do not know whether or not those figures have been recast in light of the decision by the Commonwealth to do that.

CHAIR: Can you perhaps table some up-to-date figures?

Mr FLYNN: I think the work, to be honest, was stuff that we were quoting from Bond. I am happy to follow up on that to see whether or not they agree.

CHAIR: I am wondering whether they will rejig the figures. It would be helpful if they are because it may be something that we may want to proceed with in the Committee's final recommendations.

Mr FLYNN: Yes, absolutely.

CHAIR: There is a lot of passion about NRAS and the part it is playing. Finally, you talk about the New South Wales social benefit bond trial. Do you want to articulate the outcomes of that?

Mr FLYNN: The social benefit bond trial that Mission Australia has been involved in?

CHAIR: Yes.

Mr FLYNN: We have been involved in negotiations with the State Government for some time now around recidivism and the social benefit bond. I would say up front that I have only been tangentially involved in those discussions but obviously the principle behind that is that if we reduce the rates of incarceration for young adults particularly then the costs associated with incarceration are significantly higher than the costs associated with providing preventative programs. Therefore, there is an opportunity to create a saving for the State and therefore an opportunity for investors to look at that. If you were interested in more detail on that, to be honest, I would want to take that on notice.

CHAIR: I will get you to take that on notice. I did say it was my final question but I am interested in your further comments on page 18 in terms of the housing supply bonds. You say:

Bonds could also be issued directly by government, or using financial intermediaries with the Commonwealth providing a low-risk guarantee to support this activity.

Would you like to elaborate on that part of your submission?

Mr CASSEL: I think what we are trying to explain there is that if you can receive a guarantee from government it obviously lowers the cost of debt; and the lower the cost of debt, the easier it is to service that debt and the more homes that we can deliver. In essence, that is the whole concept where you have government come to the table with a certain level of guarantee on the payment of those coupons.

The Hon. GREG PEARCE: The problem with that is that if the Government is going to give a guarantee it might as well borrow itself because it will get it cheaper.

Mr CASSEL: Yes, maybe, but it depends on several things.

Mr FLYNN: If the analogy is drawn with some of the infrastructure finance which is being looked at by both the Commonwealth and the State at the moment, there are credit enhancements that are provided by the Commonwealth, which is in essence bringing down the cost of achieving finance to get some of those projects off the ground. There are many different ways that that finance could be structured in order to look at how to bring down the cost of finance for a new development.

Ms JAN BARHAM: Thank you for the work that you do. It was great to see Common Ground and see how well it is working. I think everyone's response is like, "Okay, good model, working well. When are they rolling out?" What is the inhibitor to rolling out more of that model? Is it only money?

The Hon. RICK COLLESS: That is a pretty good reason.

Ms JAN BARHAM: No, not when you look at—and this is my point. You make this point throughout your submission. We have heard a number of people make the point that it is cost effective to invest in this area

of social services. Time and time again submissions have told us that what you invest now you save for the future. So why is that not a good economic path for any government to take?

Mr CASSEL: We believe it is, to answer that question.

Ms JAN BARHAM: Yes, you have proved it actually.

Mr CASSEL: I guess the impediment always is financial and then we come back to the other points we raised, the planning system and trying to get those things moving and getting a whole-of-government approach. As you know, there are other sources of funding that come in for support models, not only the capital expenditure down at Common Ground. That facility was funded federally through NRAS and the State.

The Hon. GREG PEARCE: Is there not a demand issue for those sorts of intensive services—chronic, painless and so on? Would there not be a limited demand for that level of intensity?

Mr CASSEL: Of course. There is always a limit of the number of people who will need assistance. I just do not think in my lifetime we will get to address that limited amount.

Ms JAN BARHAM: You made a point that often is made and we hear it constantly from the development industry that there is not enough land release and there is a shortage of supply. Are you aware that New South Wales has five times as many unoccupied dwellings as there are people wanting homes on the waiting list? Victoria has a similar problem in this incredible underutilisation of existing resources.

Mr CASSEL: I have not seen that figure, but I would question where the unoccupied dwellings are and whether they are where the demand is. Then if you are talking about underutilisation of assets, are you suggesting that three-bedroom homes are housed by or lived in by one person?

Ms JAN BARHAM: Yes.

