

REPORT OF PROCEEDINGS BEFORE

STANDING COMMITTEE ON SOCIAL ISSUES

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

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At Sydney on Thursday 11 June 2009

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The Committee met at 9.00 a.m.

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PRESENT

The Hon. I. W. West (Chair)

The Hon. M. A. Ficarra

Dr J. Kaye

The Hon. M. S. Veitch

CHAIR: Welcome to the fourth public hearing of the Standing Committee on Social Issues inquiry into homelessness and low-cost rental accommodation. Today we will hear from representatives from the Property Council of Australia, the Tenants Union of New South Wales, Churches Community Housing, the Northern Rivers Social Development Council, and Liverpool City Council. Following today the Committee will be holding two further public hearings, the next being on 19 June and the final hearing on 30 June. Details of these hearings as they are finalised will be progressively placed on the inquiry's website.

Before we commence I would like to make some comments about procedural matters. Firstly, in accordance with the Legislative Council guidelines for the broadcast of proceedings, only Committee members and witnesses may be filmed or recorded; people in the public gallery should not be the primary focus of any filming or recording. In reporting the proceedings of this Committee the media must take responsibility for what they publish or what interpretation is placed on anything that is said before the Committee. The guidelines for the broadcast of proceedings are available at the table by the door. I remind everyone that any messages for Committee members or witnesses must be delivered through the Chamber or support staff or the Committee clerks. I remind everyone to please turn off their mobile phones as they interfere with Hansard's recording equipment, even when on silent.

ANGUS NARDI, Acting New South Wales Executive Director, Property Council of Australia, Level 1/11 Barrack Street, Sydney, sworn and examined:

KRISTIN PRYCE, Policy Adviser, Property Council of Australia, Level 1/11 Barrack Street, Sydney, affirmed and examined:

CHAIR: If you should consider at any stage that certain evidence you wish to give or documents you may wish to tender should be heard or seen only by the Committee, please indicate that fact and the Committee will consider your request. As well as any questions you may have taken on notice today there may be additional questions forwarded to you. The Committee would appreciate if the responses to those questions could be sent to the Committee within 21 days of the date on which the questions are forwarded to you.

Mr NARDI: Certainly.

CHAIR: Before we proceed to questions, do you wish to make a brief opening statement?

Mr NARDI: Yes. Thank you, Mr Chair and Committee members, for the opportunity and invitation to appear before you today. The Property Council of Australia has a broad membership that operates across Australia and overseas across all property asset classes, including residential development, commercial office, industrial, retail and tourism. Our members specialise in the planning, design, development and construction of both residential apartments and communities in existing urban areas and greenfield locations across the State.

In our New South Wales division of the Property Council of Australia we have a dedicated residential committee. Members of this committee specialise in both greenfield and infield residential development and related property services, which include lawyers, planners and architects. This committee works with the Property Council to address a range of policy issues associated with the residential market, including metropolitan planning high-level dwelling growth targets; the feasibility of development under planning controls; local councils mandating overbuilt and over-cost product by attempting to mandate dwelling size and mix provisions; and issues such as barriers to site amalgamations, development levies and affordable housing stock. The Property Council also has a specific and national division, called the Residential Development Council. This group takes the lead on all national residential issues, including implementation of the Housing Affordability Fund, the National Rental Affordability Scheme, and the operation of the Land Supply Council; this division is based in Melbourne.

We are appearing today to represent the interests of the residential development industry, our members. On this basis, we have views on some specific terms of reference, mainly paragraphs 1 (c) and 1 (d) in terms of models for the provision of affordable housing. We want to leave two key messages with the Committee today: first, that we believe that any specific or affordable housing model scheme proposed by the Committee needs to be developed in close consultation with the development industry where it relates to the private sector's provision of that housing and, second, that the Committee should make recommendations in terms of addressing barriers that make the provision of housing to the market more costly and more difficult.

Specifically, given the terms of reference for the inquiry, our decision to be here was twofold: firstly, to highlight to the Committee that there are some major difficulties in developing and delivering any type of housing in New South Wales at this stage, let alone developments that incorporate totally private sector components or the provision of low-cost rental or affordable housing. The fact is that the majority of residents in New South Wales, and will continue to be, housed in dwellings delivered by the open market by the private sector. Housing New South Wales' website indicates that there are currently 128,000 public housing dwellings, 13,500 community housing properties, and 4,200 dwellings dedicated to Aboriginal housing in New South Wales.

In contrast, the 2006 census highlighted that there are over 2.7 million private dwellings in New South Wales. However, research recently undertaken by us, or done on our behalf by BIS Shrapnel, has indicated that there is a residential stock deficiency in New South Wales of 32, 000, and in Sydney of 23,000. As members would no doubt be aware, this undersupply is having a major impact on the rental market. As at March 2009 there was only a 1.2 per cent vacancy rate in Sydney's rental market. This trend has resulted in a 36 per cent increase in rents over the past three years. We also believe councils across the Sydney metropolitan area are failing to deliver enough new housing to make the progress against high-level new dwelling targets outlined in the Metropolitan Strategy. Our Residential Development Council is also about to release some research that

highlights that New South Wales has the dubious distinction of having the highest level of taxes and charges on the provision of new housing compared with any other State.

An example that is used is as high as \$150,000 in Sydney greenfield areas and approximately 25 per cent of the final house cost. The issues are further compounded by the difficulty in gaining finance at the moment, given current global economic conditions. As just one example, the hurdle rate for pre-commitments on apartment developments has now jumped and is as high as 80 per cent, whereas a year ago it could have been at around 40 to 50 per cent. So, regardless of the development feasibility itself, there are major financing issues, which are compounding the problems of getting housing to market. We believe there needs to be a focus on the fundamentals, that any models need to also focus on the fundamentals—that is, basically increasing land supply; ensuring feasibility under planning controls, including the streamlining of the development assessment process; preventing councils from mandating the delivery of affordable housing components and mandating issues such as dwelling sizes and mixes; and lowering development levies.

The second major reason we are here is that we are motivated by several recent attempts, at various levels of government, to apply so-called affordable housing levies, or inclusionary zoning schemes, where a developer may be required to dedicate developed floor space for the purpose of affordable housing or providing an in-kind cash contribution. We have a long-held objection to these mechanisms, and we maintain that adding cost to development only makes it harder to bring residential development to the market, let alone provisions that incorporate low-cost rental accommodation. It is a market reality that developers need to deliver a profit. If additional costs cannot be reasonably absorbed, that will either be passed on to new home owners or the project will simply not go ahead in New South Wales. That is certainly the case at the moment with many of our members who operate nationally. We recently made representations that are public and transparent—and I will table these—in terms of the Greens proposal for a 25 per cent dedication, and also the City of Sydney's current proposed dedication of 4 per cent.

CHAIR: I am sorry, did you indicate that you wanted to table something?

Mr NARDI: No, I just wanted to say that.

Dr JOHN KAYE: Would you mind repeating what you said? The Chair and I thought you said you were going to table something.

Mr NARDI: We recently made representations in opposition to the New South Wales Greens proposal to allow councils to require a dedication of up to 25 per cent of the development's total floor area or cash equivalent, as well as our opposition to the City of Sydney's proposed 4 per cent affordable housing levy. Our views on this are public and transparent, and well known. The Greens submission to this inquiry noted that we make our opposition to such levies no secret, and in fact we do not.

The delivery of affordable housing is not as simple as the application of a levy or a requirement to dedicate floor space, nor is there likely to be a one-size-fits-all approach. The Committee does need to consider the delivery of appropriate incentives, to ensure that the private sector investment in affordable housing does not add additional costs and will not exacerbate the high-level barriers we have also identified. If the Committee is going to be investigating overseas schemes, often United Kingdom schemes are cited as relevant examples, but it is worth noting that with overseas schemes sometimes there is more than just the levy component in those areas. That includes the Government actually handing over surplus land to developers for free; the potential for rapid rezoning in certain cases; and there are things like shared equity ownership, amongst other things.

We continue to be actively involved in a range of issues in relation to affordable housing and the provision of low-cost rental accommodation across Australia. I suppose at the national level, principally this has been relating to the National Rental Affordability Scheme [NRAS] and the housing affordability fund. NRAS alone is slated to deliver 50,000 new rental properties across Australia by 2012. As members will no doubt know, NRAS offers a tax offset or a grant annually for a 10-year period to providers of new dwellings on the condition that they are rented at 20 per cent below market rates for this whole period.

We also strongly support the progress of the Federal and New South Wales governments stimulus package that is now being rolled out for 6,000 new dwellings of social and public housing across the State. It was only last week that Mr David Borger, the Minister for Housing, announced the nine development project managers to facilitate the delivery of this housing and all those nine development project managers are actually Property Council members.

In conclusion, I want to leave the key messages again. Firstly, we believe that State and Local governments need to demonstrate they are willing to address the high-level barriers to residential development. Secondly, the private sector needs to be engaged in the development of any future model or scheme designed to attract private sector investment in the provision of low-cost rental accommodation. Finally, I remind the Committee we are here representing the views of the residential development industry and in certain cases we will not have expertise in relation to certain terms of reference. Thank you.

CHAIR: You have explained the role of the Property Council in relation to the provision of affordable housing and how the current climate is affecting social housing. Can you elaborate further on what you see as the biggest barriers to social housing or the involvement of yourselves?

Mr NARDI: I suppose one thing that we would note is that there are a broad variety of definitions, so we may be saying some things that may not have the same definition.

CHAIR: Can you define what you regard as social housing?

Mr NARDI: As a general comment—as I said in our opening statement—the provision of any housing at the moment is very difficult; whether it is purely private sector housing, and I am not sure of the current state in terms of social housing, but the housing sector and housing construction is at a 50-year low, it is very depressed, and it looks as if it is going a little bit further down and getting a pick up, depending on whose forecasts you look at, in 2010-11—so it is looking at still trending downwards. That activity obviously has flow-on affects for the economy. The New South Wales economy is very much driven by new construction. Even where you are seeing some activity, if there is actually just trading between established dwellings it is not contributing to a net increase in new stock.

We estimate—this is on the basis of some modelling recently done for us by BIS Shrapnel—that there is an undersupply across New South Wales of 30,000 dwellings, and in Sydney of some 23,000 dwellings. There is a demand there but it is difficult to get the product to the market. There are major costs involved: construction costs are increasing, and fees and charges are increasing. In relation to planning, we think the Government is making very good progress in terms of its planning reforms but the planning process is proving to be a major barrier. In relation to financing, at the moment we have members who are advising us that where a project a year or two ago would have gone ahead, now they cannot get finance, and they need increased levels of precommitment, particularly for apartments—the cost of that financing, and even banks seeking, say, cross-collateralisation is proving to be a major stumbling block.

CHAIR: In your submission you commented on cost shifting and the Government's failure to deliver. Can you elaborate on what you see as the Government's failure and what makes you feel there is cost shifting?

Mr NARDI: Having read through quite a few of the submissions made to the inquiry, I note that a broad spectrum has noted an underinvestment in public housing by governments. Our views on that are really where people make comments towards the private sector, that there basically should be an increase in private sector provision of public housing ultimately, and we think in that sense that while governments are looking at things like NRAS to actively engage the private sector, where they are providing tax credits and those kinds of things, we think generally there is a bit of a cost shift and a blame shift. This is compounded by even the cost shifting of infrastructure costs. New homebuyers now pay a massive component of infrastructure costs that were not paid years ago and a lot of those levies cannot be taken on board. We feel that is being shifted more and more to private sector developers.

The Hon. MICHAEL VEITCH: When you are talking about infrastructure costs, you are talking about fees for things such as power and utilities to the sites and those sorts of things that councils may require as a part of the condition of consent.

Mr NARDI: Yes, or general breakdown. In certain cases there are State Government imposed levies, there are section 94 levies and there are utility charges. Generally speaking they are the three. On top of that there are other things such as stamp duty, but in terms of developer charges they are kind of the general three, yes.

The Hon. MICHAEL VEITCH: In your opening comments you made statements around inclusionary zoning and almost mandated percentage floor space, et cetera. Yesterday we heard testimony from a witness

about the South Australian legislation, which apparently mandates 15 per cent. What are your views about the South Australian model? Is it delivering its goal?

Mr NARDI: Firstly, I have not fully investigated the South Australian scheme but I am aware that it is a 15 per cent figure. When you compare that with what is being proposed—the City of Sydney is looking at 4 per cent and Green Square has 3 per cent—there are all kind of different numbers, and I am not sure if they have also got the breakdown of that provision of space but in kind I gather it will be the same kind of model. Generally speaking we oppose it because how does that have to be funded? It has to be funded by transferring the cost of that to other dwellings being sold in that development. Without sufficient incentive, for example a development bonus or something like that, to basically offset that, we are opposed to it because it actually results in an increase with the other dwellings in effect subsidising the provision of those dwellings.

As an example, I know the City of Sydney submission to this inquiry—and we provided a submission on its proposed 4 per cent, which we oppose, and it is on our website and publicly known—said that it prefers a levy but it is opposed to providing some level of incentive such as a developer bonus. I think it comes up with 10 reasons as to why it is a bad idea to provide some kind of incentive and all 10 great ideas to just impose a levy. We do not look at this in isolation and increasing section 94 charges compounds it. The Government announced the outcome of its section 94 review and only one council, Lane Cove, was put under the so-called \$20,000 cap. Some of these levies are quite large. So it is kind of compounded by these increasing levies and other increased costs and not just in isolation—it is on top of every other thing that is being laid. That is from our members' point of view.

Ms PRYCE: I am not particularly familiar with the South Australian model but there is a model in the Australian Capital Territory, also an affordable housing scheme—my terminology might not be correct, I am not familiar with it—but I understand it to be that a specific component needs to be delivered at a particular price point that is deemed affordable through, I presume, a methodology that has been developed. That is my understanding of how a variant scheme might work in that respect. Different jurisdictions even in Australia are looking at different ways. That is not to suggest that we are not being involved with the scheme and cannot advocate for that, but I think that might be more similar to the South Australian model.

Mr NARDI: Can I make a comment? Another issue is also the mandating of dwelling sizes. We have members involved in projects where they are actually providing a component of affordable housing but they are actually made to build massive apartments. They could provide a larger number of apartments but they, first, have to provide it and, second, they are then told it is mandated in terms of the size of those apartments—some of them are 115 square metres, two-bedroom apartments, which are quite large. I suppose when it is going all the way down and prescribing, prescribing and prescribing, that is another measure of concern. I am not sure if the South Australian model then further prescribes the mix but it is kind of then when it goes into that level of detail. Quite often, as one example, an objective of that is that you must provide a mix of apartments to encourage safe families to move into an area and often these larger apartments are the ones that our members cannot sell because they know the market is being prescribed to a certain outcome and they are the ones that sit there and they cannot get rid of. Hence, the risk increases and the cost increases.

The Hon. MICHAEL VEITCH: In your opening comments, and in response to the previous question, you spoke about commercially attractive mechanisms. Can you tell us what you mean by commercially attractive mechanisms? Can you give us some examples of commercially attractive mechanisms?

Mr NARDI: Sure. In terms of recommendations we have made in relation to proposed levies, we have basically said that we would encourage the Government to move down a path to incentive mechanisms, so I cannot say we have done specific numbers around specific mechanisms. But generally speaking, if you look at NRAS, it provides a tax credit, which is topped up by the State Government, so that tax credit is a kind of incentive; a development bonus, in terms of what you can do on your site—we are not saying a development bonus ignorant of a merit assessment of the development of other issues; and it could be a rate contribution. I must say the City of Sydney's proposed affordable housing strategy—because the levy is one part of its strategy—notes some very good propositions which we support, but it just seems it is going down the regulation path in the absence of incentives. We support some of the things outlined in the strategy about development bonuses, rate reductions and those kinds of things, levy reductions, but it just does not seem to be proceeding down the path; it seems to be a regulation only approach. That is the nature of the incentives and, hence, we support things like NRAS—it provides an incentive there.

The Hon. MICHAEL VEITCH: That is a model for similar type things?

Mr NARDI: I think it is an excellent model. Some considered the take-up in Sydney, as you may know, was low. I think a bit more than 1,000 dwellings out of about 4,000, were in the Sydney area. Some took it up—I am not sure what the take-up will be in the further rounds—but there was a take-up from some community housing providers and I have noted that even those groups have been finding it challenging to finance and develop property because traditionally they have been managers of property. That is a pretty good indicator that it has been successful.

The Hon. MICHAEL VEITCH: You talk in your submission about common ground and how some of your members have been involved in that process.

Mr NARDI: Yes.

The Hon. MICHAEL VEITCH: Common ground has been raised before?

Mr NARDI: Sure. As far as I understand, common ground started in America in about 1990 or something. It has been around for quite a while. I think it came to Adelaide first. Basically, our member involvement in the Victorian case, a member of ours, Grocon, offered to build the building at cost but again it relies on the provision of a government site. I understand in Victoria that is progressing. The status of it in New South Wales I am not totally aware of but I understand there are moves for the New South Wales Government to be investigating a potential site where our members have basically offered to build it at cost.

The Hon. MARIE FICARRA: We realise you have members' interests to protect and advocate for and to represent. We also have responsibilities in terms of the delivery of affordable housing to deal with the problem of homelessness. We want to be positively engaged with the Property Council. You have given some suggestions in your last answer to the Hon. Michael Veitch. We hear that progress has been made in the past three or four years in States like Queensland and Victoria. Is it possible you can talk to your counterparts interstate and propose to the Government incentives you think would be commercially viable, feasible? Of course, there will be toing and froing but how do we progress this? If it is not going to be commercially viable it will be hard to engage the private sector. We probably will be making recommendations to engage the not-for-profit sector, which has been very successful interstate, but we now have to move forward in positive partnerships. What do you propose? Could you look at systems interstate and propose something to the Committee?

Mr NARDI: Yes, absolutely. We would be more than happy to do that. I believe there are models existing out there. Look at the City of Sydney's Glebe project. You may look at Bonnyrigg, which is a major project. Becton is the developer there, which is one of our members. When you look across the board there are models there that could be put together but at the moment we have not really seen them from a broader systematic overview. They are very place-based type responses. For them to say the broader systematic approach is a levy, that is when we will resist it, and will continue to resist it, but there are models there. Responding to Mr Veitch's question before about the nature of some incentives that are there, I am sure there is a model there and, as I said before, hence our recommendations are a commitment by the Government to go down this path, to investigate it, where all parties should be involved to resolve the best kind of approach.

The Hon. MARIE FICARRA: In putting together a development that has affordable housing, we have been hearing a lot about social mixes, income mixes. We have been to visit City West housing estate and we have spoken to residents there, managers and employees. What do you believe is the stance of the Property Council in working with government to produce affordable housing with a good social mix? Do you believe it is possible without creating pockets of disadvantage? We have learned from the past; we want to move forward.

Mr NARDI: Yes, I believe it is possible, even if you look at the merits of certain locations across, say, the metropolitan area, transit-oriented development, looking at cost from an overall holistic perspective, people's ability to use public transport or their access. The Government's jobs closer to home principle in the State Plan is an excellent example. Absolutely that should be in place from a broader planning perspective. There should be a mix in those areas. But you have to get the locations right and that is why we are an advocate for the centres policy and transit-oriented development. There are 290 railway stations peppered around Sydney. That is where we see there are a lot of opportunities because basically you are co-locating with retail uses, commercial uses. We advocate and support that as good planning.