Mr CASSEL: I think that is pretty much on the public record. In every State they are looking to address that.

Ms JAN BARHAM: I asked the question in Parliament about unoccupied homes and I have the answer. I want more focus on that because we keep building and we actually have unoccupied dwellings, not just underutilised. Some of it refers back to the negative gearing issue to where investment properties are not being used for the purpose they were intended, but that is probably another debate. The Michael Project targets a specific group. Have you any intention of focusing on supporting older single women as they have been identified as an area of great need?

Mr FLYNN: If you allow me to follow a little bit of history but, certainly, I will come to that point.

Ms JAN BARHAM: Sure.

Mr FLYNN: The Michael Project was funded by a private philanthropist who had a particular interest in a cohort, which was adult men. Hence, that is how that came about. There was a successor to that called Misha, which also focused on developing new models of homeless service intervention for homeless men. That is the reason why those two projects developed that way. However, I would say that older, single women becoming homeless is an area of significant concern to us. The service that would in fact see more older, single women and would be closer to this issue is our aged care services. You may have seen from our submission that we do also operate two homeless aged-care services. So they are run and regulated as aged-care services, but they are exclusively for people who are homeless. Certainly, the literature I have read suggests that older women who are single and who have limited retirement savings are a different cohort and different group within the homelessness population who also will have a different level of support need and, in fact, may not need a high level of support but may need access to housing, but who do not think of themselves, if I can put it that way, as needing access to the homeless service system. They do not see themselves as being homeless. They see themselves as being at risk of eviction or at risk of housing stress.

Ms JAN BARHAM: I may have read it somewhere in your submission, which I read a while ago, but what was the contribution provided that initiated the Michael Project?

Mr FLYNN: The dollar value?

Ms JAN BARHAM: Yes?

Mr FLYNN: I have to check the exact amount that we are talking about. Is that in order to run the entire project?

Ms JAN BARHAM: For it to be a real-enough investment or contribution that initiated the project, the scale of it?

Mr FLYNN: I have to check the exact amount, but we are talking several million dollars in order to set up the project, but that also included the service design and the delivery of the project itself. It also included a substantial longitudinal research piece, which was also expensive in some senses but incredibly valuable because there is limited longitudinal research on the clients. So that would have paid for it over a series of years. That was not for one year. It was over several years. But I can find out the exact figure for you.

Ms JAN BARHAM: I apologise because I meant to look on the website to see if I could find all that information.

Mr FLYNN: I do not think it is in the submission.

Ms JAN BARHAM: Is it on your website?

Mr FLYNN: I am not sure if the total dollar value is on the website, to be honest. But I can certainly get an answer for you.

Ms JAN BARHAM: There is an increasing interest in whether there is enough public support to get a funded project or something for women.

The Hon. SOPHIE COTSIS: Thank you for enabling us to visit your premises a few weeks ago. I asked a series of questions at the time and I am not sure if you have been able to provide some of that information yet.

Mr FLYNN: I think Michael may be able to answer some of those questions for you. If we have not provided those already, I am happy to provide you with written answers. I think the main question I had related to the finance structures of the Common Ground development.

The Hon. SOPHIE COTSIS: Yes.

Mr FLYNN: To be honest, that is something I would have to refer to Michael anyway. Was that the particular one you were looking for?

The Hon. SOPHIE COTSIS: Yes, it was mainly the finances, the capital injection, the wraparound services and other partnerships but also the outcome, if you have an evaluation.

Mr FLYNN: There is a piece of evaluation that is underway at Common Ground. I think that was mentioned when the Committee was there. My understanding is that that is not yet complete. Unfortunately, I do not have a report to give you about the evaluation of the outcomes, but that would be the best tool. In terms of the cost inputs, unless Michael has something to add, I think the large proportions of the cost inputs for the development were as we described at the time, and that was to say that the land was provided by the New South Wales Government. There was Federal money that went into the capital works. The building was built at cost by Grocon. So there was an in-client component there and then the operating budget for it obviously is slightly different in the sense that we have 42 NRAS certificates, is that correct?

Mr CASSEL: Correct.