The Hon. MARIE FICARRA: In question 16 of your submission you propose the Government needs to offer incentives such as dedication of land and the granting of rate rebates to private developers for the provision of affordable housing. If the land were dedicated for this purpose, who should have title of the land and who should have title to the affordable rental accommodation? Does the Property Council have any views on that?

Mr NARDI: We do not really have a strong view. At best we are aware of how it works at the moment in terms of transferring title to the community housing provider. Often that is a consent condition. We do not have an absolute that it must be this in all cases. I think it was the Federation of Housing Trusts group that suggested all titles should be provided to it. I am not sure there is a definitive answer.

The Hon. MARIE FICARRA: Have any of your members been successful in cooperating, say, with local government or with State Government in the provision of affordable housing that you can cite as an example?

Mr NARDI: Probably a recent relevant example is the CUB site, and this is on the public record. Do you know what I mean when I say the CUB site, which is down past Central station?

Dr JOHN KAYE: Is it Fraser Properties?

Mr NARDI: Yes, the Fraser Properties group. That is a contribution of some \$30 million that has been provided to the Redfern-Waterloo Authority. I forget the actual number in the provision, how many dwellings that will be providing. One example is a development in the City West area, the Pyrmont-Ultimo development. I understand that has contributed almost 500 dwellings.

The Hon. MARIE FICARRA: What about Green Square?

Mr NARDI: Green Square is one, yes. There have been examples, without citing case by case.

The Hon. MARIE FICARRA: Is it possible that the momentum needs to be increased?

Mr NARDI: As I said before, I think the models are there and there is evidence there. There are some quite good ones and, again, whenever we put forward our views on this it is to encourage going through the process. Even on the titles, we are not going to come up with a magic model that should work and would be the right one for all parties. It is for the Government to commit to go down that process, particularly, rather than just impose levies. The thing about levies is that everyone recites the United Kingdom schemes. They forget that in the United Kingdom there are other components of that model such as the Government handing over land at zero cost, major infrastructure upgrades around that area, and rapid rezoning processes. There is other stuff that comes with it because in certain parts of London it is up to 50 per cent, I understand. Again, we have members on our committee who are former United Kingdom property developers and who have quite a detailed knowledge of how it works. There are other components there. They take one part of a model but forget the other part.

Ms PRYCE: When I was speaking with members on this issue and we were discussing affordable housing, they wanted to make sure we reiterated the point that they also target product to open market, product being brought to the market at particular price points. Not everything delivered is a premium, million-dollar-plus dwelling. There are dwellings that they target that are affordable housing for entry level, for people seeking to enter the market. There is a bit of semantics around that process. Our members do deliver targeted at entry-level and first-time owners. I want to make that clear. In addition to participating in dedicated schemes that deal specifically with affordable housing, as this Committee is discussing, our members deliver a product that is designed for the lower spectrum of income and first-time owners.

The Hon. MARIE FICARRA: Has that been an increased proportion given the first home owners grant scheme? Has that been targeted more than in the past?

Mr NARDI: We support the first home owners grant; it certainly has been a great stimulus for a lot of our members' businesses. There is an article on the front page of the *Sydney Morning Herald* today about first home buyer loans. I think 28 per cent of all loans have been first home buyer loans. That has been a very important driver definitely but generally speaking we also feel that not enough attention has been paid to the investor and upgrader market. When you look at the provision of low-cost rental accommodation, again I noted

the past three years rents, I think they have increased by about 36 per cent across the State. We are drastically undersupplied in New South Wales and Sydney. That is a major factor. I think vacancy rates are going to go under 1 per cent for residential across the State by the end of the year. That is the lowest of any sector. As an example, Sydney central business district commercial property is now about 6 per cent and that is increasing to about 8 per cent for this first half of the year, whereas if you look at residential it is getting lower. We have had some work done by BIS Shrapnel. There is a drastic undersupply. How do you encourage and stimulate activity in that part of the market? For first homebuyers it has been a great mechanism, but how do you stimulate that other part of the market?

Dr JOHN KAYE: I take you to page 2 of your submission, item No. 13, which reads:

These additional costs are then passed onto new home owners, making it harder and more expensive for people to enter the housing market.

You specifically refer to additional costs associated with affordable housing being passed on to new homeowners. Why is it that your industry always talks about passing on costs to new homeowners? There is never any sense in which the developers take a share of those costs out of their profit. Does industry work on a fixed profit rate? How does that work?

Mr NARDI: It would vary from company to company in terms of their rates of return and their profit margins. It would even vary between the listed markets, listed companies, listed on the stock exchange, and unlisted companies. I am not privy to any of those but I can say with confidence that we have members who are selling apartments at the moment at a loss to generate cash flow for their businesses. There are cases now where they are not making a profit but they just want to get some cash flow, which is a key issue for them at the moment.

Dr JOHN KAYE: But historically has there been substantial profit in the property development industry?

Mr NARDI: That is a view you can have.

Dr JOHN KAYE: You do not think that is true?

Mr NARDI: There has been evidence that some companies have done well and may profit. That is what they exist to do.

Dr JOHN KAYE: I take you back to item 13 in your submission, about costs being passed on to new homeowners. Are you saying in that statement that any additional cost just automatically appears as a mark-up on the sale price and there is no impact on the profit made from a development?

Mr NARDI: Probably the biggest issue that happens out of these new costs is that development does not happen. That is one of the major impacts of the costs. You can do a straw poll of any of our members that operate nationally and the increasing costs are such a barrier now that the numbers just do not stack up. It ultimately comes back down to: Is it feasible? Will they go ahead on that basis? Will they accept that risk? And they do not even go ahead with it.

Dr JOHN KAYE: Do you have evidence to prove item 13 or is it just an assertion? It is a fairly substantial component of the debate about who pays for affordable housing when these levies are put on. Do you have evidence or studies that show item 13 is true, or is it just an assertion?

Mr NARDI: No, it is not just an assertion. It is based on input from our members. They do not provide us with their numbers, nor do we ask for them, but you can talk to any developer and that is how it is factored in.

Dr JOHN KAYE: So item 13 could be at the level of an urban myth or an urban developer myth perhaps?

Mr NARDI: No, I do not believe it is an urban myth or an urban developer myth.

CHAIR: The big hole in the ground can be evidence.

The Hon. MICHAEL VEITCH: All unfinished developments could be.

Dr JOHN KAYE: I go to your statement on page 5, which relates to our question on notice No. 7, where you would like affordable housing schemes to be modest in their desired outcomes. Can you tell us what you mean by "modest"?

Mr NARDI: We do not have an exact number, but we are on record as opposing the 4 per cent increase in the city of Sydney. People can form a view if that is modest or otherwise. As I said—and it says in the submissions—if there are other components such as providing some level of incentive as a more appropriate model, that is the kind of model that we would encourage governments and councils to go down.

Dr JOHN KAYE: So you do not want to put a percentage on the record here or you do not want to hold the Property Council to a percentage?

Mr NARDI: Just as evidence, I can say we are opposing the 4 per cent levy. We opposed the Greens up to 25 per cent levy, but as a measure we are opposing the 4 per cent levy in the city of Sydney.

Dr JOHN KAYE: It should be less than 4 per cent?

Mr NARDI: We do not believe there should be any when no subsequent incentive provided, and I have kind of gone through a bit of a recipe of those as the model. As I said, we would willingly work with a government or a council if they went down the model but if that model is just a regulatory levy component on top of their increasing section 94 levies and the like, we will not support it.

Dr JOHN KAYE: I take you to question No. 9, which specifically relates to the statement, "Until the private sector is positively engaged, the Property Council will continue to resist any attempts by governments to shift the cost blame burden". What do you mean by "positively engaged"?

Mr NARDI: As I have said in response to a few questions, the Government makes a commitment to go down the path to develop a model where there are sufficient incentives for the private sector to be involved. As an example, we support NRAS so we are positively engaged on that process and we support it as a model. But what we do not support is when people Google a European website and say, "This works in the UK. This will work here. If you don't like it you are pulling our leg." We do not support that as positive engagement, and that happens, to be honest, sometimes in this debate. We do not support that as positive engagement. The example where the State Government is developing its new affordable housing SEPP, we have offered and have had a few workshops with our members to explain and try to take members of that agency through the process about how that kind of thing impacts the project, just to have a more open discussion about it. That is what we would call positive engagement, working through it.

Dr JOHN KAYE: Where I am coming from with all this is that affordable housing costs money in the end.

Mr NARDI: It does.

Dr JOHN KAYE: You accept that there is a cost that has to be paid?

Mr NARDI: We accept that. The same as infrastructure; we accept that it costs money.

Dr JOHN KAYE: So somebody has to pay it. I noted your comments before on infrastructure when you talked about all the burdens that were being placed on developers. Of course, that would beg the question. Somebody has to pay it. Are you saying that the burden should fall entirely on the State Government? In respect of affordable housing, how do you think the costs of affordable housing should be split? Do you think there is a role for part of developer profits, developer return, to go into affordable housing, or do you think in the end everything the developers do with respect to affordable housing would need to be compensated by some kind of incentive?

Mr NARDI: Firstly, no. Developers are making contributions now. In response to the Hon. Marie Ficarra's question, they are making contributions now so they are in fact engaged in making significant contributions at this very point in time. As I said, some of those are very place specific so they are schemes that have been kind of borne out of the more what is appropriate for that development and that site. What we oppose then is just grabbing something and trying to say, "This is what will apply across the board", because in some

places it just will not work. To be honest, there will not be one affordable housing dwelling delivered because there are no dwellings being delivered. It is like levies. Levies do not get raised in terms of section 94 if no development occurs. No affordable housing unit will be delivered if no development occurs. That is why we encourage the development of a model. It needs to be a bit more of a hybrid to enable that to be delivered. As I noted before, Sydney is undersupplied quite significantly already for broader parts of the market. There is a need for increased supply across Sydney and across the State. It is a broader issue.

CHAIR: Following on from the issue of positive engagement, obviously if anyone is being asked to pay out money they want to see some return for it or some reason for paying it out. Have you had any engagement with City West development?

Mr NARDI: As Property Council, no we have not, not in recent times. Obviously our members have. A lot of our members work with some of the major developers in that area in the Pyrmont-Ultimo precinct but not recently as Property Council—I am not saying our members have and may continue to this day—no, we have not.

CHAIR: The reason I ask, in terms of positive engagement, I am thinking right across the board from, firstly, finding a site to planning, to development, to the question of ownership and title, to the question of management and all those vexed issues of cost, mix of tenant, facilities, geography, supply—the list of the issues that are involved goes on. Would you have any objection to being engaged with an organisation like City West, which may be involved in the management and maybe joint title and maybe the development and selection of sites so that there was a partnership between yourselves and organisations like City West and the Government?

Mr NARDI: Absolutely. I come back to previous comments. When we are making recommendations we recommend; we do not jump to a preferred or magic model that we think will work. We would absolutely gladly be part of that process. Even the recent example, working with the State Government on the affordable housing SEPP, in terms of our involvement in that process, we brought some of our members along to have some discussions so there is a greater understanding from both sides of the fence in terms of how certain things affect others. But in terms of sitting around the table, that would be a great model of it moving forward. I think that is what has been lacking because the model of "have we got a great idea for you to pay for", and then people saying, "Well, it doesn't really work that way" or "The numbers don't stack up"—

CHAIR: It would be nice to be on board and believe in it, if you are being asked to pay for something.

Mr NARDI: Absolutely. When you look across and even just taking the submissions to this inquiry as an indicator, there are a lot of people involved who make fantastic contributions and can make fantastic contributions in the future and there would be significant merit in the process moving forward with all parties involved.

CHAIR: And maybe even at the end of that discussion where people have positively engaged and are on board, they may be more than happy to pay levies in excess of 4 per cent. That is probably an unfair question.

Ms PRYCE: Everything is a possibility.

Mr NARDI: There is a range of possibilities.

The Hon. MICHAEL VEITCH: Some of your members may read the transcript. I am from the bush, country New South Wales, a town called Young. In another inquiry which is looking at planning reform, which I am also on, the town planner advised that Young had secured 1 per cent population growth each year for the last seven years, but over a cup of tea he said to a number of the Committee members that this year that will not happen because of the drying up of the developers. The developers are not building new stock, so the council has voluntarily forgone its section 94 contributions as an incentive to try to maintain growth. I know that is a local government decision in a rural area. When people talk about the Property Council they think large developers. First, do you have smaller developers working in rural communities as members? Secondly, when you were talking about housing stock you made a number of references to Sydney, but in fact a bit of the issue is getting low-cost affordable accommodation out into the country.

Mr NARDI: First, we have appeared before that planning inquiry, by the way, so we have been involved in that process. The answer is yes. Our members include a broad range of providers of residential

development. You can look at the listed of companies—Stockland, Mirvac. You can look at unlisted companies. When I say listed I mean listed on the stock exchange, publicly listed companies, and then what you call private companies, including Meriton. We also have some that you could refer to as smaller companies as well that operate across the State. Our membership though is not the single home builder who builds three or four dwellings a year, let us say. That is not our membership base; that is probably more the Housing Industry Association [HIA] member base.

The Hon. MICHAEL VEITCH: How can local government get involved in the process, the example being forgoing section 94 contributions? They have not got rid of them but they have made a considered decision this year not to apply them.

Mr NARDI: I think it is an excellent idea from Young, and others should take their lead. Broadly speaking, our members and us observe a vast difference across councils, particularly between metropolitan councils, coastal councils and rural councils. One of the major barriers that I raised is the planning process. To deliver a residential product in certain parts of Sydney is very difficult. It is in the face of significant community opposition, even where it is permissible, even if it is abiding by good planning principles, located near public transport, et cetera. Even the delivery of the product is getting more and more difficult. You go to a rural council and they just want more of it. They would love more development to be occurring. So you kind of note that difference.

From the section 94 point of view, there is no denying—and I said in response to one of Dr Kaye's questions—infrastructure is needed and infrastructure costs. That is what section 94 levies are there to do. You build a residential estate, you want good infrastructure there. It is part of the saleability of the product. It is part of the fabric of the community, so to speak. But it is a question about who pays for it and who over time has been paying for more and more of it. In the recent section 94 review the Government announced a \$20,000 cap—it is now apparently a threshold. We thought it was a cap but only one council came under that threshold.

We support councils or the Government investigating abolishing rate pegging, not just as a free-for-all but just as some other means to finance infrastructure, particularly where others in the community will benefit from that, not just those in that development. We have commissioned PWC—and we have tabled this with the Government before—to look at financing tax increment financing. Again, it is just another financing approach to try to provide some relief pressure to section 94 levies. Broadly speaking, we still think they are too high, and again it is being compounded by State charges.

Developer land tax bills went up last year courtesy of the mini-budget. It is all being compounded so we think that kind of approach would be welcome. Again the Percy Allan report, I think his third report came out just a few weeks ago. There is an infrastructure need and there is a backlog. It is just about who funds it. We think the weight is too much on the developer.

CHAIR: Unfortunately, we have run out of time. Are there any final comments you would like to make before we close?

Mr NARDI: No final comments to make. Obviously we would be more than happy to respond to any further questions you may have within the 21-day period.

CHAIR: We will send you those questions. Thank you very much for your attendance; it is much appreciated. We may be in touch with you again.

(The witnesses withdrew)

(Short adjournment)

CHRIS MARTIN, Policy Officer, Tenants' Union of New South Wales, 1 Buckingham Street, Surry Hills, New South Wales, 2010, and

GREGOR CRAIGIE MACFIE, Executive Officer, Tenants' Union of New South Wales, 1 Buckingham Street, Surry Hills, New South Wales, 2010, affirmed and examined:

CHAIR: Thank you for your attendance this morning, Mr Martin and Mr Macfie. Should you consider at any stage that any evidence you wish to give or documents you wish to tender should be heard or seen only by the Committee, please indicate that fact and the Committee will consider your request. The Committee asks that answers to any questions on notice that may result from today's hearing be returned within 21 days. Before we commence questions, would you like to make an opening comment?

Mr MACFIE: Yes, I will start. The Tenants' Union of New South Wales is the State's non-government organisation for tenants. We represent the interests of all tenants in New South Wales, including those in private rental housing, social housing, boards and lodges and residential parks. We have a particular focus on socially and economically disadvantaged tenants. We are a community legal centre specialising in residential tenancies law and we are the peak resource body for the Tenancy Advice and Advocacy Service, of which there are 14 across New South Wales. We provide specialist backup legal advice to those services. We develop resources for tenants and resources for those services and also conduct strategic litigation. Our particular area of expertise is around the legal situation for tenants and current practice in the rental market, both in terms of social housing and private rental housing. Some of the things we wanted to touch on today, notwithstanding whatever questions the Committee would like to cover with us, is the broader picture around affordable rental issues like land tax, capital gains tax and the rental market in general, including information on rents payable and vacancy rates.

Mr MARTIN: I might say something specifically about our contribution to this Committee's proceedings. We did receive notice earlier on that the Committee was considering programs for affordable rental housing. We did not make a submission at that stage. At that stage we were thinking it would be interesting to see what the Committee comes up with and we were also confident that our other non-government colleague like Shelter New South Wales would be making submissions and giving evidence as well. I say that because the Tenants' Union, the representative group for tenants, has not developed in any detail a preferred model for landlords, a new type of landlord or a new type of affordable housing, but we are interested in those sorts of programs where they arise and we will comment on them.

Another reason for not becoming involved at an earlier stage was that that questions seemed to us to be narrower than what the Tenants' Union's interest is. By that I mean what we would like to see is more affordable rental housing provided by the private market. That is where so much of our housing comes from—95 per cent of it comes from the private market. It does seem to me that specific programs for affordable rental housing, especially for key workers and groups like that, are useful and they do play a part, but the bigger question is how best to get private investment—which is where most of our investment comes from, the private sector—into providing more affordable rental accommodation for a much larger number of people than can be served by what will always be fairly marginal programs.

CHAIR: What are the main barriers that you see to providing affordable rental housing?

Mr MARTIN: I think the core of the problem is that housing is overpriced. Australian housing is overpriced and a very large part of it is it is overpriced because it is undertaxed. Our taxation arrangements in relation to housing are the great influence on investment in housing. Our taxation arrangements in relation to housing, principally at the Federal level but also at the State level, contribute to periodic housing inflation. That has been the story of the last couple of decades when we have had house prices inflated enormously. We may now see that bubble burst. That has been a consequence in large part of our taxation arrangements in relation to housing. In particular, I mean capital gains tax, the treatment of housing for capital gains tax purposes and related to that changes to capital gains tax in the year 2000 by the Federal Government which, if you like, turbocharged what was already a machine for making price bubbles in the housing market.

As I say, we do not tax housing properly. We do not tax owner-occupied housing. People with money to spare will put their money into houses and inflate their price, that is, owner-occupiers. Because we have so many owner-occupiers, investors will also chase those owner-occupied values by investing as well. Investing is a polite way of putting it. The recent history of housing investment in Australia has largely been speculation in rising house prices, which has driven house prices out of whack with the incomes of people looking to buy their

own home for their own shelter. It has also driven house prices out of whack with rents. Even though rents have increased throughout the recent period and increased very strongly in the last couple of years, they are still, as I say, out of whack with house prices. Perhaps we are seeing a correction in house prices now. But we still have underlying that the problem in the taxation of housing, which contributes to house price inflation.