Mr FLYNN: And then that funding also is used to subsidise other services in the building. We also have the rents both from the affordable housing tenants and social housing tenants. On top of that is the contribution from the New South Wales Government to the support services, which is funded through the Specialist Support Services Program and which obviously is part of Going Home Staying Home. The one I did

neglect when the Committee came to Common Ground was that there also was funding provided by the Department of Health to do the fit-out for our medical facility that was on site. As far as I am aware, that was pretty much all of the inputs to the fundings, is that correct?

Mr CASSEL: That is correct. Just to clarify the NRAS contribution, the Commonwealth Government continued to fund the NRAS through its contribution. The State did an in-kind contribution for it right at the start, being the land and funding for the building. It is not an ongoing recurrent funding like the Commonwealth part of the NRAS.

The Hon. SOPHIE COTSIS: Do you currently provide specialist homelessness services under Housing?

Mr FLYNN: Yes.

The Hon. SOPHIE COTSIS: What service is that?

Mr FLYNN: Quite a lot. Do you mean that considered as part of the Going Home Staying Home reform process or just the inner city?

The Hon. SOPHIE COTSIS: I do not want to put you in any position that might affect your tender or anything like that.

Mr CASSEL: I should be clear on that—Mission Australia does support services and Mission Australia Housing does housing.

The Hon. SOPHIE COTSIS: Do you currently have a tender with Housing to provide specialist homelessness services?

Mr FLYNN: Yes. I think the best way to answer that perhaps in terms of the process of how it is going is that prior to Going Home Staying Home, which is the reform process, we were certainly contracted to provide specialist homelessness services by the NSW Government and that continues at this point. As of today we are still providing specialist homelessness services under our existing agreements with the NSW Government across the State. I cannot remember the exact number off the top of my head but we are certainly talking more than 10, I cannot recall whether it is as many as 20 different services. I would have to get you the exact figure; I would not want to misstate it.

Certainly through the Going Home Staying Home process we put in an application to pre-qualify and were successful in pre-qualifying in a number of regions across the State, including in the inner city and then submitted tenders either ourselves or as part of a consortium or as part of a junior partner to another consortium. We are currently awaiting the outcomes of those tenders across the State. Obviously our ongoing role in providing specialist homeless services will be determined by the outcomes of those tenders. Does that answer your question?

The Hon. SOPHIE COTSIS: Yes. Do you provide services for women and their children?

Mr FLYNN: Yes, we do. There are some services which we have provided as SHS services which are exclusively for women, and we do have some services which are for women and children, yes.

The Hon. SOPHIE COTSIS: Are they mixed services?

Ms JAN BARHAM: They are not exclusively women's services or women with children?

Mr FLYNN: No, my understanding, and I would want to check this with the local service manager to be absolutely correct about it, is at least some of those services that currently operate are exclusively women's services and I am fairly confident of that. But they are not men and women services, that is certainly the case. Are you asking about a distinction between women and children, and adult women?

Ms JAN BARHAM: The distinction being women and children and whether men are mixed with that?

Mr FLYNN: Let me be very clear then. Yes, we absolutely run services where men are not permitted to participate or reside at the service.

Ms JAN BARHAM: Do you know of any research that supports the fact that most gender isolated services are not absolutely essential for some women who have suffered abuse, trauma, domestic violence?

Mr FLYNN: Am I aware of research that suggests that it is not essential?

Ms JAN BARHAM: Yes, for safety and security.

Mr FLYNN: No, I am not aware of any research which suggests that it is not essential for some services to be exclusively for women where they are exiting domestic violence.

Ms JAN BARHAM: It is a strange way to put it.

Mr FLYNN: There is evidence to suggest that some services would need to be exclusively for women.

Ms JAN BARHAM: Specialist services have been taken away and I am yet to find any research that backs up doing that, that is my point, yes.

The Hon. DAVID CLARKE: The submission of Mission Australia states that between 1947 and 1961 State and Commonwealth governments contributed directly to 24 per cent of new housing stock and between 1976 and 1991 this fell to 9 per cent. Is it a good thing that the slack was taken up by private sector? Let us take a rental property built by government that costs taxpayers \$400,000. If a private initiative builds that property at a cost of \$400,000 with negative gearing, it will cost the taxpayer a lot less. Do you disagree with that?

Mr FLYNN: Sorry to be painful, what is the page number?

The Hon. DAVID CLARKE: The last paragraph on page 2.