The Hon. MICHAEL VEITCH: Welcome to the inquiry. The United Kingdom is working towards a fixed-rental system where all tenants pay the same rental regardless of their income. Housing associations will be paid a subsidy to make up the shortfall. How do you think a similar system would work in New South Wales? The Committee would be interested in the pros or cons of that concept.

Mr MARTIN: I must admit that I am not aware of the movement towards such a system. A number of questions arise for me. Is this just tenants of social housing? I do not even know that. I do wonder about things like location, household size, things like that. That sort of movement would be quite different to the system we have now in social housing of income-related rents. There are some problems with income-related rents. The benefits are that it is a well-understood system. It also makes sense. It sounds fair that your rent will go up as your income goes up; I can see that. It is the system that we have had in place for many decades in the social housing system in New South Wales, and I think people kind of understand it. There are some problems with it. It does contribute to work disincentives because if you earn a little more, 25 per cent of that little bit more will go to social housing, and that is on top of other costs, if you like, that are applied by the tax system and by Centrelink.

In relation to work disincentives, the greatest problem is one that has only fairly recently been devised, that is, that the system that New South Wales has for increasing the rate of income-related rents for public housing tenants on so-called moderate incomes, that particular policy has contributed very strongly to work disincentives for people in that moderate income band. When you factor in—the Tenants' Union did this analysis last year and when the policy was introduced a couple of years ago—the work disincentives associated with the moderate income-related rents, when considered in relation to the withdrawal of Centrelink benefits, the tax system, the Medicare levy and associated costs of increasing your income, at some point in that moderate income scale you get effective marginal tax rates of more than 100 per cent.

Expressed as a marginal rate, moderate-income rent rates alone are about 50 per cent. So that particular policy I think has been enormously discouraging to people in social housing because of their incomes. I would think that particular policy should be abandoned. But whether we should also abandon altogether an income-related rent system like we have had for so many years, I would be pleased to have a debate about that to hear the pros and cons. It may be that the alternatives to the system themselves have problems. Notwithstanding that income-related rents have problems, it still may be the preferable system.

The Hon. MICHAEL VEITCH: You have made some interesting comments. What is the optimal rate-setting process, in the Tenants' Union's view, for low-cost rental accommodation?

Mr MARTIN: That is tricky and we do not have a particular view on it. The benchmark commonly used in housing research sometimes is referred to as the 30:40 rule. If you are in the bottom 40 per cent of the income scale, so that is the bottom two-fifths, and if you are paying more than 30 per cent of your income in housing costs, then you are said to be in housing stress or your housing is unaffordable. There is some research about whether that rule actually reflects reality. I am aware of suggestions that with 30 per cent, even amounts less than 30 per cent, households will still be in stress, especially for lower incomes, realistically understood.

Historically there have been other rules of thumb. In fact, this is going back a long way, before the Fair Rents Act 1912 was introduced there was a committee—perhaps not unlike this one—that investigated rents in Sydney. There was debate about how much a working man should pay and it was a sixth of his income at that point. So, there is a bit of debate historically and also within current research about whether the 30 per cent rule is in fact a fair-enough reflection of what people's budgets should be in relation to housing.

The Hon. MICHAEL VEITCH: As a mechanism for increasing access to low-cost rental accommodation are there any international models that assist in setting rental rates that we could look at?

Mr MACFIE: I just want to add a comment about the National Rental Affordability Scheme in that there is a model there about how you might provide low and moderate housing for people on low and moderate incomes, but it actually has a cross-subsidy approach where higher income households are able to access the provision of that housing, and then the providers could use that to provide the housing also to lower incomes,

which would in some ways conflict with the model you have talked about in the UK. It is also important to be clear, I suppose, about the particular scheme: Are we talking about public housing, are we talking about community housing, are we talking about different models? The ability to privately cross-subsidise certainly is part of, one would think, and I think it is very much, the Federal Government, but I think it is a fairly ingrained approach to the provision of public housing as well. If you are able to get some more money from people that can afford a bit more, then it is useful.

Mr MARTIN: As I said at the outset, we do not have a particular model borrowed from overseas or elsewhere that we advocate as the way of providing affordable rental accommodation. I guess I would reiterate that our recent history of the taxation of housing or, rather, the way we do not tax housing has screwed up house prices. It is commonplace that people do not invest in housing for the income it generates. If anything, the income it generates is used to leverage an even greater loan to get into the market and hope for an even greater amount to be paid for it in the future. So, a system of, I guess, tax policies that do not treat housing so exceptionally or preferentially, as our current system does, might mean that we get a pricing of houses that better reflects rental returns, because currently it does not. That is the sort of big-picture reform the Tenants' Union is most interested in, rather than a particular model that might operate in exception to the general scheme.

The Hon. MICHAEL VEITCH: We have heard evidence from people who reside in caravan parks and either own or rent. Have you had any representations from those individuals about their particular issues with regard to low-cost rent?

Mr MACFIE: As I understand it, those who rent are a fairly small proportion of the very disadvantaged people who are unemployed, who have lost homes. They are not people who owned homes before and have traded in on that capital to then purchase a caravan in a park and who then pay rent for the land. They are people who are renting week to week and it is housing of last resort, as far as I understand it. Those groups are not the most forthcoming in representing their own particular interests, but we understand they are really at the bottom of the housing market. I think it is about 70 per cent to 80 per cent of residential park residents are older people who have bought the van and then rent the space in the park from the park owner and they live there. The problem with that is that as low-cost housing the asset they own is the caravan, which depreciates quickly over time; they often lose a lot of capital very quickly. Obviously, they do not own the land and the land itself is subject to redevelopment, for example. The cost of the land in a sense goes up and appreciates, which is a benefit to the park owner but clearly not for the owner of the van.

The Hon. MICHAEL VEITCH: Do you think it actually has a role to play, albeit a small role, in the low-cost rental market?

Mr MACFIE: We are certainly aware of some evidence that it just is not low cost. They are actually significant poverty traps for people. There is a case from Kiama of a development application for a very large residential park. The Land and Environment Court found against the developer. They found that in fact two- and three-bedroom houses in Kiama were actually lower cost and better quality. Obviously you would need to look at comparable markets, but from everything we have seen it is not an option. It is a poverty trap. The protections are inadequate for people. As I said, the main asset they have is the van that depreciates very quickly and people can end up with very little at the end.

Mr MARTIN: I would add that we should be respectful of the fact that a significant number of people do make their homes in residential parks, in caravan parks. Many of them regard it as home and they are very proud of their houses there. But I think there is a really basic conflict in the proposition of a residential park, especially if you want to call them owner-renters where they own the dwelling and rent the site, as Gregor has said. Quite often they are older; it represents a major investment for them and because of their age and other circumstances they often do not want to move. So, that is the residents' interests on one side. On the other side is the park operator's interest. Very often they own this park precisely for the purpose of later redeveloping it. That is a basic contradiction I do not think we have overcome. Those residents really are in a bad situation.

The Hon. MARIE FICARRA: Mr Macfie, in your introduction you listed a number of issues that perhaps were of interest to the Tenants' Union. I am interested in whether you want to place anything on record about those issues and how they relate to our inquiry. Private housing makes up the great bulk, so from a consumer tenants' point of view and comparing public, not-for-profit and private housing, do you have any comments on what would be a preferred mix? Queensland, Victoria, South Australia and Canberra have not-for-profit housing doing well in respect to social housing. What do you believe the residents would prefer?

I appreciate that the majority are in private stock, but should we be formulating recommendations to encourage not-for-profit opinions on public housing in respect to quality of life for residents?

Mr MARTIN: I might address the second question first. I could not read it into the record but there is a bit of research about how many of those who are eligible for social housing—public and community housing are considered together—actually apply and whether that is expressing a preference to be housed in the social housing system. On the other hand there is research, and it is my own experience talking to tenants, that many of them are relieved when they are allocated to social housing—in particular, the assurance of greater security is a big thing. That is something that the social housing system delivers well. Unfortunately, it has, in my view, reduced security of tenure in recent years.

I refer in particular to the practice New South Wales has and has had since 2005 of offering tenancies on fixed-term bases and reviewing them according to the person's continuing eligibility. I was talking about work disincentives before; there is another one right there. I think that has been shown to be the case because we have now had the first reviews of those tenancies and no-one fails the review. They make sure that they stay eligible, I think. So I think with social housing, although there may be concern about the quality of the stock, the location of it or what people are getting into, my experience anyway has been that many people are very pleased and relieved to be allocated social housing and to become entitled to the affordable rents it provides and also the security that it provides that the private market does not.

In terms of new forms of housing provider, affordable housing providers or not-for-profit housing providers, it seems that the experience in New South Wales—and I think this is the case in other States as well, although perhaps to greater or lesser degrees—is that the main contribution of community housing has been to change the way social housing is managed. Community housing really has not taken on the private market. I am interested in seeing where it goes in relation to the private market.

CHAIR: We are keen to hear your views on that.

Mr MARTIN: The Tenants' Union welcomes things like the National Rental Affordability Scheme [NRAS]. Many of the applicants for NRAS subsidies are community housing providers, or community housing providers are members of the consortia that have applied. We are interested in seeing the new types of housing they come up with out of that scheme. We are supportive of it.

CHAIR: I would expect that you would want to play an active role in that rollout, or am I wrong?

Mr MARTIN: We have made comments on the NRAS guidelines. We made a submission that, at least in the early stages of the NRAS, community housing providers should be the tenancy managers and that it should not be rolled out any further, particularly to scale up some of these organisations so that they start doing things other than their traditional role. That role has been to deliver social housing in a slightly different way from public housing. We have made submissions about encouraging community housing associations to be a principal player in the NRAS. We have also made suggestions about some of the tenure aspects of it and, in particular, about how NRAS housing might be secured beyond the initial 10-year subsidy, the type of tenancy agreements provided, the terms of tenancy agreements and so on.

CHAIR: I make the bold assumption that you are representing the most important stakeholder in this exercise. Correct me if I am wrong.

Mr MARTIN: You are right. All of our submissions are made with that constituency in mind.

Mr MACFIE: We have strong relationships with the community housing providers in New South Wales, and that is an ongoing relationship.

CHAIR: Are you involved in the City West development? Have you had any discussions with them?

Mr MARTIN: Not in a formal way. I have not had discussions with them. I am aware that their model is a little different from that of other community housing providers. Unfortunately, our social housing system abandoned that cross-subsidy arrangement some time ago. City West seems to be making a go of that. It got a big start with the Building Better Cities grant. That may be a reason for some of the success.

CHAIR: Can you give us your definition, perhaps on notice, of "social housing" and its various components, in particular the distinction between "community housing" and "cooperative housing"?

Dr JOHN KAYE: It is important for us know where you see the boundaries between them.

The Hon. MICHAEL VEITCH: It is important because there seems to be some variation.

Mr MACFIE: In some ways the dividing line is becoming more blurred with the unbundling of public housing to what we would call community housing providers, the non-profit cooperatives or whatever that are delivering housing now.

CHAIR: It is the essence of our deliberations and we are anxious to get your views as the major stakeholder.

Mr MARTIN: My definition of "social housing" is that it is housing let to eligible persons at affordable rents. Some of those defining characteristics themselves would be subject to further definition—that is, what do "eligible" and "affordable rent" mean? There are three elements: rent, eligibility and affordability. Historically in New South Wales—and this goes for other States in Australia as well—social housing was identical to public housing. That is, it was State-owned and managed housing let to eligible persons at affordable rents. For the past 30 or so years that has been a little wider with non-government organisations that are funded by government to provide rental accommodation to eligible persons at affordable rents. That is community housing.

For the past 30 or so years, social housing as meant social housing plus community housing. The definitions are now starting to be blurred a little as the community housing associations may be about to take the next step into deals with private owners of properties. However, the NRAS still has eligibility and affordability requirements. We are interested in seeing that development take place.

CHAIR: We are interested in your views on that development because you are much more expert than we are.

Mr MARTIN: The sorts of things we are interested in are eligibility that is more open than social housing eligibility criteria. Those criteria are very tight and they do not really reflect housing need in the community any more because they are so tight. The waiting list for social housing has decreased significantly in the last few years. That is not because people are getting housed off the list or that they do not need housing; it is because they do not get onto the list in the first place. We made a submission about the NRAS guidelines that eligibility criteria should be much more open for these new types of affordable housing that are being developed, particularly to create some opportunities for cross-subsidising, which social housing used to do but no longer does.

The Hon. MARIE FICARRA: Can you expand on the restrictions on the eligibility criteria for social housing and what you see as the problem? You say the lists are not getting longer because people are not getting on to them. What is the situation?

Mr MARTIN: The primary criterion for eligibility is a person's household income. That has been the case for decades. I cannot remember the dates precisely, but from the early 1990s to the mid 2000s the thresholds for eligibility for public housing in New South Wales did not change. For about 14 years during a period of rising incomes and rising housing costs, the threshold remained the same. I do not know how many thousands of households on that rising tide of incomes drifted out of eligibility for social housing.

In the last couple of years we have had a further tightening of the eligibility criteria, at least for public housing, and social housing currently takes its criteria from public housing. The system has retained very tight income thresholds. It is also looking at other complex housing needs. The social housing system is very tightly rationed. As a result of that rationing the waiting list has roughly halved. It never quite got to 100,000, but it is now in the 40,000s. As I said, that is not a reflection of the need for affordable, secure housing; it is a reflection of just how tightly rationed and narrow the eligibility criteria have become over time.

The Hon. MARIE FICARRA: I refer to the resources you have at your disposal to do research with tenants or residents of these various schemes to establish quality of life issues in terms of your policy movements in the future—for example, lobbying of government. What information have you collected about

what type of public housing will achieve more social cohesion in communities and a better quality of life for tenants? Is most of your time spent in advocacy for people in the private sector experiencing difficulties?

Mr MACFIE: We are primarily a community legal centre that deals with people, although not directly, who come through one of the mainstream or Aboriginal tenancy advice and advocacy services. Those services will then talk to our solicitors, who are expert in tenancy law, for advice on particularly complicated cases or to get guidance through the process. We do some advocacy, primarily through the policy officer position. That is the only position we have doing that work. We do not have many resources. There are 12 people working at the union primarily at that direct service level rather than on the policy and research level, notwithstanding Chris' position.

It is important to be clear that, although we do engage with tenants directly on occasion and in different ways, our data is primarily what we find out through our network, and the legal work in particular. That is not to say that we could not pursue some of that research agenda. However, at the moment we do not have the resources to do it. Obviously we have some research capacity, but it is not primary research capacity.

Mr MARTIN: I am aware of annual satisfaction surveys of public and community housing tenants reported by the Australian Institute of Health and Welfare. I must admit, I do not know if similar arrangements have been made for tenants in NRAS schemes as they come on line. I would be surprised if they did not.

Dr JOHN KAYE: We have heard a lot about the importance of choice for social housing tenants. Could you speak about whether it is your experience that choice is important? In doing so, could you distinguish between, on the one hand, choice in the sense of choice between different provider types and, on the other hand, the ability to find a housing option that is appropriate to your needs and the sort of community you want to live in? I would like you to talk about where we are going in terms of the shift from a single public housing provider, or effectively a dominant public housing provider, to a variety of community housing providers.

Mr MACFIE: I will make some preliminary comments and maybe hand over to Chris. I want to reiterate some of the things that Chris said initially about the broader drivers of the housing market and the broader drivers of other markets, like the employment market, and about whether people are close to services and amenities. People's choice is very much constricted by where they are in those markets—whether they have access to employment and transport, and a whole range of issues. That is the background behind which you might then look at what realistic choices people have in terms of their level of income or access to services such as transport within that.

Chris will correct me if I am wrong here. I think the scale of the problem is such that only looking at whether we can provide more community housing in an area can have an impact, but it may not have the impact across the board in terms of things like social mix, or people getting the needs met that they have to have met. If someone is living with a disability on a very low income, the choices may only be public housing or some particular form of community housing. It is very difficult to have that in the private market.

Mr MARTIN: I would agree. Currently there really is such a division between what the private market delivers in terms of affordability and security and what social housing has delivered in terms of affordability and security. Because the private market has provided poorly for housing affordability, especially for people on low incomes, I do not think there is much of a sense of choice between the private system and the social system. Similarly, I do not think there is much of a sense of choice about public versus community. If you have been so poorly served by the private market, as so many people are, I do not think many people are going to be terribly picky about whether it is public housing or community housing that they get into.

Those sorts of choices might open up a bit more if you had a larger social housing system, larger than the 5 per cent that it is currently. You would have a more realistic choice if you had a larger social housing system rather than the very marginal system that we have at present, and the choice between the different types of providers within that system might start to open up a bit more.

The Hon. MICHAEL VEITCH: I want to ask you about the rural aspects regarding the questions we have raised today. Do you represent many people from rural areas?

Mr MACFIE: Certainly the services that are part of our network cover the State. Some of them are very spread out, particularly in the west, but we do have services operating throughout the State. It is more or less on the basis of what is the population of these particular areas that resources are devoted. I think it is

probably true to say that sometimes the needs may be more, particularly around the caravan park or residential park issues; that is more of a regional and rural issue than it is a metropolitan issue. It really depends a little on the specific issue. Obviously, things like rents might be more of a problem in Sydney, but there are other problems and issues that relate to rural and regional areas.

Mr MARTIN: I will give you some examples of those problems as they occur to us, through our network. There is an issue with rents in some regional centres. There is also a seasonal aspect to that, certainly more so than in the city. Up and down the coast, with holiday lettings, that can become a problem for long-term renters in those areas. I am still not completely sure as to the reasons for this, but tenant databases are a regional issue rather than a city issue, and they really do have an impact on people being able to access housing. The Government has proposed better regulation of both operators and users of tenant databases as part of its current review of the Residential Tenancies Act. That cannot come soon enough, especially for people in regional areas.

The Hon. MICHAEL VEITCH: Do have any idea as to why that is the case?

Mr MARTIN: A few things, and they are just hunches. One is that in the city you probably have more heavily leveraged landlords who cannot afford a vacancy. They might be a bit less picky, and for that reason a bit less reliant on tenant databases, because they just need to get someone in there to help pay their mortgage. It is not a very admirable motivation, but that might be the reason why they are not such a problem in the city. Also, there might only be one or two agents in town in a regional centre, and if they are both members of TICA that does rule a person out altogether. That might be another reason. Nearly all of our tenant database complaints come from outside of Sydney.

The Hon. MICHAEL VEITCH: I am now talking about west of the sandstone curtain, rather than the coast. The drought has driven a lot of farm labourers and their families off farms and into communities. There has been a migration away from farmhouses, so they are closer to other labouring work, with councils or whatever. I have received anecdotal evidence that that has had an impact on the availability of low-cost rental accommodation in some of those rural communities. I am not talking about areas like Orange or Wagga Wagga; I am talking about areas such as Cowra and so on, with populations of about 10,000. Do you think that is a fair reflection? Are you receiving information that the queues are getting longer because others have moved into the urban centres?

Mr MARTIN: No, not specifically, but it sounds like a reasonable hypothesis. We occasionally hear from people who are having a hard time getting into private rental at all, but not very often. Usually we hear from people when they are already in private rental and something is going wrong. I would not expect our data—which is basically the records of calls made to tenants of our services—would necessarily pick up the sort of issue you are talking about. But it sounds entirely reasonable to me that that would be taking place and it would be putting pressure on the low-cost end of regional rental markets.

Mr MACFIE: May I add something. It just highlights another issue, which we flagged at the beginning, and that is: What is the publicly available information and how good is that information about what are the rents that people are paying in different places, and what are the vacancy rates like? There is a public market in that information, and we know that that information is put out by the groups that do their own research. But we have certainly identified that there are some problems with that. That kind of information would be very useful, first for policy development but also for an informed debate about exactly that issue.

The Hon. MICHAEL VEITCH: The other thing I am being told, particularly by shire councils and their town planners, is that over the last couple of years there has been a move by people, particularly those in the outer suburban fringe of Sydney, to some of the smaller villages within rural areas—Koorawatha, for example—so they can afford the rent. But, of course, associated with that is the reduction in available services. People often move into communities that do not have a post office, and if they are lucky it may have a pub. Are you receiving any evidence—or are you aware—that that is happening, because of the low-cost rental affordability issue?

Mr MARTIN: Not through calls to the tenant advisory services. We are not in a position to track that sort of thing. But I am aware of research by Bill Randolph of the University of New South Wales, who has done some work—and he has some coloured maps that show it well—tracking the movement of low-income renting households. I must admit, I am familiar with the Sydney story, rather than the statewide one. But it does show a dramatic movement away from the inner city to the outer suburbs, of low-income households migrating to outer suburbs which are less well served by transport, access to employment, and things like that. So they are trading

off their housing costs against employment opportunities, transport costs, and things like that. I think it is quite reasonable to expect that that outward movement has happened in other centres, and has happened across the State generally. I guess sooner or later the inner city will run out of people to drive its buses and work in its cafes, and things like that. But until that happens, those households are making some pretty painful choices.

It comes back to my original point about housing costing too much. It is a basic point, but why should we be impressed about housing costing too much? It got to the stage a couple of years ago where it looked like the debate was turning a little bit like the debate about the weather. The weather on the news used to be: It is sunny. Great! It changed when the drought hit: hot, sunny weather was reported as a bit of a problem. We almost got to that stage with house prices. A couple of years ago, house prices rising was not always a good news story, and we were starting to get to the point where housing that cost too much might be a problem. It is a problem for tenants, it is a problem for people looking to buy a place to house themselves, and it is a problem for landlords. I would like to think that there is a class of landlords out there who would welcome house prices coming down because they can buy more houses. But we have not quite got to the same stage as the reporting of the weather. But I would like to encourage members of this Committee at least—and the Tenants Union does it more generally—to believe that rising house prices is a problem; cheaper houses is a good thing.

CHAIR: Do either of you have a final comment you would like to make?

Mr MACFIE: Not from me.

Mr MARTIN: One final comment that I meant to make earlier, I was talking about the taxation of housing and most of those levers are Federal—it is to do with the taxation of capital gains, which is a Federal issue—but there is a State tax that bears upon housing: land tax. It is the view of the Tenants' Union that land tax, in theory, is a sound and useful tax and, in practice, it is a very important tax as far as State revenue goes, but its current settings are set against affordable housing. The burden of land tax falls on landlords and, consequently, on tenants and owner-occupiers do not pay anything. Our submission is that land tax should be reformed to broaden the base and also cut the rate, and there might be other reforms made possible as well, such as reducing stamp duties.

The Productivity Commission says that if you broadened the base to cover owner-occupied housing you could cut the rate by 40 per cent, maintain present revenues and get rid of stamp duty. It could be levied in such a way as to be almost built into rates and for low-income homeowners there could be arrangements made for deferred payment of land tax on owner-occupied housing. The reduced rate of a broad-based land tax would be much lower than it currently is and it would be a way of properly taxing housing to start getting rid of the speculators from the system that have driven up prices.

Dr JOHN KAYE: Is it possible for you to expand on those comments in writing and provide them to the Committee as a question on notice?

Mr MARTIN: I have a briefing paper that I am happy to submit.

(The witnesses withdrew)

MR TONY DAVIES, Chief Executive Officer, Northern Rivers Social Development Council, 22 Cathcart Street, Lismore, and

MS TRISH EVANS, Affordable Housing Project Officer, Northern Rivers Social Development Council, 22 Cathcart Street, Lismore, affirmed and examined:

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

Mr DAVIES: No, thank you.

The Hon. MICHAEL VEITCH: Tony, you were in the gallery during the evidence provided by the Tenants' Union when I asked some rural specific questions?

Mr DAVIES: Yes.

The Hon. MICHAEL VEITCH: I will drill those questions down now to be even more specific about the Northern Rivers. Are there any migratory issues affecting the availability of low-cost rental accommodation in the Northern Rivers?

Mr DAVIES: Inward migration is quite high. The most recent statistics suggest it is 3,000 people per year into the region and we are the fastest growing region in New South Wales. That has an impact on housing affordability, but it is not the sole determinant of housing affordability—a range of other factors contribute to that. Do you want me to go into that now?

The Hon. MICHAEL VEITCH: Yes, please.

Mr DAVIES: Okay, and Trish will add to this as well. What we have in the Northern Rivers is quite a unique situation where there are some very strong cost and supply pressures. Incomes across the region are significantly lower than New South Wales as a whole and, in fact, when you look at regional comparisons, lower than most other regional areas in New South Wales. That is not well understood about the North Coast, which is seen as quite a well-off area. Rents in the region are very high, particularly in the coastal localities. Median incomes sit around two-thirds of New South Wales' income. Median rents in the region are actually similar to the median rent for the Sydney statistical division, and in coastal locations can be higher.

In every local government area of the Northern Rivers—that includes the less well-off in land council areas—the median rent exceeds 30 per cent of median income, which is seen as the normal benchmark of affordability. Lismore is the most affordable, if you want to call it that, at 37 per cent—so median rents sit at 37 per cent of median income. In a number of localities, Ballina and Byron Bay, for example, median rents can be at or above 50 per cent of median income for a three-bedroom house. So the affordability issues in that region are very significant.

Vacancy rates are very low; they sit similar to Sydney—around 1 per cent. There are a bit higher in coastal localities like Byron, but then the rents are so high that you would almost expect that. Vacancies at the affordable end of the spectrum are extremely low. What we are finding is that people at the lower end of the income mix are having to compete with people up the chain for what used to be the traditional low-cost housing, particularly in localities such as Lismore, which was traditionally seen as a more affordable place for people in the region to live. We have some statistics on that which we can table at the end of our evidence and pass on to you.

The Hon. MICHAEL VEITCH: On page six of your submission you state:

It seems that even where land is provided, models reliant on income-tied rental returns are not self-supporting.

The Committee heard evidence from the Tenants' Union where it also challenged the concept of income-tied rental. If the Committee were to look at another model, do you have any suggestions as to what other models might be for the setting of rentals?

Ms EVANS: City West Housing would be a good example where they have flexibility to let to people on moderate incomes, not just low incomes. They still stick to an income-related rent but 30 per cent of a moderate income is a much higher amount than 30 per cent of a very low income, therefore their rental returns

are much higher and that gives them more money to play with. I guess whilst sticking to that example, that is an example and there are others in various States, including Victoria and Queensland, where a very significant amount of start-up capital was made available to the organisations so they hit the ground running and they had money to spend on housing development. That also helped them to borrow because they had that money in their pocket. It increased the confidence of any partners they approached because they were new to the game but they clearly had money in their pocket. So all of that I think put them on the road.

CHAIR: The product is newer. If they are getting the money and are able to invest, I assume the product that they are selling is newer and therefore much more attractive.

Ms EVANS: Yes it is. And it seems they are the models that seem to be sustainable and they are the models that seem to have managed to grow.

Mr DAVIES: If you look at the history of social housing in New South Wales, one of the difficulties we had was from the 1970s there has been a tapering off of income into that, or a tapering off of growth, and, therefore, greater targeting, which then became a cyclical problem whereby you had the money the department had—at the time it was just the department—to invest in housing reduced because they were targeting people on lower incomes. A number of speakers today have said we need to look seriously at the eligibility criteria, particularly in social housing providers, and the tenant mix. That was a comment that was made to this Committee in 2002 when it was looking at community housing, and I think it stands true. The difference now is that there are more opportunities. The national rental affordability scheme means that capital is available to build houses and to expand the scope of providers.

Ms EVANS: Our area would be perfect for the national rental affordability scheme because most of the renting population in our region would qualify under the scheme's eligibility levels, given the income levels and rent levels.

The Hon. MICHAEL VEITCH: Mr Davies, you mentioned that mean rental rates are above 30 per cent of accepted threshold. I was on another inquiry in Ballina a couple of weeks ago during the flooding event up there and on the front page of the newspaper there was a photograph of some people—I think they were caravan park residents—and the caravan parks are sitting on rivers and waterways and had to go. What is the housing mix to accommodate the needs of the population in the Northern Rivers in light of the fact that rents are higher, and also what is the homelessness rate like?

Mr DAVIES: I will talk about homelessness; Ms Evans will talk about housing mix. One in seven rough sleepers live in our region, according to census statistics. We have one in 20 of the general population. Homelessness is a very significant regional issue. It is an issue that is not at all perceived as being a non-metropolitan issue, but it is. If you look at Lismore local government area, according to the census statistics, it had 92 rough sleepers in August 2006 on what was a very cold night. Anecdotally, and that is speaking to neighbourhood centres and other service providers, the rate has grown. In towns like Nimbin it is very hard to count the number of rough sleepers. Byron shire had more than 110 rough sleepers. It is a very significant problem that the community sector in the region has to deal with but it is not a well-resourced sector to deal with homelessness because people see it as an issue for metropolitan areas and an issue we can move forward on and solve through models like the common ground model.

Common ground is a great concept, possibly, for metropolitan areas. It is around accessing private capital, getting partnerships in place and getting a mix of tenants within a development. We need to look, though, at models that will work more effectively in regional areas. Let us take Byron as an example. Generally people wonder why we would worry about homelessness in Byron because it is probably just a bunch of backpackers who cannot be bothered paying for backpacker accommodation. That is not the case. The characteristics of our region mean that people who are likely to become homeless are attracted to the region. That is the reality of it, and there is nothing we can do about that. You will find that people who are not accepted in other communities will be accepted or tolerated in communities like Byron Bay or a small town like Nimbin. Therefore, they tend to gravitate to the area and stay.

We need to start looking at homelessness solutions that face the reality of where people go and provide solutions that work in regional areas. That is about smaller-scale, dispersed programs that provide case management-style support, access to ancillary services like mental health, drug and alcohol services and transport. If you are homeless in Byron, at the moment you have to go to Ballina to get into the regional tenant brokerage service. That is fine if you can get to Ballina, but it is 20 kilometres down the coast and that can be a

real impediment. We need to take that into account. When you look at a map you say, okay, there is a service in Ballina or Lismore, this is going to work for other towns. But it does not work that way. You need to take that into account. Also, you have to take into account the absolute rate of homelessness, which is very high.

Youth homelessness is a significant issue too. We are a service provider. We run Reconnect, which is an early intervention program for homeless youth in the region. That program supports around 300 families a year. At any one time that service has a caseload of 100 young people. What we are experiencing at the moment is a dramatic escalation in requests for support. It is called "early intervention" but it is now just crisis case management. At the moment we are turning away 50 per cent of requests for support from that service.

The Hon. MICHAEL VEITCH: Where do they go if they cannot access your service?

Mr DAVIES: We try to get them support through other means but we are finding everyone is stretched around the homelessness issue. In my role and in Ms Evans' role we are constantly talking to service providers across a range of areas. We are finding there is a spike in demand at the moment. It started about a year to a year and a half ago. We are finding, for example, that neighbourhood centres are finding older people, retirees, are coming to them for material assistance or they are becoming homeless—overcoming some of the issues for people who have never had to come to a welfare service for support. Another area where we are finding significant growth is low-income, working families, people who are in the casualised labour force, with children. Someone might lose their job or they find their income is tapering off if it is casual based, and they are losing their housing tenure.

The Hon. MICHAEL VEITCH: I think you made a very pertinent point. The view of homelessness seems to be very city centric. That is where the television footage comes from, but it is a significant issue in rural areas and I am glad you made those comments. Can I just get the housing mix?

Ms EVANS: You referred to the flood event and the people in the caravan park. We have a much lower level of social housing in our region too. We have around 10 per cent; the State has 15 per cent. It was all hands on deck from the local community housing provider and the public housing office to try to find housing for those people but we know they were not all housed and they were not housed immediately. There was not adequate housing. The Department of Housing staff have to be quite clear that homelessness is no longer a sufficient criteria for priority allocation of public housing. It has to develop into a more complex situation. You have to be losing your children, you have to have a health issue; you have to have multiple issues before you have the points required, it is that tight.

The other thing that means, though, is that social housing is made up of the community housing provider and the public housing provider, and then all the support services that are involved in supporting those tenancies, because they are high needs tenancies. Our social housing providers are so consumed by that very high-need target group that they do not have the capacity to look at increasing housing supply, looking at all the wonderful opportunities that are available to the community housing sector now because they are dealing with providing that extension to the public housing service.

In terms of the models, more and more of what is happening is you will have a service that supports a particular group in the community. It may be people with mental illness or dependency issues. They are approaching the community housing provider direct, saying, give us a house and we will provide all the support services you need. That suits the community housing provider because there are the supports. So, they will get that housing too. More and more of the community housing stock is going to very high-need clients so it is leaving more and more people in increasing levels of difficulty who do not fit the eligibility for social housing outside that need.

The Hon. MICHAEL VEITCH: Do the caravan parks up there, because of the high need, in any way fill some of the capacity for housing needs?

Ms EVANS: Emergency housing needs?

The Hon. MICHAEL VEITCH: Yes. I am trying to see what role the caravan parks have in regional areas.

Ms EVANS: It depends where you look. On the coast more and more of the caravan parks are places for retirees. But that has its own affordability issues and I think a large group of older people living in coastal

parks in our region are in real trouble, especially when a partner dies. If they are pension dependent and they switch to the single pension, they have the site fees of \$120 a week that are going up in some cases by 30 per cent in a year.

The Hon. MICHAEL VEITCH: Yes, we have had evidence that it is a poverty trap.

Ms EVANS: Absolutely. On the inland you will have caravan parks as places of last resort housing but they are very dangerous places. Support services are really loath to send anyone there because they are so dangerous. Someone from our staff recently hired a cabin in a local caravan park because she needed to stay in town for a meeting. The owner of the park said, "Here is the key for the toilet block but don't go there after dark."

The Hon. MARIE FICARRA: What sort of unsafe activities are you talking about? Violence associated with alcohol consumption, drugs or what?

Ms EVANS: Yes, violence associated with that. You will also have situations or you will hear or situations of women and children escaping domestic violence ending up in the same caravan park as the perpetrator.

CHAIR: What is the role of the Northern Rivers Social Development Council, especially in relation to housing? Who are the members of the Social Development Council and what is the importance of housing affordability in the region?

Mr DAVIES: I have a document here I can table and there are copies for you to look at.

CHAIR: Do you want to table that? Please identify it for the purposes of Hansard.

Mr DAVIES: It is an outline of the purpose and activities of the Northern Rivers Social Development Council.

Document tabled.

In brief, we are a regional body that exists to promote the social development of the Northern Rivers region. We have a range of social priorities that we have identified. Housing sits at the top followed by transport, which is closely linked to housing, followed by working with people with complex needs. Again, that is linked to the housing and homelessness issue. Housing has been identified in our region as a significant issue for more than a decade and we have been working to promote a range of projects around housing. At the moment we are lucky enough to have Trish, who works on an affordable housing development project, which aims to increase the supply of housing affordability. Our members are community services in the region and I think we have already gone into the importance of housing affordability in the region.

I would not mind commenting on the caravan park issue because it comes up a lot. We do not have licensed boarding houses in our region so caravan parks have, if you like, taken part of that role. They have also been a place of last resort accommodation for family support services for the Department of Community Services and there has been a contraction in supply. We do not see expanding caravan park accommodation as the solution because of the concentration of disadvantage issue.

If you look at Tweed local government area, Banora Point Caravan Park was a large source of low-cost accommodation for people. It was also where the majority of the DOCS reports to the Tweed DOCS office came from. Now that facility has closed, and the statistics for homelessness are the highest in the region, possibly the highest for any local government in the State area outside of central Sydney. So it has had an impact. But in terms of models, I think we need to move away from reliance on those models. We also need to look at a transition process. At the moment there are concerns about the New South Wales Department of Lands, which actually owns the land that many council parks are on. Councils perceive that there is a policy from that department that permanent residents must not be housed in them. That has come up as an issue in consultations we have had with some local government workers following the flood event—they are having trouble rehousing people. I cannot promise that that is what the department's policy is, but if you are interested we can provide more information on that.

CHAIR: I think that is important because it is vital that we come to grips with where or if this whole area comes under our terms of reference or part of it does or all of it does and how we address the issue. If it is a question of supply, then it may well form part of our recommendations. In terms of it being an appropriate form of accommodation, that is another issue.

The Hon. MICHAEL VEITCH: And whether it is low cost, whether it meets the need of low-cost rental.

Mr DAVIES: It does not always meet the definition of low cost. The caravan park that Ms Evans is referring to charges a very high price.

CHAIR: What do you see as the biggest barriers?

Ms EVANS: I have a list of those. In terms of increasing supply of housing, we do not have community housing providers with the necessary equity, revenue and expertise to lead the development of an affordable housing industry in our area because of their size and because of all the other things that they are having to attend to, in terms of the people we have just referred to, the transfer of stock coming over from the Department of Housing. That is all consuming. We have limited affordable land available in key growth areas. There are no provisions in local government planning and approval mechanisms designed to increase affordable housing. We have a lack of demonstration of viable affordable housing developments, and that would increase confidence in going into that sort of development. Certainly, financial constraints of the smaller local governments are involved and their limited landholdings.

We have a continued demand for high-cost housing due to the migration of more affluent households into the region. We have insufficient incentives and requirements for developers to deliver low-cost housing or lower-cost land or properties. We have a low level of public appreciation of the housing crisis in the region. I think there is also a lack of data, small area data and analysis, that identifies the true housing and homelessness conditions in the region because the data is focussed around capital cities and the rest of the data is lumped into a category called "rest of State", which does not help very much.

The Hon. MARIE FICARRA: Going to question No. 11, in your submission you are advocating regionally located affordable housing partnership facilitators. Can you explain whether you have had any examples of working with these regional facilitators or what you envisage by that, for example, the funding of the scheme?

Ms EVANS: I guess in a way it is some of the work I have been doing in my sunset project, and it is the sort of work that I think will need to continue for a couple of years until there is a pick-up of affordable housing development.

The Hon. MARIE FICARRA: Can you explain the "sunset project"?

Ms EVANS: I mean it was a limited-term contract. My position ends officially at the end of this month. The sorts of things I think a facilitator would do—and there would be other locations where the same needs would apply—is provide information and support to local councils that are wanting to get into the business of affordable housing development or even just into the area of developing a strategy around housing. There is a local partnership facilitation role, which is promoting current opportunities, for example, funding avenues; site identification; bringing parties together, perhaps landholders, councils that might be interested, a housing provider from outside the area who has expressed an interest in coming into the area but they are not on site so they want some local information; regional housing data and information, we have that sort of service going through my project; certainly advocacy; promotion of a regional approach to housing development, so that might be pulling together—we have seven local councils in our region and there is scope and there is benefit, in some ways, of bringing some of those together to do some of this work.