Mr CASSEL: Without remembering what actually occurred in those years I will go to the page.

Mr FLYNN: I might respond to the first part, if that is okay, and I will get Michael to respond to the second.

The Hon. DAVID CLARKE: Private housing stock went up.

Mr FLYNN: The figures quoted are historical figures that were prepared, I believe, by the Housing Supply Council previously about the decrease in government expenditure on public housing—that is the source of that information.

The Hon. DAVID CLARKE: It is not a decrease, it may be higher after so many years in real terms but that in the private sector has increased at a greater rate. It might also mean that and it probably does.

Mr FLYNN: I would have to check.

The Hon. DAVID CLARKE: Would you do that?

Mr FLYNN: Yes, certainly.

The Hon. DAVID CLARKE: You can see why I put that forward as a proposition to you?

Mr FLYNN: Absolutely but certainly I think other evidence has been tendered to suggest that in the past two decades at least the real dollar value of government expenditure on social and community housing has decreased.

The Hon. DAVID CLARKE: Because the slack has been taken up by private initiative?

Mr FLYNN: Whether properties in the private sector have stepped into the breach, if I can put it that way, I could not say but certainly in terms of the real dollar value of the investment of government—

The Hon. DAVID CLARKE: It is a real possibility though, is it not?

Mr FLYNN: I guess from the perspective of Mission Australia we would say that from our clients' perspective the question would be whether there is housing which is adequate and affordable that they can access.

The Hon. DAVID CLARKE: Let us take a specific example: a rental property costing \$400,000 to build by government with taxpayers' money and another costing \$400,000 to build by a private investor which has negative gearing but at a cost to taxpayers certainly a lot less than \$400,000. I guess it is like Building the Education Revolution where it cost government schools twice as much to build the same buildings as those built by private schools. Do you think that there is something to be learnt from that?

Mr FLYNN: It has been our view for some time that mechanisms to encourage private investment into housing can be particularly useful and, in a sense NRAS was one of those mechanisms. But the benefit of NRAS over negative gearing, for example, is that NRAS is targeted at affordable housing which is below market rate. For our client group the question that we would ask as a community service provider is whether our clients who are exiting homelessness or trying to avoid homelessness can access affordable and appropriate housing and whether the market can in fact provide housing at the price at which they can afford.

The Hon. DAVID CLARKE: Do you have any evidence that it is not doing that?

Mr FLYNN: That people cannot access?

The Hon. DAVID CLARKE: That private investors are not providing affordable social housing and only the Government is able to do that? What is your evidence for that?

Mr FLYNN: I am not necessarily, to be clear, suggesting that only government can provide affordable housing—that is not our submission. I was specifically making the point in relation to NRAS that because of the nature of incentive, because it is a tax incentive, the requirements around it means that you have to charge below market rate so that whether it is a private provider or it is a community housing provider or anyone else who owns the NRAS certificate, the point is that it is below market rate. In terms of the evidence of whether people can access the private rental market, and the experience of Mission Australia is that people on low incomes trying to access the rental market, I guess, I would probably point to some of the evidence collected by others around the levels of rental stress for people even after they are receiving Commonwealth rental assistance. I think some are, and I would not want to quote the wrong figure, but I think some other witnesses to the inquiry and people making submissions have provided that evidence around what percentage of people are still in rental stress, even after CRA is taken into account.

The Hon. DAVID CLARKE: Assuming it is true that under the Building the Education Revolution Government schools are building auditoriums at twice the price that the private schools were building them, why would that principle also not apply to the housing market?

Mr FLYNN: I would start by saying that I am not particularly familiar with the BER.

The Hon. SOPHIE COTSIS: It is Australia, David.

The Hon. DAVID CLARKE: Assume that if the figures did show that, would you agree that that would be something that would translate in a similar way to the housing market?

Mr FLYNN: To be honest, I am not sure I can follow the hypotheticals. As I said, I think our view would be that we see that there is an important role for private investment in affordable housing and that incentives to encourage private investment in affordable housing and in fact in a range of different below market housing options is an important thing.

The Hon. DAVID CLARKE: Supported by negative gearing.