There is also a facilitation role for a housing forum. That is a fairly new entity in our region but it is bringing together a lot of government and non-government people, and it has to date been very helpful for them. It has been a good way to get quick information for people from outside the region as well, but that needs a secretariat. There is also local housing and homelessness research and information. It is a general effort that is needed now to try to secure a share of the sorts of opportunities that are available through current initiatives that are primarily offered on a competitive basis. We are not competitive if we do not have some resources dedicated to doing that.

Mr DAVIES: We need to highlight the haste of this and the expression of interest [EOI] based process that is out there. It takes time for people to get their head around the concept of affordable housing, where it fits, what the needs are. The current model to get the money out the door quickly is to do it through a tendering style type of process, which means that there will not be a planned roll-out of new housing. So it will go to the areas and those providers that have capacity to write a tender. They might also be lucky enough to be able to get a bit of land that someone is willing to make available. What we would be arguing for is a more planned approach so that you have locational targets, targets for growth. With NRAS, a certain number of those incentives should go to certain regions.

In terms of facilitation, it is about ensuring that there is some level of support in those locations to make it happen. At the moment that just is not occurring in regional areas. There is so much else that people are grappling with. We would see it as quite an important role probably in all locations both west of the sandstone curtain and up and down the coast. It is a practical thing that you can do that is relatively cost effective at a State level, for example, to ensure that the Federal incentives flow to the areas of need.

The Hon. MARIE FICARRA: How many local government areas did you say your catchment covers?

Mr DAVIES: It covers seven.

The Hon. MARIE FICARRA: Have they expressed a need or a desire to be involved in increasing affordable housing? Is there a will?

Mr DAVIES: There is an extremely high will in some and less so in others. Clarence Valley Council is doing a magnificent job. They have been able to access funding and they are the only local government area in our region that is attracting NRAS incentives. They have had to work very hard over a period of time to do that. Other local government areas have varying degrees of interest, but we also have to accept that the impact of the financial crisis and the continued impact of rate pegging and other things that have undermined the revenue base means that local governments struggle when you come to them and say, "On top of everything else you are expected to do, we want you to take this on." They need help and they need financial support, and support from Planning New South Wales and the other relevant government departments to ensure that their role in affordable housing development makes a difference. When we talk to planners in local government they say to us, "There is no point our putting affordable housing provisions in our new draft LEPs because Planning will not approve them." Whether that is the case, I do not know. That is a perception. I guess it is about ensuring that there is a supportive message, supported with resources, to local government to say, "This is what we want you to do."

CHAIR: What has Clarence Valley Council done differently?

The Hon. MARIE FICARRA: Is it the will of the council? Is it the officers?

Ms EVANS: They have a dedicated housing officer who has been in place for several years. She has been in a position within their planning division as well, which I think is a critical point. The elected members and the administration of that council are very supportive. I think it is a council that we talk about in the region as not being recognised as a high-need region. That is a council area that I think feels that as well. I think they have felt that they have had to deal with it themselves. They are close to Coffs Harbour and there is an office of a very large community housing provider. The mid North Coast community housing company has become part of this large Community Housing Ltd, so they were able to pick up this proposal from the neighbouring Clarence Valley and attached it to a fairly large submission for NRAS and housing affordability funding. It was a sequence of events.

The Hon. MARIE FICARRA: Can you try to market this successful model? You were saying that the Tweed is probably the area of highest need.

Mr DAVIES: The need is up and down the coast. We try to market it, I guess. That is why we are saying you need someone in the localities and someone who is not required to cover such a geographical area that it cannot work effectively at a local level, to work with people and to get this out. The affordable housing landscape has changed dramatically in the past 12 months. There are opportunities now that are time limited that we have never had before and I doubt that we will have again. I guess we are saying we need to ensure that all localities capture that.

CHAIR: How long do you think the window of opportunity is? What is the timeframe? Is it 12 months? Is it six months?

Mr DAVIES: It is two years.

CHAIR: Two years to get it up and running?

Ms EVANS: It would be two to three years, yes.

Mr DAVIES: The Federal incentives are fairly relatively short-term initiatives. NRAS might be a medium-term incentive but there will be other budget pressures on the Federal Government in the future that may impact on their future availability.

Ms EVANS: I think there is also a role for that sort of facilitation to expand into the homeless models of housing as well, especially in light of the measures that are coming out from the Commonwealth white paper and how New South Wales will respond to those. One of the things that we would like to see come out of that is a regional action plan. To date, we have understood that there will be a State implementation plan. There was a recommendation from the Commonwealth Government that perhaps regional plans be used where it might be useful. So we would certainly put the Northern Rivers up as an area where that would be useful.

The Hon. MICHAEL VEITCH: A regional homelessness action plan?

Ms EVANS: Yes.

Mr DAVIES: You need regional planning because the context in the regions is very different from region to region. The models you come up with sitting in a head office in Ashfield can look great on paper—and I say this as a reformed bureaucrat—but they just do not work at a local level. One of the problems is that governments in general have withdrawn from regional planning in human services. If you are going to make a difference you need to come back to that. Certainly that is very important around homelessness.

I want to come back to local government. In saying what we have said about the performance of local government areas in our region, it is not to say that there is goodwill. Clarence has achieved results where others have not, but there is interest there. But they need resources. We also need to support innovation. In Lismore, for example, the general manager of the council has suggested the idea of shop-top redevelopment. If lack of stock is the issue around affordable rental, most country towns have a CBD with empty shop tops. We need to look at what has to be done from a planning perspective, a fire regulation perspective, all of those areas of red tape to make it attractive to use the capacity there. If you could redevelop the shop tops, even one-third of the unused shop top base in Lismore, you would get a huge increase in stock immediately. It is the same in Byron shire in the town of Mullumbimby. That local government area is moving in that direction already and they are making achievements. We are saying we need more support and it needs to come quickly.

CHAIR: As a reconstructed centralist, in terms of trying to provide a driver, do you see a role for some form of, for lack of a better term, advisory council group that can gather together various snippets of information from all the various regions and in one breath have a regional action plan controlled locally and regionally and at the same time deliver all the information to the other regions to educate the State as a whole?

Mr DAVIES: Trish made the point earlier that there is no small area data at the moment. If you look at the State of Supply report, which is the Federal Government's initiative around housing, they had Sydney, the rest of New South Wales and Ballina as a case study, I think—which was quite lucky for us in that respect. But that does not help your policy process because the needs are different across the regions and sub-regions of New South Wales and, indeed, Australia. You need to break it down. The answer to your question is yes, collecting that data at a fine enough level would be extremely valuable and should be supported by planned processes to roll out the new initiative rather than a "Here it is, let's apply for the money" expression-of-interest approach.

CHAIR: Do you have any involvement with housing requirements for indigenous communities?

Ms EVANS: The only involvement that my project has had to date has been high-need housing requirements—that is working with support services for Aboriginal communities. That is another area. Again, there will be significant money available around indigenous housing, but that will not flow to a region such as

ours because we are not remote and I think that is where that focus is. It is certainly a vacant area at the moment in terms of effort.

Mr DAVIES: I think you need to look at your definitions of "remote". We might not be remote in terms of 500 kilometres from somewhere else but my experience travelling around the State is that to get to some of our western communities is as hard as getting from Narrabri to Dubbo. You need to take that into account. Communities like Tabulam to the west of our region and Mulli, we need to look at how the needs of those communities are addressed. They have high Aboriginal populations. In general the Aboriginal population of our region is double the State average, with far higher concentrations in many localities. The huge policy impetus we have had out west and in the Northern Territory has not really hit our region as hard as it should. That is the impression we get from talking to community members and elders.

CHAIR: I am mindful of the time. Ms Evans may wish to put some matters on the record.

Dr JOHN KAYE: I am happy for Ms Evans to put particular matters on the record.

CHAIR: Or would you prefer that we continue with the questions?

Ms EVANS: Using the questions that we were given in preparation, an area that is really interesting is back to this issue of inclusionary zoning and developer levies.

Dr JOHN KAYE: That is exactly what I was going to ask you about. In the context of the enormous amount of development on the coast, most of it high-end development. I would imagine most of it does not have any affordable housing component associated with it.

Ms EVANS: No.

Dr JOHN KAYE: Yet, I imagine it is enormously profitable for the developer who may walk away with a massive amount of money.

Ms EVANS: We talk about this all the time.

Dr JOHN KAYE: Would you see that as a great act of social injustice?

Ms EVANS: I see it as an incredible opportunity lost because once the land is rezoned it is a lost opportunity. There is a huge swag of land that is about to be developed, especially around the Ballina area.

Dr JOHN KAYE: Is it too late for that land?

Ms EVANS: I believe that it is. Ballina council is a council that only just now seems to have decided that they do really need to address housing needs in their area and they are going to the community now with a discussion paper on this. That is a long way from having any provisions to encourage it. I know that they could use the voluntary planning tools or voluntary agreements, but there does not seem to be any drive to do that. It also really significantly affects community housing providers in this State when councils cannot assist them in that way. In South Australia, for example—and I have worked in South Australia and have remained in contact with some people in the housing area there—they will say that the South Australian Government's requirement is to have 15 per cent of new stock in certain sized development as affordable housing and, in fact, 5 per cent of that to be for very high-need households.

What that does for community housing providers is that developers come to them asking them to help them meet that requirement. They do not understand how community housing providers can set up partnerships with developers in New South Wales without such a measure because they cannot imagine how they would operate if they had to set up all those arrangements themselves and did not have this incentive or requirement to be filled. Another argument that is interesting there is it was always said that it costs more. I think with NRAS available now that would offset that loss. So at least while the NRAS funding is available, that would be a good time to try to introduce some of this because it does offset that cost to developers, or it can.

Mr DAVIES: Putting it bluntly, you get an \$80,000 incentive for every unit of housing developed with NRAS that is going to offset any inclusionary zoning requirements. I do not think that the economic arguments that are made that it does not make development viable stand. Also, you cannot have a one-size-fits-all

approach. Your percentages in a coastal location are going to be in terms of what you can request for affordable housing, with a few density bonus-style incentives. It is going to be different to what you might do in a western location. If you buy a cane farm in Ballina for a million dollars and get it rezoned, you have got a huge multiplication of value. It is not going to be the case in, say, Richmond Valley to the west of Casino where you buy a farm that is good productive farmland and get it rezoned. You are not going to get the same level of bonus. You need to be able to tailor it to local context. We certainly would say there are real incentives out there that this type of planning instrument can support. Going back briefly to our comment about local government, Planning New South Wales really needs to lead the way on this and support local government to do that and give them direction because they do not know. Even if they do something, they do not know whether it will be accepted.

Ms EVANS: Another area that really needs to be addressed is the viability of community housing providers. It is also about broadening the net in community housing, in particular, that will assist people. What we find is that while the income eligibility is so tight, there are so many people who are getting no assistance. Because, as I explained, the demand is so high, we do not have a public housing provider that is dealing with the very high-need group and a community housing provider that can deal with and assist people further along the continuum. We have both those efforts focused on the same target group. So you have a lot of working households who are being displaced from coastal areas and they are moving to inland areas.

That not only reduces the diversity of the coastal areas in terms of the social mix, it then in turn pushes people out of the housing in those areas and they then have to move yet again. Rural gentrification is occurring there, and more and more people are speaking about the displacement of people. It means greater commutes for work. Some jobs on the coast are very hard to fill because people cannot afford the commutes for the low levels of pay involved. For example, a school bus where a shift is split over morning and afternoon, the driver might live an hour and a half away and has the middle of the day to kill until the afternoon shift. That is not sustainable and that person will look for something else and move on as soon as they can.

Mr DAVIES: Our industries that provide the economic base of our region are low-paid industries. Tourism, agriculture, retail, health and community services make up the bulk of our economy. They are all areas of high levels of casualisation and generally low hourly rates. So it does act as an economic break. You need to take that into account when you are thinking of social mix for the region.

CHAIR: Being mindful of earlier comments about local and regional, have you had any contact with City West Housing and whether or not its model could be transferred to the northern regions?

Ms EVANS: Would you remind me of the number of the question?

CHAIR: It is question No. 6.

Ms EVANS: We have not had contact. I am aware of the City West model. I am aware that it had a very large injection of funding to set it up. I am aware that it has scope in terms of its income base from its tenancies. I am also aware that it has received significant money through developer contributions. It sounds wonderful and ideal in many respects because it does have that flexibility. To replicate it, to move it, to relocate it to an area like ours there would need to be some reworking of their financial modelling because the sort of housing that City West is producing is not the sort of housing that you would produce in an area like that. That would mean a rejigging of the numbers for sure.

Because you have got local government with that capacity to impose those levies, the same council, or whichever local government area it may operate in, would need that local government capacity as well. It certainly would need Local Government support. It would need Local Government to really be ready to fast-track or really address any issues around housing and building specifications et cetera. So, you would have to have Local Government working with the establishment of that model from the word go.

Mr DAVIES: It is a good model but you need the planning instruments and the dollars behind it. So, if you are going to use that model, we would be very supportive. I think you can build NRAS into it. We would agree with the comments NCOSS made in its submission that to make NRAS work effectively you are going to have to extend the money under the Housing Innovations Fund the State currently makes available to increase the level of capital subsidy available. It is all doable though in a way that it was not a year ago.

CHAIR: Would you like to make any further general comments?

Ms EVANS: It is a new industry that is required and directing money to the bricks and mortar is not going to assist with the development of that new industry in terms of supporting the new source of business partnerships that are involved, in gaining the confidence of the private sector to work with the not-for-profit sector in new ways, with the development of the skills sets required in both camps. All of that requires support. It is an industry development process that has to occur. So to mention that in the State Plan, for example, would be a very good thing, to say that there was this endeavour to support, to establish, an affordable housing industry and what goes with that.

CHAIR: For support and training there needs to be some ability to facilitate the drivers at a local level?

Ms EVANS: There are some wonderful resources being gathered down through the Community Housing Federation but this is not just about the community housing sector; this has to involve the private sector. It has to encourage church involvement. There is a lot of promotion and marketing involved in this because it is a new industry and it is about actually maybe not making the same sort of returns but it is about sustainable and affordable housing at the end of the day because otherwise housing will just continue to become unaffordable.

CHAIR: Do you have any views as to who should be the lead agency or the driver? You have Planning, Local Government and the various not-for-profit organisations, organisations such as yourselves and organisations that represent residents. Has anyone thought of a model on how to construct the support and training instrument?

Ms EVANS: I think it would be dangerous at this early stage to sit it directly in one particular department or jurisdiction. I think it needs that broader advisory base to start with.

CHAIR: I have some doubts about things that are instantaneous combustion or immaculate conception. I wonder whether someone actually needs to be doing something?

Ms EVANS: I guess it would be the Department of Housing if the Department of Housing was working across the whole of the State, but not if the Department of Housing continued to work around the metropolitan area. But it would also be the Department of Housing to bring in its community housing arm and the sector that works through that and to bring in the Centre for Affordable Housing that already exists but is not resourced to work outside of Sydney and even to work in Sydney in a way that it was initially planned to.

CHAIR: So, thinking aloud, if it has some specific key performance indicators within the State Plan and was whole of government, an advisory council if you like, for want of a better term, that was driven by the chief executive officer of Cabinet and the Premier's Department?

Mr DAVIES: I think they are all useful. You need measurable and clearly defined outcomes for departments to report on. We as NGOs have that in our funding agreements. We would love to see it in those that require it of us. But also it is important to drive outcomes. In terms of where it could sit, Housing is one possibility. You could also look at the regional coordination program under Premier and Cabinet. That could also drive that. The only challenge with government is that getting sign-off can take time. But at the same time, if you are sitting in a central agency it can happen more quickly. They do have a regional structure already and they do have the clout to bring together Planning and Housing and the Department of Lands. We have not talked about the fact that they have an asset that they do not always seem willing to release for social purposes.

CHAIR: Could I ask that rather convoluted question on notice to which you might give some thought and give us some ideas on formulating our recommendations in that area?

Mr DAVIES: Yes. Thank you.

CHAIR: If there are no final comments, thank you very much for attending.

(The witnesses withdrew)

(Luncheon adjournment)

DEREK ROBERT YULE, Chief Executive Office, Churches Community Housing Ltd, PO Box 2725, North Parramatta, New South Wales, sworn and examined:

CHAIR: Do you have any documents that you wish the Committee to see in private?

Mr YULE: No.

CHAIR: Do you think you would have difficulty answering any questions on notice within 21 days?

Mr YULE: No, that should be fine.

CHAIR: Do you wish to make an opening statement?

Mr YULE: First, the organisation is auspiced by the Ecumenical Council of the Christian churches of New South Wales. It was set up approximately 13 years ago by the State Government and initially under the planning administration. More recently it has been under Housing NSW administration. It was based on a model from Victoria called "ecumenical housing". In Victoria there was quite a large portfolio of partnerships between the government and church sector. That was not the case in New South Wales, but it was considered worth investigating. Some research was conducted that identified a potential for the addition of social housing through the Government acting in partnership with the church sector. The organisation was set up for that reason. The primary driving force of the organisation in the initial stages was to develop partnerships between the churches and government. That is the background to where we started. I think the remainder of the information you require will be provided in responses to questions.

CHAIR: You have just indicated a partnership between yourselves and government. How many housing units do you have? Where do your tenants come from and what are the eligibility criteria? Are there any changes you would like to make to those criteria?

Mr YULE: The organisation has two clear roles. One is to act as a peak body for the church housing sector. It represents the churches on matters of housing. That is one division of the organisation. As I said, it is an ecumenical organisation and its whole role as a peak body is to represent the churches, but also to develop housing partnerships between the churches and government and to expand the supply of affordable rental housing. A separate division of the company was established in 2003. That organisation would be a manager of community housing for the church sector. That company has turned into what is referred as a "specialist, niche supported housing company". The company has 203 properties, but 343 units of accommodation. Because it is supported accommodation, a lot of it is multiple tenancy.

Much of it is for homeless people who are supported, people with special needs or people requiring support and programs. Those 203 units comprise 161 Land and Housing Corporation properties, 15 leasehold properties and 27 fee-for-service properties that are actually owned by the church sector. In the next six months we expect to take over an additional 28 properties under the National Rental Affordability Scheme [NRAS] in Gosford and a further 50 in Fairfield West. The organisation has been growing slowly. The tenants in those properties are clients of church support agencies or the church welfare sector. The welfare sector takes people who are facing difficulties and works with them and provides accommodation. We take care of the accommodation and the church welfare agency provides the support for the tenant. As such, we work with 15 different major church agencies and we have 22 support programs as part of that.

As to how the tenants come to be in our housing, more than 80 per cent—and fairly close at times to 90 per cent—of our properties are for people who have special support needs and are supported by a church welfare agency. They are nominated by the agency, which has nomination rights to an identified group of properties. As I said, there are 15 different churches and 22 agencies involved in the process. All their clients meet the entry requirements of Housing NSW and they are generally what would be classified as high needs tenants, sometimes with multiple disabilities. That is our tenant base and that is the uniqueness of the housing part of the organisation. It is considered to be one of two niche providers in New South Wales. That is one of our main focuses.

CHAIR: Can you paint a picture of the geography and give us more detail about the title or ownership issue with regard to the properties?

Mr YULE: The properties are largely in the greater Sydney metropolitan area and in the Hunter region. We have an office in Parramatta and an office in Newcastle. The Newcastle work is relatively new; it has commenced in the past year or so. We have been slowly working in partnership with a number of church welfare agencies in that area. We have another seven properties to be transferred to our portfolio in the next month or so. What is happening in Newcastle is what has happened largely in Sydney. The Sydney portfolio goes from the eastern suburbs, from Matraville through to Surry Hills, right through the inner city area and out to Burwood, Liverpool and Campbelltown, and west to Blacktown. We also have properties in Dundas Valley, Ermington and through that area. It is a fairly diverse portfolio and it is fairly widely spread. The organisation's intention is to manage properties throughout New South Wales. We are also working with a number of different church agencies outside New South Wales who are deciding to move their properties over to the management of our housing division office. That is going on at the moment.

The title to the properties varies. Some properties are under partnership arrangements between the church sector and government, and some are owned outright by the churches and they retain title. There are 15 leasehold properties, the leases having been issued through Housing NSW's division of community housing. As I said, there are 161 Land and Housing Corporation properties for which the company has the head lease. Those properties would have originally been leased out to the church sector. In the initial establishment of the housing company a number of the major church welfare agencies decided that would be a satisfactory way to go; that is, to handle the property management. Rather than have a small portfolio, it established an ecumenical church organisation that would manage a larger portfolio. That deals with the current portfolio. We deal more with the issues of title and where they fit in the answers to the questions sent to me. I am happy to go on to that, but it is dealt with in those responses.

The Hon. MARIE FICARRA: We have discussed with some of the witnesses the benefits of the not-for-profit sector being more involved in the provision of affordable housing. How big would your organisation want to be? Is there a will to get bigger and to be more involved because you believe that you deliver the service in a better fashion or the need is great?

Mr YULE: There is certainly a will to get bigger. The board's strategic plan includes a growth plan that would increase the organisation over the next five years with the potential addition of 1,000 or more properties over that time. That is desirable for the organisation. It was one of the reasons the churches thought it was better to have a single organisation dealing with that—that is, it could offer economies of scale that may be not be available otherwise.

I believe that the not-for-profit sector generally can offer a very high-quality service and meet all the requirements of the social housing sector. I do not think there are any problems there; it has that capacity. Certainly with my associates in the sector, I do not have any questions about that. As far as the churches are concerned, I think the churches working ecumenically are very successful in meeting need. But there are a large number of significantly large welfare organisations that are part of the church sector as well, and they certainly have historically provided accommodation as part of their programs. It is part of a mandate that has been there for a long time, and there does not seem to be any change on that.

What has happened is that a number of those organisations, I believe, have got a lot more strategic, and have realised that housing management is not their core business, that support of people is their core business. They have decided that housing management and housing development is perhaps better handled outside the organisation, and hence one of the reasons they have gone into partnership with our organisation. But, as a direct supplier of housing, they are perfectly willing to go into partnership with government on those issues. Most recently, the National Rental Affordability Scheme has been a product that is ideal in some ways—a product that the church sector has been looking for for quite a length of time and is now available. There are quite a number of applications in. There are at least four or five projects in the first and second rounds that have been successful and are currently being developed.

The Hon. MARIE FICARRA: Are there any recommendations from this Committee that you would see as useful to allow that initiative to keep growing at the rate at which it is growing—which I imagine you are handling satisfactorily?

Mr YULE: Yes, I believe we are handling that very satisfactorily. Certainly our contact with the Division of Community Housing has indicated that they are very supportive of what we are doing and that we are moving very successfully to have a very financially viable community housing management company. The issues for me concerning the future would be a lot around the National Rental Affordability Scheme. That

product, which has come out of the Australian Government, is, as I said, a product that is very acceptable to the church sector. It meets our needs as far as title are concerned; it also offers the financial platform on which the churches can manage property. I have a general manager of finance within our organisation who has a number of spreadsheets that indicate we can go in and work with the church, and we can punch the figures in and show what the results will be. We have not yet come across a project where financially that would not be viable—the subsidy of \$8,000 per unit of accommodation, or \$80,000 over the 10-year period.

I believe one of the advantages of working with the church sector is that historically it has a long history of providing for people in need. At the end of the 10 years, under the National Rental Affordability Scheme program, I believe the properties will remain, and we will remain targeting people on low incomes. Indeed, some of the church sector have pursued it fairly actively because they want access to property. They know that one of the difficulties they have had in the past is getting access to properties, particularly to house people who are part of their programs. This particular product enables them to do that, so some of them are pursuing it quite actively for that reason: to increase their stock of housing that they can then use to house people who would normally be coming to them. While they might be meeting some of their needs, the housing part of it is extremely difficult to do. In that way, it is an ideal product.

What I would be encouraging is that that continues and that the State Government's involvement with the Federal Government on that continues. But if that product does not continue, I would be encouraging the State Government to look very closely at instituting a similar product itself, because housing need in our State, particularly on our coastal fringe, is extremely high. Rental accommodation is very difficult to come by. I believe that that would be a very good approach, to pursue that.

The Hon. MARIE FICARRA: Before lunch we heard about the Northern Rivers affordable housing scheme and the great need that exists in the Northern Rivers region. At the moment you provide services in the metropolitan area and the Hunter region. Are there any plans to expand your services to other areas?

Mr YULE: There are two church providers in that region, whom we give a lot of support to and we work very closely with. One is Centacare St Agnes, in Port Macquarie. The other is Anglicare North Coast, which is based in Grafton. They manage properties from Coffs Harbour through to the Tweed area—not in every town, but generally through that area. We were very active in the establishment of Anglicare North Coast and its housing arm. Part of our peak role has been to establish that housing association. By the same token, we also work very closely with Centacare Port Macquarie in the development of some of its housing partnerships, together with the State Government. So we have a history of working with those people.

We are working with a number of organisations, as part of the Aboriginal church as well as the wider traditional church, on the North Coast. We have actively targeted that area with churches interested in the National Rental Affordability Scheme. Our intention would be to have a network of management in that area, and certainly that is part of our strategic plan at the moment. Whether we do that as an organisation or we work in partnership with existing organisations in that area, we are still in the process of developing. It is part of our next year's business plan to pursue that a little more actively.

The Hon. MARIE FICARRA: With regard to eligibility criteria, what section of the community would you be housing? Is it people in need, people with disabilities, or people with mental health issues? I am trying to establish your core target.

Mr YULE: As I said, we work with 15 organisations. There are another two organisations, one of which is a drug and alcohol program and the other is a mental health team from the Department of Health. We work with people who have addiction issues, and with people who have a multiple diagnosis, such as physical disabilities as well as mental health issues. We provide a boarding house for people with multiple issues. We also work with people who may be suffering from domestic violence, and with sole parents who are struggling with their particular plight. Generally we have a very wide range, pretty much as wide as the church sector would, generally speaking. We have everything from disability programs through to addiction programs, through to mental health programs, through to youth programs. We have a number of programs involving homeless youth, and we have women facing domestic stress, as well as families. There is not too much we do not cover.

The Hon. MICHAEL VEITCH: May I ask how you structure your rental tenants?

Mr YULE: At the moment, because of the nature of the organisation and our A-grade registration as a registered community housing organisation, rental housing comes under the formulas of community housing. So it does include the Commonwealth rental assistance. However, a lot of our tenant base are what we would classify as crisis accommodation. The formulas are there, but in crisis accommodation it can at times result in different formulas. But our income base is based on the formulas used for community housing, plus Commonwealth rental assistance. That is how it stands currently.

The Hon. MICHAEL VEITCH: In the United Kingdom they are working towards a fixed rental system under which all tenants pay the same rental regardless of income and the housing associations are paid a subsidy to make up the shortfall. Do you think that sort of arrangement would work in New South Wales? As an expert in the community housing sector, what do you see as the pros and cons of that arrangement?

Mr YULE: We have discussed this arrangement as a staff recently. We think it would be very beneficial to our organisation in particular. When you asked about the range of people, parts of that I did not answer. One of the parts I did not answer was what our target base is. I think it would be fairly safe to say that at least 70 or 80 per cent of our tenants currently are people who are on very low incomes and who do require support, people who have previously probably been homeless. When we heard about this United Kingdom model of everyone paying a flat rate and then it being topped up with government funding, we thought that for the tenant base we work with it would be exceptionally good.

It would release some additional income, we assume, for the tenant. They could then be successfully housed without the rental component placing a burden upon their income base. For the tenant base we deal with, we do not have as many people in the moderate range. I would want some debate on the issue as to how that was dealt with. Perhaps the people that this inquiry is targeting, from my understanding, are more at the homeless end of the criteria—are you wider than that?

The Hon. MICHAEL VEITCH: Yes.

Mr YULE: It is everything, okay. The ones at the homeless end of the criteria that are searching for housing do need some additional support and some of the programs that are being offered at that level now are quite creative in doing that. I would need to have more detail on the model, which I do not have I am sorry.

The Hon. MICHAEL VEITCH: Thank you for that. Are you aware of any other international models that the Committee should have a look at?

Mr YULE: One that we have looked at very closely on a number of occasions, and one that has been around for a while, is the Winteringham model in Melbourne, Victoria. That is housing for elderly homeless people and it offers support and care for frail and aged homeless people. That is a program that we think has been very successful and would be worth investigating. The Common Ground model, which is currently being investigated—and I think it has been established in Adelaide—is certainly a model that the church sector is extremely supportive of. That is currently being investigated and possibly developed here in Sydney—people off the streets are given immediate, permanent accommodation. That possibly could be developed through the leasehold program that is currently in place in New South Wales. It strikes us that that might be somewhere it could go.

The other one is the concierge model, where you have a person 24 hours on hand in what would otherwise be a high-rise block of units. It has been very successful in Scotland, I believe, and I think it may be being investigated again in Victoria. You basically have somebody on the ground floor, at the entrance to the block, who basically not so much polices but is a person who is there 24 hours per day, seven days a week, that the tenants, who are generally older and disabled tenants, can be monitored by as they enter and leave the building. There is also somebody to call on in an emergency that is immediately downstairs and will have some idea of what to do. That is a model that has been in Scotland and certainly from a church sector point of view, where we are dealing with a lot of those people, it would be worth investigating.

The Hon. MICHAEL VEITCH: What did you refer to that as?

Mr YULE: Concierge—like the French—a person out the front looking after others.

The Hon. MICHAEL VEITCH: The Committee has received a lot of information about the various roles local government would be able to play in activating the provision of low-cost rental accommodation. The

Committee would appreciate your thoughts on the role of local government and whether the planning instruments need to be changed to further encourage the provision of low-cost rental accommodation.

Mr YULE: When this organisation was initially established, which, as I said was about 13 years ago now, there was a person within local government who held a very similar role to the role we had in developing partnerships between local government and the Government itself. The partnerships that we were dealing with in those very early days were also being offered to local government, and I would imagine that that perhaps still has potential; local government is in a position sometimes to have access to land and development and that could quite easily include rental accommodation for people on low incomes.

I would think that is worth pursuing again. I would think the changes that have been made in local government, particularly some of the more recent ones, the sort of legislation that covers development—that already covers affordable housing to some extent—if that is applied, yes, I believe that is a very good way and it probably is worth pursuing. It is currently there but I do not know to what extent it is used. Certainly in the past they have been interested, and I know we have frequently worked, particularly in regional and rural areas, in partnership with local government and the churches to bring about affordable housing.

The Hon. MICHAEL VEITCH: We have heard that the South Australian legislation has a criterion on developers to set aside 15 per cent of floor space towards low-cost accommodation.

Mr YULE: Yes.

The Hon. MICHAEL VEITCH: Do you think that sort of mandated obligation is an effective way of providing low-cost accommodation?

Mr YULE: I think it can be, yes. I think you are right. It can be a very effective way of doing that. Initially the figures in New South Wales, the percentages, have been fairly low in comparison with what has happened in other States.

The Hon. MICHAEL VEITCH: What about developer contributions and things like that? Is that another way of setting aside funds? The City West Housing project, as you would know, runs from Pyrmont and Green Square.

Mr YULE: Yes, I am familiar with it.

The Hon. MICHAEL VEITCH: Developer contributions have assisted and aided the growth of that facility.

Mr YULE: Yes. I would be very supportive of what has happened with City West. I think City West is an excellent model. I would think there is potential for that to be used throughout the greater Sydney metropolitan area particularly, but also in areas such as Newcastle and Wollongong, and probably other regional areas.

The Hon. MICHAEL VEITCH: So you think it is a model that could be replicated?

Mr YULE: I think so. I think it has been a very successful model in the way it has been done.

CHAIR: Do you think it is a model that can be put into various compartments and not necessarily rolled out as City West as it currently stands? My understanding is that it goes effectively from site selection to development, to maintenance, to management, from start to finish effectively.

Mr YULE: Yes.

CHAIR: Is there a way to replicate the City West model in, say, regional areas that do not necessarily encompass all those components but could do a bit of a Meccano set or a bit of Lego?

Mr YULE: I think the best way to do it would be to establish a company that could do that in regional areas, but then to hand the management over to a local community housing manager—somebody who has development expertise. The thing about City West is that they have excellent development expertise and they have done that role very successfully. You would need somebody to fulfil that role; however, the management

could well be local. There would be some community housing organisations that are capable of doing the development—that is one of the changes that is happening in the sector.

The church sector has had a long history of doing major developments. The aged care sector is particularly strong in the churches. The educational sector is particularly strong. When you look at some of the larger dioceses of the Catholic and Anglican churches, and when you look at the size of the Uniting Church, and even some of the smaller denominations, they have very large portfolios of housing that are aged care, very large portfolios of schools and, in some cases, hospitals. There is a range of other options that could be used for the development site of a City West once you move out of a metropolitan area to a regional area but the actual management could be handled locally.

CHAIR: Are you saying that you would not want to be replicating City West?

Mr YULE: I would not be wanting to and I do not think I would be allowed to with the churches already having in place a significant number of development facilities. I would be choosing to use those.

CHAIR: I still do not understand exactly how your title works. You mentioned that properties are handed over to you, but what does that mean?

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Mr YULE: It means they are under head lease from the Land and Housing Corporation, as far as the housing part of the company is concerned. There is another issue that you have alluded to in your questions, and I think the answer to it is what you might be looking for at the moment. There is another part of our work and that is the development of community housing partnerships between the church sector and government. This is the part of the organisation that has struggled with a lot of the developments because of the issue of title and the insistence of Housing New South Wales to retain title or have some part in the title. But the church sector has access to a large range of properties and it has particularly become evident with the National Rental Affordability Scheme that there is a lot of potential out there and there is a lot of property that is available that could be developed in partnership. Most of that now will be investigated as part of the National Rental Affordability Scheme but at the moment there is only one more round of that scheme to take place—and that is to take place later this year—but not all churches will be in and ready for that round, so to speak.

Beyond that, if it does not continue nationally, a similar model should be available at a State level because I think there is the potential to develop quite an extensive range of properties under a very similar scheme if the Australian Government does not continue it. The issue there is to do with title. The thing that is so acceptable to the churches, apart from it being financially a very workable model so far as they are concerned, is the fact that they retain title the whole way through the process. There is no encumbrance in the sense of no requirement to be tenants in common; there is no change to title. There may be caveats and mortgages placed against it but they do not lose the title. In some instances that is a problem, depending on how the title has been set up.

A lot of the church sector is established under Acts of Parliament and a lot of the church sector's properties are grants that need to be used in perpetuity, so there are some difficulties around title. That has been one of the major issues that we have had some difficulty with when attempting partnerships with the government in New South Wales and it is an issue that has been raised. It also impacts on the wider community housing sector, because without a transfer of title it makes it extremely difficult for them to borrow and further develop their properties. But that same issue applies to the church sector. I am just trying to remember—there are a significant number of churches and church agencies that are very seriously considering very desirable parcels of land for National Rental Affordability Scheme projects.

There is the potential in the future to continue that, if that product stays available. If it does not stay available, then I think the State needs to seriously look at the difficulties concerning title as they currently sit in legislation, particularly as far as Housing New South Wales is concerned. I think that would free up the sector incredibly, not only for the churches but right across the sector, and I think you would see in some ways an explosion of community housing and low-cost rental housing.

CHAIR: How would you deal with regional or local autonomy in terms of decisions being made on leveraging new properties from title? In the current economic climate that may prove disastrous.

Mr YULE: Yes, it could.

CHAIR: How do you safeguard against bad decisions being made? I can think of a couple in the Sydney metropolitan area where, unfortunately, with the best of intent they came unstuck.

Mr YULE: Yes. It would have a lot to do with the condition of the properties when they were handed over. That need would have to be taken into account. The current stock transfer program has properties being brought up to standard before they are transferred, or being brought up very quickly afterwards is my understanding. You would need to put into place some parameters. You would also need to look carefully at the areas. But if the stock transfers are primarily in larger coastal areas, I do not think you will strike any difficulties. I think the result of that will be you will end up with a number of key organisations that will choose to move elsewhere, and the issue regionally, particularly over the mountains, will not be a major issue if the Housing Association has its base, a very firm base perhaps, on the coastal fringe. Are they some of the areas you wanted to touch on?

CHAIR: I am just trying to think of the security issues in leveraging new products in a climate where one needs quite a deal of expertise. I am thinking of trying to roll things out in a regional and local area and just how far you drill down in terms of how regional and local you can get in developing these products without any overarching safeguards, be it partnership with government that would require certain safeguards before you attempted to leverage and then offsetting, obviously, concerns about that being overly bureaucratic. We want to be flexible and get things done and make things happen but, at the same time, we do not want to open up undue risk.

Mr YULE: I suppose the people I would go to for advice in these circumstances if I were facing questions like that would be the larger charities that have portfolios in the cities, on the coast and in the country regions, and just ask how they have developed over the years and how they have met those requirements. I would be clarifying those sorts of things. That is one of the directions I would go. When we operate regionally as an organisation we tend to look very closely at what portfolios exist in regional areas and who manages them. In a number of instances there are quite large church welfare-based organisations that primarily operate only in rural and regional areas.

We have talked to a number of those organisations about how they function. That sort of information has given us a good understanding of what the requirements are, and particularly how they differ, because we have listened very carefully to people in rural and regional areas because, again, we do not want to present products that are not going to work given time. That is one way. Given notice, perhaps I could respond to that better. I am sorry.

CHAIR: I am happy for you to take it on notice and get back to us with a detailed answer, if that is okay.

Mr YULE: I will see what I can do.

CHAIR: It is an area that we will be cross-examined on.

Mr YULE: Yes.

The Hon. MICHAEL VEITCH: Following on from that line of questioning, earlier today one of our witnesses spoke about the need for regional housing action plans. Over the lunch break I was exercising my mind about what that actually means. It is a nice phrase, but what does it mean and what would be some of the things you would build into a regional housing action plan that would make it work? Do you have a view about the need for a regional housing action plan and in your mind what would it look like if we were to recommend one?

Mr YULE: I suppose I will be answering your question from the perspective of the churches. We do not call them regional housing action plans but we do plans of that nature. We find where the portfolios of housing currently are.

The Hon. MICHAEL VEITCH: You do a profile?

Mr YULE: Yes, we profile an area. We look strategically at the State and work out where a regional centre could be that could manage a portfolio of housing that the churches currently own. We generally choose

not to go to a region where somebody is already meeting that need. Our regional plan is it is within two hours driving distance from where we choose to place an office. We then, as an organisation, look to the number of churches and church agencies who are working in that area, whether they provide housing or whether they provide support. We then partner with them in some way, shape or form as our model, and we share office space or we ask for an office in one of their welfare offices in regional areas.