Mr FLYNN: The question we raised on negative gearing, as I said at the start, is whether it has delivered additional supply. Most of the evidence suggests that that is not the case. The second thing is whether

it has delivered to the part of the market the availability for people on low incomes, which from Mission Australia's perspective is what we are most concerned about.

The Hon. RICK COLLESS: Mr Flynn, I will follow up on that question. Is it fair to say that if there was no investment in private housing and the only rental housing that was provided was in the public housing system, there would be a lot more stressed people now because everybody who could not afford to buy a home would be attempting to rent a place from the public housing pool?

Mr FLYNN: Sorry, can you restate that question for me? I want to make sure I am following it correctly.

The Hon. RICK COLLESS: If there was no investment in private housing at all, that the only rental housing that was provided was in the public housing system, then there would be a much greater shortage of housing than there is now.

Mr FLYNN: Yes, there is clearly a role for private market rental housing.

The Hon. RICK COLLESS: The only way to encourage investment in the housing industry is through appropriate taxation incentives such as negative gearing.

Mr CASSEL: I am not sure I would agree with that.

The Hon. RICK COLLESS: Give me a better model. I would be happy to hear it.

Mr CASSEL: I think there are several ways. As I referred to very early on, one is through the planning system. The Government rezones land continually to increase densities. Whether we end up in a position of inclusionary zoning or whether part of those development approvals require a percentage of affordable and social housing to be delivered, that is one way. There are many different models around the world. The clear point we were trying to make in that statement is that demand continues to grow. Government is not increasing the supply. There is some supply being provided by the private market and the gap continues to widen between the people on the list and the homes that are available. I think that is the clear point that we would like to get across.

The Hon. RICK COLLESS: I am not suggesting that the model we have now is perfect by any means. It is important to note that if you want private investment in any industry, there has to be an incentive there to attract the investors.

Mr CASSEL: I would agree.

The Hon. DAVID CLARKE: Negative gearing does that.

Ms JAN BARHAM: It is being abused.

Mr CASSEL: We can flip that card the other way, I guess. As I have said, the demand continues to grow so there is an undersupply. We have got negative gearing. Negative gearing is not closing the gap, so more needs to be done.

The Hon. RICK COLLESS: If negative gearing was restricted to new home construction would that contribute better to the supply of housing?

Mr CASSEL: I come back to the planning system. I would suggest that no matter what happened, until we resolve the planning system so that we can get more certainty around new homes being started and land being rezoned and serviced so that you can put homes on those blocks, it is okay to rezone land, but at this point in time there are many subdivisions that have been rezoned and they cannot get services to them. Until you resolve those issues, I am not sure—

The Hon. DAVID CLARKE: Why can we not do both at the same time? Why can we not have the negative gearing and do what you are doing?

Mr CASSEL: We do.

The Hon. DAVID CLARKE: Why do we have to wait for the rezoning? Why can we not walk and chew gum at the same time?

Mr CASSEL: I do not think I am arguing we cannot.

The Hon. DAVID CLARKE: The proposition was put by the Hon. Rick Colless to do something. You said, "Let us put that aside. I would rather try this with the zoning." Why can you not do both?

Mr CASSEL: I am sorry if that is what you heard. I will be very clear. I am not saying to do away with negative gearing. I am saying we need to increase supply.

The Hon. RICK COLLESS: I do not disagree with that.

Mr CASSEL: Negative gearing is not the silver bullet on everything because we still have increased demand and a supply shortage.

The Hon. DAVID CLARKE: It is a big plus.

Mr CASSEL: It seems to be what you want me to suggest. We still have a massive undersupply of affordable and social housing and negative gearing is not the silver bullet answer.

Ms JAN BARHAM: That is right, and the Government is taking us backwards.

CHAIR: There are no further questions today. Members may put further questions on notice, if they choose. You have taken a couple of things on notice in order to do some research. The Committee will give you a hand if you request it. You have 21 days to return the answers. Thank you for your in-depth knowledge on negative gearing. Your contribution in addition to your submission has been very helpful. Well done. It has blessed my heart to see that there are such services available. I hope that we can reproduce the model further across New South Wales, if not across Australia, more than we have to date. Thank you for what you do. Hopefully we can come up with some solutions to fix the big gap so that we can help some of the most vulnerable people in our community.

(The witnesses withdrew)

The Committee adjourned at 4.56 p.m.