If you were looking for similar plans, I think you would be looking for where currently there are pockets of housing, who currently manages those and what is the demand. Housing will have those figures on what the demand is in their various offices, and you would then look at who is already there, what they are doing and how you could join them, partner with them, how you can network with them. Our Newcastle office is in shared premises. Currently we are in partnership with the Housing Association in Wagga Wagga. We will share premises. We have targeted some of those areas, particularly Wagga Wagga, because we know there is a shortage of support accommodation in that area. That is how I would go about doing a targeted action plan for a regional area.

The Hon. MICHAEL VEITCH: Excuse my ignorance, but I would have assumed that the Department of Housing would have had regional action plans already. Are you aware of that?

Mr YULE: It would certainly have information about where it will be targeting its resources, yes.

The Hon. MICHAEL VEITCH: You were talking earlier about partnerships and how you like to work in partnership with government. That sort of detail would assist in developing your business case to underpin a partnership with government.

Mr YULE: Yes, we have access to the information on where their housing needs are and where the highest-need areas are. We target most of our projects to those areas. However, occasionally we discover that local knowledge can present you with a very different picture. Sometimes we have had cases where we have been able to argue that the housing portfolio needs to be increased in a particular area.

Sometimes you have local responses. If I were going to recommend that you look at one local response, the town I would choose is Blayney. I would ask you to have a look at what the Anglican Church, as the lead agency with the local community, has done with housing for the aged in Blayney. It is in the 20s: I have a feeling it may be 20 to 27 units of housing. Some of those have been funded in partnership with Housing New South Wales. Some of them are self-funded; some of them are resident funded, but they have been able to sustain a housing portfolio and retain people in the local community that they have worked in and lived in into their retirement. It is local response to a local need. It is an excellent model.

The Hon. MICHAEL VEITCH: There is a mix of arrangements there; they are not all the same.

Mr YULE: They are not necessarily all the same.

The Hon. MARIE FICARRA: When we talk about social characteristics, we want to get communities that operate well, wherever they are. In terms of income mixes or age mixes, is there a trend that you try to get away from? Is there learning that has arisen through experience of placement of certain mixtures of people or is it purely you do not have that ability because of the extreme need of the client base you are dealing with? How much flexibility do you have?

Mr YULE: It was proposed to us sometime back that we take over a block of units; I think it was 12 units, and I think it was three storeys with four on each floor. The suggestion was that we needed addicted people, we needed some sole parent families and we needed some aged housing in place. We declined to take the program on because we knew you could not put a portfolio of properties like that together. We are very familiar with what works and what does not, and our partners are very familiar and will tell us what works and what does not. One of the advantages is that at times within our portfolio we can move properties around or move the target group around and we come up with a far better ratio of client base within a particular area. We do have that information.

From the funding point of view, the three levels proposed under the National Rental Affordability Scheme was very similar to City West Housing. It does work quite well and you get a very good social mix. Sometimes from the point of view of costing, people with disabilities or people with special needs need to be clustered within reasonably close proximity. To do this we have targeted smaller blocks of units. We have one

that has only three. I would think others in the range of four to six would work but beyond that you would not want to do clustering. It does work, but it only works on a small number of properties, would be our experience.

The Hon. MARIE FICARRA: Can you explain why any cluster above six would not be preferred?

Mr YULE: Largely because of the reaction of the general public, so to speak. It becomes known as a ghetto of some nature.

CHAIR: In terms of tenant involvement, we have had some evidence that goes towards a question of the interpersonal skills of the management and the involvement of tenants in one particular place—City West. That sample may be good, bad or indifferent. I am assuming that sample is good. What does your organisation do in terms of the involvement of tenants in the management and in engendering the feeling of anticipation of ownership and the feeling of management giving some respect to the tenants?

Mr YULE: Our tenant base involves people who are already in meetings fairly regularly because of their support needs. We have difficulty in attracting tenants to participate in the running of the organisation. We have one tenant representative at board level but that person also has a managerial role. Although they are tenants, they have certain responsibilities within the properties in which they live. We have tenant involvement. Our greatest tenant involvement is in a tenant newsletter and we find that engenders a sense of ownership. The newsletter is the tenant's newsletter. It is something management provides the support for but bear in mind we are dealing with people who in some instances have multiple disabilities. That is an area in which we encourage tenant involvement.

We also use social functions quite extensively to get tenants involved. We have regular functions at Christmas time. The Melbourne Cup function is one of the most popular ones we run, so we try to get our tenants together and use that as a forum for them to tell us. We have quite extensive tenant surveys. We have a very high response rate to our tenant surveys, and we rely on that information to guide the organisation and inform the board. We do have one tenant representative on the board but at times it is a very difficult position to fill.

CHAIR: Do you have a vision that the tenants may take more of a role in the management of the premises that they occupy?

Mr YULE: I think the tenant involvement is fairly crucial to the organisation. You must listen to your tenants and get their information to run the organisation or you end up with a product that does not meet the needs of your tenants. There is a limit to doing it at board level anyway because you also have corporate responsibilities to have a skill base within the board, and that is possible sometimes with the use of tenants but not always. You would always be looking to use your tenants as much as possible and involve them as much as possible but then you have some legal requirements as well that you need to meet at a board level if you are a registered company. Yes, I think the tenant involvement is something that will develop over time and I think the portfolio impacts on that quite significantly. If you have three income ranges and you have three different levels of people involved, it is much easier to put a board together than it is where you are just targeting people particularly on low incomes with special needs.

CHAIR: Do you do any training for tenants in terms of skills development?

Mr YULE: Yes we do. We offer that training to them, and we offer them workshops and we encourage them as much as possible to take that up. We do not have a particularly high uptake of that, unfortunately.

CHAIR: Unfortunately we have run out of time. Would you like to make any final comments?

Mr YULE: No. I think I have been able to state the main aims of the organisation. I think you have listened very carefully to the problems we have had and you have questioned me on that, so I feel very satisfied that I have been listened to and that you have done your job.

CHAIR: Thank you.

The Hon. MICHAEL VEITCH: Thank you for being honest.

(The witness withdrew)

PHILIP RONALD TOLHURST, General Manager, Liverpool City Council, 1 Hoxton Park Road, Liverpool, sworn and examined, and

SIMON FOX, Manager, Community Planning, Liverpool City Council, Locked Bag 7064, Liverpool, and

MARLENE ANDRE HENRY, Coordinator, Community Development, Liverpool City Council, Locked Bag 7064, Liverpool, affirmed and examined:

CHAIR: Do you have any documents that you wish the Committee to view?

Mr TOLHURST: Just our submission.

CHAIR: I would ask you to return the questions on notice within 21 days. Is that a problem?

Mr TOLHURST: Not a problem.

CHAIR: Would you like to make some opening comments before we go to questions?

Mr TOLHURST: Yes. I would like to thank you for the opportunity to come and speak to the Committee today. For those who are not aware, Liverpool City Council is a growing council. We presently have a population of 170,000 people, and over the next 15 to 20 years we expect that to be in the order of 300,000. It is a growing population. Council undertakes social planning and therefore we are aware of some of the issues that arise in our community. Council is strictly limited by the Local Government Act in what we can and cannot do, especially in relation to the subject before us today, but it is imperative that we work with the State agencies, the formal State agencies and the other State agencies such as Landcom, to ensure that we deliver for the needs of our community. At the moment, as I mentioned, Liverpool is growing but we have very limited rental space in Liverpool.

Liverpool has always been an area where the new communities have come to. We undertake citizenship every third week at Liverpool, and between six to 80 adults plus their siblings are coming to citizenship in Liverpool, so we are growing with a high migrant population. Once upon a time they came there because we had a hospital. We still have a hospital and we still have good public transport. Unfortunately at the moment there is very little rental for all sorts of reasons. The people who own those properties and rent them out have a choice now, whereas maybe five or 10 years ago they were happy to have people come into those rental properties. Now they can be a lot more selective than they were about jobs and security and how long they have lived in Australia, et cetera. Again, I just want it recorded that those are the issues that Liverpool has before it and we are happy to work with these agencies moving forward.

CHAIR: I will open the questions by asking about the current need for affordable housing in your local government area. Is this need being met? What is the effect of the current economic climate on those needs and how are you meeting those needs? What initiatives, policies and plans does the council have in place to address the need for affordable housing?

Mr TOLHURST: Current indicators show that we have homelessness in Liverpool. The latest figures show there are 50 to 60 persons living on the streets each night in Liverpool. That has been recorded by a St Vincent de Paul patrol. That is what they see; whether there are more, that could be an issue as well. As I mentioned before, one of the biggest issues is that with the market at the moment the number of rental properties are at the lowest rates they have ever been—talking to local real estate agents, in Liverpool—so that has forced rental prices up significantly. That has therefore pushed some of these people who cannot afford the high rates onto the streets.

Mr FOX: The social indicators in Liverpool show that 14.1 per cent of households were experiencing mortgage stress, which compares with 9.3 per cent for New South Wales as a metro. In terms of rental, 28.3 per cent are experiencing rental stress compared with 25.1 per cent metro. Clearly our indicators are showing that we have a greater problem in our area than in other areas. Coupled with what Mr Tolhurst is saying, and coupled with a lot of other anecdotal evidence that we have available to us from local agencies, it tells us that we have a very large problem and one that is quite diverse. If you look at different population groups, they are experiencing it in many different ways. The rental problem that Mr Tolhurst talked about plays out very strongly for the migrant community because they have even greater trouble in accessing that small pool of rental

accommodation than other segments of the community. Depending on which way you look at it, there are lots of different issues with affordable housing and with homelessness. I think you could definitely say we have pressures on us in that regard.

Mrs HENRY: One of the things we have noticed through a lot of anecdotal evidence through local networks and local services is that there has been increasing pressure on the provision of social housing, temporary accommodation and crisis accommodation, and a lot of people, I guess, who traditionally would be using those services are those who are experiencing relative or absolute homelessness. It is not just them I guess who are coming to the doors of those services but also those who are facing repossession of their home, who cannot afford the basic rental accommodation as well. It is a whole new cycle of people who are coming through and who are experiencing very different levels of poverty, of being homeless and being without a secure home over their heads.

Mr FOX: With regard to your question about what policies and strategies we have in place, Mr Tolhurst outlined quite clearly at the beginning that council, to a large extent, is limited in its ability to respond. We certainly are mindful of affordable housing within our LEP and we try to encourage development to occur that takes account of affordability, and we support the Landcom 7.5 per cent proportion of affordable housing within new developments that they are responsible for. We also work very closely with local agencies in our area to try to tackle the problems as we see them. We do what we can do but I do not think we are necessarily going to be able to solve the problem either by ourselves or even in partnership with others unless there is a concerted effort and change and additional resources put to this.

Mr TOLHURST: Even the point of the 7.5 per cent by Landcom, they have even changed their terminology to "moderately priced" rather than "affordable". What is affordable? They have changed that terminology because they realise that what is affordable to you may not be affordable to someone else so they have changed it to "moderately priced". We were one of the first councils to adopt a new LEP under the State template. In fact I think we were the first and it was a lot of hard work, but one of the things we did put in was housing mix and even in our unit dwellings in the CBD we are ensuring that we do provide a percentage of one bedrooms and a percentage of three bedrooms now. It is fair that the industry is not real happy with that but that is what we are demanding out of the high rise so that there is a housing choice for people there. The industry likes to build all two bedrooms because that is what either sells or rents well. We need to have that housing mix and we provide that in our new LEP.

CHAIR: We are extremely impressed with and grateful for the fact that you have come in. We know councils are under extreme stress in terms of finances. However, many good things start with little things and the planning, the talking, the driving, the vision is vital and it does not cost a lot of money. Anything that we end up with will need a lot of people who are energetic and who have a vision, as opposed to necessarily just people with a lot of money. I am taking it that from being here today you believe that it can be done.

Mr TOLHURST: Absolutely.

The Hon. MARIE FICARRA: If we want to get local government more involved in the provision of affordable housing, what do you think the New South Wales Government could do to assist local government in this endeavour? Put yourselves in our shoes. We will be making Committee recommendations to Government. Is there anything that you see that could be changed, any part of the legislation—the planning legislation, for instance—that will enable you to work with providers?

Mr TOLHURST: In my opinion you have to be very careful you do not put requirements on the market, the industry. I will put on my hat of an old planner. You have to be careful that you do not initiate things that frighten people away from developing. We have gone through a great deal of work with our section 94 plan to lower our section 94 levies to try to get development to occur. I have seen some of the draft legislation that has been suggested that will make a developer provide a percentage of money. You are going back to that again. You have to provide councils with the ability to be flexible. I think that has happened with the new LEP template. You have that, and it has to be enforced. The other thing is that someone will challenge it. I guarantee that someone will challenge some of the requirements put in. We need the strength of the State to stand behind it and defend it when we do demand percentages—one, two and three bedrooms.

What I to see happen, and it is probably across a lot of realms in my role as general manager, is the agencies have got to talk to the councils. There are so many things that happen without talking to the people. You guys probably hear that we are the closest to the people. We are. We talk to people on a day-to-day basis,

whether it is at a Rotary function or a Lions function. This morning I was at a community expo. We had a large number of our Muslim community involved in putting a safety expo on for the community. As Mr Fox and I were mentioning, we are there talking to these people all the time. With the utmost respect, the agencies sometimes do not seem to think that they can talk. We do well with some agencies and not so well with others. If you are asking, that is my opinion. Also, it has got to be decision makers. Too often it is seen that just writing a letter is consultation. That can be a frightening thing. We are guilty of that as well sometimes. That is one thing we work really hard on. It is not just "I have written a letter and they have not answered. Therefore I have done my consultation."

Mr FOX: If I could add from the point of view of policy, you probably are aware that a few years ago there was a program called the Local Government and Community Housing Program [LGACHP]. That was a program that Liverpool tended to miss out on because in those days Liverpool was not seen to have an affordability issue. We were at the lower end of the market. If you needed to go somewhere to buy a house you would tend to go to the outer-western suburbs, outer south-western suburbs like Liverpool because land was relatively cheap and you could build a house out there. We did not get to do any of those demonstration projects that might have occurred in other areas. It is time to revisit from a policy sense investment in programs like that. Now that things have changed so much in Liverpool and we are no longer the affordable area that we once were and the cost of housing and land in our area is now comparable to many other areas, we need to start thinking about how we can do some demonstration projects that try to put on the ground things that we can test. I am not sure that there is anything around at the moment that we could take on as a template and use in Liverpool. There is not that little toolkit that we can grab and use. We need to go out and start experimenting with some things, but they need to be resourced and the resources need to come from State Government.

Mr TOLHURST: If the market sees that happening they will do it as well. It is like any market, the investor does not want to invest until it sees something happening. We have an unusual mix. We have the highest repossession rates, but we have the highest take up of the Federal first home owners grant. It is an interesting mix. There is very little for sale in the areas around the main parts of Liverpool under \$400,000, \$450,000 because they have been sucked up by the first homebuyers market. That has again put pressure on because people have moved into those houses. We are high on this end, but we are also high on that end. It is an interesting mix. The development entry has to see something happening. That is why often some say, "Thank God for Landcom" because they can sometimes do some of this stuff. We put some small housing mix in some of our new land release areas. I know they were told that it would not sell. It is some of the best selling stuff they have got.

The Hon. MARIE FICARRA: What is the view of Liverpool City Council on the changes that are coming with the developer contributions in relation to affordable housing, namely, the new part 5B of the Environmental Planning and Assessment Act? How do you think it will impact on your ability to provide infrastructure in developing areas? We are always hearing that infrastructure is not keeping pace with development. How do you think this new system compares with the old section 94 contributions?

Mr TOLHURST: Reading the draft legislation, I would see that many developers would not come to Liverpool. We have gone through all this work to get section 94 reduced, and now it puts another burden on them. That is my view as a general manager and being in the game a long time. I suggest that while the idea might look good on paper, it would be interesting to see what the industry thought about it. We have worked very hard, as I said, to reduce our section 94 significantly and that is by doing all sorts of wonderful things to try to get that down. I have been through some heated debates with members of the Department of Planning to get to where we are today. If it comes in it comes in. But at the end of the day I would think that you would have to look to the industry to see if they see that as another negative rather than a positive. Do you want to add anything?

Mr FOX: No, only to say that I think the intent is there but I am not sure about delivering it in that particular way. I would agree with the general manager on that.

Mrs HENRY: In respect of part 5B, if that provides an avenue for some evidence where we have examples where it can work and it is demonstrated where it could work, it could be a possibility.

The Hon. MARIE FICARRA: You do not have caravan parks?

Mr TOLHURST: No.

The Hon. MARIE FICARRA: Or boarding houses?

Mrs HENRY: We have no official boarding houses.

Mr FOX: We have one small caravan park but it is very small. As far as boarding houses go, we have some that are used as boarding houses, motels and the like, but we do not have the traditional boarding house that you have in the inner city.

Mr TOLHURST: We have a few that our building and health inspectors are visiting quite regularly, which are working unofficially. We work through those issues.

The Hon. MARIE FICARRA: When you were talking about the size of apartments or dwellings—the number of bedrooms—when you assess development applications, do you look at aspects of cohesive social housing? Is that taken into account?

Mr TOLHURST: In what framework?

The Hon. MARIE FICARRA: When you are assessing development applications.

Mr TOLHURST: In accordance with our local environmental plan you must provide outdoor space. Even the high-rise stuff in the inner city you must have outside space and things like that. The Department of Housing is not building stand-alone, which is probably a benefit—there is a mixture of tenants. We do look at that. We have also bumped up the size of our two and three bedrooms a little bit to make it a liveable area for a family. Of course, the changes in legislation a few years ago with cross-flow ventilation, et cetera, into unit design has resulted in improvements. We also at Liverpool run a design review board. We have independent people advise council on whether the design of units is not just aesthetically good but also in relation to the functionality of the unit, like Safer by Design. Everyone wanted to put landscaping around the front door but that is where someone might hide. It is very simple stuff. We have done that and we have seen a big improvement. Now with the new joint regional planning panels [JRPPs], we will still be providing that advice to the joint regional panels but it is fair to say that most of that stuff will not come through to council for assessment now that we have the JRPPs. That is fine because we will still be getting our submissions through the normal channels.

Mr FOX: I could add to that with regard to the social mix, we certainly encourage a mixture of different apartment sizes in terms of the units because they attract different kinds of people to live in them and that creates a social mix. We have done a fair bit of research on what the academics say about social mix. It is fair to say that the evidence itself is mixed. There is no conclusive evidence about what makes a good community or for that matter a good estate or even a good apartment block. We are doing our best to work out in Liverpool how it works best. It is definitely horses for courses. By that I mean we need to look at our own area and work out what the best strategy is. We are in the process of doing that right now.

Mr TOLHURST: We have 143 different nationalities in Liverpool. In real terms we have little issue between communities. As a general manager I have more issues sometimes within a community. I had one the other week within a community. But between the communities itself we have very little. In fact, they work rather well together. We support them through all sorts of programs from festivals to the safety expo today where probably five or six different groups had displays. That is the sort of thing we do about understanding it.

CHAIR: Following on from that, could you give us your thoughts on the recent developments in Middleton Grange, Cecil Gardens and Greenway Park?

Mr TOLHURST: Middleton Grange is quite interesting. Council took a brave step and went and bought all the land and put in the parks and so on from day one. We have had to borrow against our section 94 to do that. If you go to Middleton Grange you will see that the public school is operating—we talked to the Department of Education and Training—and probably out of 2,300 lots there is probably, off the top of my head, fewer than 100 people living in any of those new release areas yet. We have built the drainage reserves and the parks up-front so that people have an amenity from day one. This is the new release area. It never used to happen.

The Hon. MICHAEL VEITCH: It used to happen in reverse.

Mr TOLHURST: Exactly, the reverse. Talking about infrastructure, it is fair to say that we have outlaid in the order of \$34 million out of our section 94 pool to do that up-front.

CHAIR: Is that for the three areas?

Mr TOLHURST: No, just for Middleton Grange. What we have done there is we have given certainty to developers about drainage design. We have done the design so we do not have temporary basins or temporary road connections, all those things. If you drive through parts of Liverpool you will still see roads not connected because there is a property left. We have gone through and bought properties, and we built a bridge across to a new area that a combination of Landcom and Mirvac are selling. It is fair to say they are selling a lot faster than they ever thought they would. At the moment they are selling really well. That is an example of where we have tried to put some community infrastructure in from day one. One of the important things I see is the public school being there. It is a really big issue to have a public school from day one. That is what has happened there.

With Carnes Hill and Cecil Gardens, Cecil Gardens is still basically in the planning stage. With Carnes Hill, as I mentioned earlier, Landcom took a bit of a brave step by putting some small-lot housing in there. It is fair to say that some of the old developers around Liverpool who have been there for a long time said, "You will never sell. Everything has got to be 400, 500, 600 square metres." It has sold, it has moved on because there are couples out there who want to buy a new home and cannot have the big home from day one and are quite happy to move into a smaller home. We have got a shopping centre nearby, a Woolworths, coffee shops and playing fields and all the things that they want and it has worked. A private high school has gone in there—not public—and it is working really well.

Mr FOX: We have spoken to Landcom also about their development in Middleton Grange because they are only one of the developers. The people who have been contracted to develop for them have obviously got that 7.5 per cent requirement within it. We have had some conversations about how they might achieve that. It is still early days with those kinds of developments to see how it will unfold and what sort of look it will have in those areas, who will take them up and whether that will lead to a different social mix, and how it will impact on the affordable housing issue for that particular estate. We will have to watch that one and see how it goes. It is in the process of unfolding now.

CHAIR: Who will watch it and who will drive any change?

Mr FOX: Landcom drives that. They are the ones who have contracted, I think it is, Australand.

Mrs HENRY: Australand, yes.

Mr FOX: It is Australand who are out there. They are the ones who have got to deliver on behalf of Landcom that part of the estate. Landcom have got to monitor and manage that and make sure that Australand fulfil their contractual obligations. We are consulted about that and we talk to them about how it is going. But we are not the drivers of it.

Mr TOLHURST: I meet regularly with the general manager of Landcom every six weeks. That is one of the issues that is discussed, how are they going with it, how it is going to be delivered. It is fair to say they are still struggling with it a little bit but we will get there.

Mrs HENRY: One example where we have had those kinds of conversations is when the Middleton Grange master planning process was in place we were consulted about some of the different housing types, including the Fonzie flat style where you have the second strata over the garage. They were quite open to have those conversations and look at some of the social impacts of providing a different housing mix in a new area, to look at the implications of those and look at the different people who might come in and find there is an interest for them in terms of dwelling time.

Mr FOX: So you know the Fonzie flats?

The Hon. MARIE FICARRA: Yes, could you explain that?

Mr TOLHURST: They are on top of the garage. Some areas in Middleton Grange have rear laneways. We have gone back to rear laneways. Now we have made sure they are gun barrels so there are no hidey-holes. So, you know, safer by design. But over the garage you might have a one-bedroom flat, which could be either

for an older child or for a rent offset for people on separate strata. So there is a whole mix. Now it is fair to say that some of the, I should not say it, older developers would not even look at it, but Landcom went and saw some of the stuff that is happening in Melbourne et cetera and they have looked at it and it has been picked up. You have either got an adult child at home that you do not want particularly coming home at 3 o'clock in the morning and waking you up or you can actually sublet it and get some rent or strata it.

The Hon. MARIE FICARRA: Or you could use it for an elderly parent?

Mr TOLHURST: Or an elderly parent, yes, all those sorts of options that can be done.

CHAIR: Did Landcom consult with you about this beforehand?

Mr TOLHURST: Yes they did.

CHAIR: Are there any others in the pipeline?

Mr TOLHURST: No. The only one that is doing this sort of edge stuff is Landcom or Landcom driving through Mirvac, Australand, whoever they have got a contract with because they put that in their contract with them. They are the only ones we see. But, like I said, if it was not for them there would be nobody. But it is fair to say that once it is a success then the others will come along. One of the biggest issues we have with land release is that we have multi-lot ownership. You go to some areas of Camden where one family may own acres and acres. That is fine. But we have got three- and five-acre lots. All they are interested in is how many lots can I get out of them, how much am I going to get. They are not there for the experience. And often we are not dealing with the owners; we are dealing with their children. The owners are often elderly migrants. Their English is not good and when they come to talk to me, mum and dad sit there and say nothing and the son or daughter is saying, "Well, how much, how many lots can I get?" Yes, that is exactly right, absolutely right. But it is Landcom who have bought up parcels who have done those things to allow us to move on.

The Hon. MARIE FICARRA: Does Landcom discuss with you how it chooses the residents that go into the 7.5 affordability? How do they choose?

Mr TOLHURST: There are different models. The model they used at Blacktown, and I think you should probably talk to Landcom rather than me because I am only going by memory here, was something like if you bought the property you had to have a certain income or a lower income and you had to guarantee to stay in the property for a certain length of time, otherwise you had to buy it and sell it back to Landcom at a rate plus a certain percentage increase. That was the Blacktown model. I do not think they really have had discussions how they are going to do it in Middleton Grange.

The Hon. MARIE FICARRA: Do they have an indigenous component or a disability component?

Mr TOLHURST: You really should talk to Landcom.

The Hon. MARIE FICARRA: We should really talk to Landcom.

Mr FOX: Yes, I think so.

Mr TOLHURST: Sean O'Toole.

The Hon. MARIE FICARRA: Sean O'Toole has been around for a while.

Mr TOLHURST: Or Michael Bourke.

CHAIR: We expect to have them as witnesses on 19 June.

The Hon. MICHAEL VEITCH: In your submission you raise a point that none of the councils that provided submissions has raised, in fact no-one else has raised it. It actually is a good point that I want to tease out. In the section of your submission entitled "Capacity to deliver low-cost rental accommodation" you state:

Many social housing service providers are looking for affordable land to build housing or related services but such land is in short supply. One option could be to utilise community land in council ownership, however, it is hard to release this land for a particular purpose because community land usually has a fixed tenure of use with leases limited to 21 years.

Mr TOLHURST: And to rezone or to reclassify is a 12 to 18 months process and it takes somebody in the community to—

The Hon. MICHAEL VEITCH: Oppose it?

Mr TOLHURST: Well, yes. In theory that is a difficult thing. We are looking ourselves at the moment on a different front at a block of land that we own that we maintain nobody wants and whether we should really get rid of it. It is not so much to make money out of it; it is just better use and maintenance. But to go through that process is very hard, the way it is, and public hearings; it is not an easy process. But any lease over community land is always difficult. We do not have a lot that would be suitable but we certainly would have some. The other choice is to go and rezone it from community to operational and then to sell it and then if there were low-cost housing put in it, then you can guarantee the neighbours will—

Mr FOX: Just to add to that, one of the ideas is that there may be opportunities to utilise some community land. We have not explored this fully, so it is just an idea, but some community land that might lend itself to again a demonstration project where the type of development we put on it is acceptable within the constraints of it being community land, because you can build some things on that, and then to have, I guess, an organisation that is willing to invest. It could be a church organisation, it could be a government, NGOs, whatever, and get them to develop something again within the constraints of the lease period because, you know, it is time limited and anything that is built on community land reverts back to council after the end of the lease period. They have to accept that. The example we have of that is the karate school at Kemps Creek. We have allowed this to occur on community land and it is a one-off at this stage, but I would like to see that model explored elsewhere in other potential sites. I have not got any sites in mind. It is just one of those, you know, we would have to have a look around. We would not raise it with our community at this stage, but we put it in our submission because of the potentiality. This would lend itself well to that thing I was talking about before about the demonstration project.

Mr TOLHURST: To explain the karate school, we had a very old building in the western area of our city where we could not afford to build a new centre. The boy who operated a very successful karate school and met a need out there with keeping young people engaged and all those other things was happy to build it on our land, but it was not an easy process to go through and there were some in the community who were not happy. But he had to also guarantee that the building could be used for the public with our rates and all that stuff. It is off. It is going to happen. It was not an easy road but we got there. Everyone's needs were met and there was a bit of community land that we could not afford to build a new building on. It will come over to us in the end. We will own the building in, I forget how many years.

Mr FOX: I think it is 30 years.

Mrs HENRY: It is 30 years.

Mr TOLHURST: In 30 years it will come back to us, but we have a maintenance schedule. All those things can be done, but that is an example of a sporting or a community need that was met that we could not have met financially by ourselves.

CHAIR: It might work for a community, for the karate school or maybe a restaurant or something for which a 30-year lease is attractive to not have to buy the land, but if you are talking about housing—

Mr TOLHURST: Yes, you really have to go through the rezoning process.

Mr FOX: We would not necessarily talk about it for permanent housing, but it could be for a housing-related service. Obviously, we talked a little bit earlier about the fact that we lack some emergency accommodation, some short-term accommodation. We could potentially look at something like that to see us through this period. Who knows what the world will look like in 30 years time? It may be that a project like that assists some people now who really need it. For example, we have talked about the number of homeless people living rough on the streets. We do not have anywhere for those people to go right now. It could be something like that. The idea is not fully explored. It was just a suggestion that perhaps one of the things council can offer is land with the limitations of the community land.

CHAIR: And those ideas and visions from council do not cost money?

Mr FOX: That is right. If you can find an investor to come in with you, that is good.

CHAIR: If they are included in the mix and in the partnership with others.

Mr TOLHURST: Yes. But putting my general manager hat on, the thing that worries me most when any of these ideas comes to me is the recurrent costs. Quite often people will build something for us and they think, "Well, you're council, look after it." Then you look at the recurrent cost to run it. That is the issue we have. Anything that would have to be done would have to be with the long-term strategy of how it is going to be funded because councils over the years have adopted all sorts of things and then we will get funding from Federal or State for five years and then it is left and the community expect it to be there. It is becoming harder and harder to deal with it.

The Hon. MICHAEL VEITCH: It is the council's job to look after it.

Mr TOLHURST: That is the council's job.

Mr FOX: If anybody walked away from it we would be stuck with it. That is the problem. But if we could come in with a partnership where the construction costs were met by somebody, the maintenance and ongoing running costs were met by somebody, we have contributed the land and we have also got the community on board with it, then it is a pretty good partnership. But we do have that risk that if it fails and they walk away from it, we are stuck.

Mrs HENRY: And it also gives the guarantee that after that lease period when it does come back into the council's hands it is able to be used for future uses in many different ways. So it is not going to be a continued burden in that state that it comes back in.

Mr TOLHURST: You can build buildings these days so adaptable. Once upon a time you built them, but you can build them so things can be ripped out, the walls are not structural walls and for limited money you may turn it into a community hall or some other type of use.

The Hon. MICHAEL VEITCH: You touched on this earlier: we heard evidence about legislated or mandated percentages. South Australia, which has been mentioned quite a bit, has legislated that 15 per cent of development by space or monetary level will be set aside for low-cost affordable housing. As you said earlier, defining "low cost" is interesting. I take it from your comments that you do not support that type of prescriptive process.

Mr TOLHURST: The only thing I would say is that we would not want to see it hinder development. You really need to talk to the industry about that because they are the ones that understand the development industry. If a parcel of land comes on our CBD that is suitable for residential, they can knock out the numbers and how many units they can get and what it is going to cost them, what is the percentage—they need 20 per cent profit before it is worth doing—all that sort of stuff. In fairness, you need to talk to those more than me. I would just be concerned that we have gone through the heartache of producing section 94, to put a burden back on. And, of course, the other issue would be that it would have to be done in such a way that I imagine that there would be some developers who would say, "We're not going to do that, not in Liverpool if that's the condition" because they will not sell the other ones because they always perceive that people that live in low-cost are going to go, which is totally wrong, but that is what they perceive.

So in fairness I think that would have to go back to the industry, those people who do high-rise or do those things and let them. I was not aware that happened in South Australia. I will do a bit of research when I go back, but it will be interesting to see how they are affected. But the difference in South Australia I would see is the underlying land value is so low. The problem in New South Wales is the land price itself is so high and then you have a scale of how many units because once you put a lift in and then you are going a step further and say you will put in two lifts and a space for an open area. It is all a calculation that you really need to talk to those guys who do that all the time.

The Hon. MICHAEL VEITCH: Your comments about perception of low-cost accommodation are interesting. Do you think it is possible to have low-cost accommodation and not create pockets of disadvantage?

Mr TOLHURST: I do not know about you guys but I believe it is.

Mr FOX: Yes, of course.

Mr TOLHURST: I see no problem at all.

Mr FOX: It comes down to the planning and making sure you are thinking it through. One of the oddest examples we have of that is when Housing NSW are going to come into Liverpool and build a lot of dwellings there using the stimulus package. We want to work with them closely so that they do not create pockets of disadvantage in those new developments. If they decide to allocate those dwellings to many, many people with mental illness, for instance, and we do not have the mental health services in Liverpool to cope with that, we are clearly going to have a social problem both there in that small community and in the wider community of Liverpool. We need to work closely with Housing NSW and, as Mr Tolhurst was saying before, make sure they listen to us and talk to us when they are thinking about how they are going to, first of all, develop those sites, what sort of buildings they are going to put there and who ultimately they plan to allocate those buildings to. Otherwise they may inadvertently create a burden on the local community, and not because they are bad people but because they come with social needs that the local service sector cannot sustain. There has to be a sense of making sure the service sector is also part of that development process.

Mr TOLHURST: I also think design is a big issue. Just because it is low cost does not mean it has to be bad design. One of the issues I struggle with is people say, "Oh well, we're not going to do this." Why should they not have the same? I think that is where we have got it wrong. You should not be able to walk down the street and say, "Well, that's a low-cost house and that's not a low-cost house," that's the issue, in my view, whether it is a unit, a house or whatever, and it is about equity, you know. I think they can go side by side without a problem. It is also about not putting a tenant in there and just leaving them to their own devices. It is about having mechanisms in place to make sure that they are supported. We had the Department of Housing in recently. They are going to build this here and this there and they said, "Oh, we're going to send it to you for comment." Well, they are going to get comment from us on the design, the look, the operation before even we work out who has gone in it. If they think Liverpool council is going to sit back and just tick it because it is under the stimulus package, they are in for a shock. Whether they take any notice of us, we will wait and see, but they were a bit shocked when they saw us.

Just for your information, our average turnaround time for DAs these days is 36 days. We have got record turnaround time. We can still provide service in a very efficient way, but we certainly have got a skill base we have developed over the last few years that we can assess our applications, make sure they are of decent quality and liveable because that is the other thing. As I argue with developers all the time, you sell it and go and live on the Gold Coast. The council is here to deal with the people that are there. That is what you have got to get them to understand. We are there forever, whether it is me or some other general manager. We have to deal with the tenants who live there.

The Hon. MICHAEL VEITCH: In some countries there is no stigma attached to living in social housing; it is the norm.

Mr TOLHURST: I remember being in Thailand many years ago on a family holiday. We went along the river and saw a house that I would call palatial and the house next door was a lot less palatial. There was no stigma about that. However, there is an issue here for some reason.

Mr FOX: One of those countries used to be Australia when social housing was social housing and before it became welfare housing. When people moved to Green Valley in our area, they did so with great hopes and aspirations. The trouble was there was no transport infrastructure and no services or employment in the area. That area went downhill. Slowly but surely, the people being put in there by Housing NSW had more social problems and it became welfare housing and now we have clusters.

Mr TOLHURST: They move troublesome people from one area to another. They had a problem with a couple of families in Campbelltown and they moved them to Liverpool. Guess what we now have in Liverpool? We have a problem with a couple of families. It is that sort of situation that creates stigmatisation.

CHAIR: I get the impression that local knowledge and input from local government is vital to the success of any partnership or model that might be put in place. It is not a question of money; it is a question of the local knowledge and local input of the experts in the various local government areas.

The Hon. MICHAEL VEITCH: You clearly have a role to play.

CHAIR: Without the local expert knowledge and input that will make any vision put in place work or not; it appears that council input is fundamental. That is a question. I am not allowed to prejudge. Is that right?

Mr TOLHURST: It is right, but I have a problem with the word "expert". We are not experts in the field, but we do have knowledge to bring to the table. The old synergy is that a group of people with a little bit of knowledge coming together will get a better result than someone on their own. I agree with what you said, but "expert" is a difficult term. We do have knowledge in our own community about what may or may not work and the challenges.

Mr FOX: I think that is fair to say. The essential point is that we have vital knowledge for the process and every agency that wants to be a party to solving this needs to work with local government. We also cannot discount money from the issue. It is not just about local knowledge. There are resources that need to be put into this. It is just a question of how those resources are targeted.

CHAIR: That is another issue. It will not work without resources. Correct me if I am wrong, but you seem to be saying that you do not have the resources and that local council will not resource this.

Mr TOLHURST: That is right.

CHAIR: But I am hearing that local knowledge is vital to the success of any project and the council can provide that. You are not shying away from giving your thoughts.

Mr TOLHURST: Not at all.

Mr FOX: No.

The Hon. MARIE FICARRA: I refer to the joint regional planning panels and whether we have had enough experience with them as yet. Do you have any thoughts about those panels in terms of your local expertise, your input and whether it is listened to or acted upon?

Mr TOLHURST: It is fair to say that everyone is learning how the panels will work. There is no reason that they will not work. The process is no different from any development application process. Councils can choose to listen to the advice or not. That is not the issue. The issue is people having a chance to have their say. I tell people who come racing to me yelling that the sky is falling in that we should let it go for 12 months, review it and see how it goes. I do not see it as a bad thing. The hardest thing will be selecting the three State representatives. That is the challenge as far as I am concerned. That is an old planner talking, but I do not think there is anything wrong with the concept of the joint regional planning panels. They are still teasing out issues such as appeals and whether industrial buildings are in or out. I do not know why industrial buildings would be dealt with by a joint regional planning panel. They are technical issues that will be sorted out over time.

CHAIR: If you were writing the report, what would you recommend?

Mr TOLHURST: The agencies have to work with and talk to local councils and they have to fund it in a way that will give real and meaningful outcomes. That is the issue they have to deal with. I am the first one to say, "Don't have a meeting for the sake of having a meeting." However, we need real movers and shakers who can make decisions at a high level so that these things can happen.

Mr FOX: You are grappling with a diverse problem and it needs a diversity of solutions. There will not be one solution. You will need to try a lot of different things. Trying them locally with local council support is the way to go. Coming to the table and talking to us about what we can do locally is the right approach. It may well be that different approaches are required in different areas.

Mrs HENRY: It cannot be a one-size-fits-all solution. It has to be particular to each local government area.

CHAIR: Those comments seem universal across a host of different inquiries in which we have been involved. Thank you for appearing at this hearing.

Mr TOLHURST: Thank you for the opportunity.

(The witnesses withdrew)

(The Committee adjourned at 2.50 p.m.)