

CORRECTED

REPORT OF PROCEEDINGS BEFORE

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

INQUIRY INTO SOCIAL, PUBLIC AND AFFORDABLE HOUSING

At Sydney on Thursday 13 March 2014

The Committee met at 10.15 a.m.

PRESENT

The Hon. P. Green (Chair)

The Hon. J. Barham (Deputy Chair)

The Hon. R. H. Colless

The Hon. S. Cotsis

The Hon. M. R. Mason-Cox

The Hon. G. S. Pearce

The Hon. P. T. Primrose

CHAIR: Good morning and welcome, everyone, to the first public hearing of the Select Committee on Social, Public and Affordable Housing. The inquiry is examining issues of significance regarding social, public and affordable housing in New South Wales. Before we commence, I would like to acknowledge the Gadigal people, who are the traditional custodians of this land. I would also like to pay my respects to the elders, past and present, of the Eora nation and extend that respect to any Aboriginal people who may be present with us here today. Today we will hear from representatives of the St Vincent de Paul Society of New South Wales, the New South Wales Federation of Housing Associations, Shelter New South Wales, the Council of Social Service of New South Wales and Marrickville Council. We will also hear from a number of government agencies, including Housing New South Wales, the New South Wales Land and Housing Corporation, and the Planning Strategies, Housing and Infrastructure branch of the Department of Planning and Infrastructure New South Wales.

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

There may be some questions asked today which witnesses could only answer if they had more time or had certain documents to hand. In these circumstances, witnesses are advised that they can take these questions on notice and provide an answer within 21 days. I remind everyone here today that Committee hearings are not intended to provide a forum for people to make adverse reflections about others under the protection of parliamentary privilege. I therefore request that witnesses focus on the issues raised by the inquiry terms of reference and avoid naming individuals unnecessarily. Witnesses are advised that any messages to them from their staff should be delivered through members of the Committee secretariat. Finally, I remind everyone to turn off their mobile phones—we do not mind if it is on silent but we do not want it to interfere with the proceedings.

CORRECTED

KATIE FLORANCE, Project Officer, Vincentian House, St Vincent de Paul Society of New South Wales, affirmed and examined:

PETER MCNAMARA, Vice President, New South Wales State Council, St Vincent de Paul Society of New South Wales, and

BRIAN MURNANE, Chief Executive Officer, Amelie Housing, St Vincent de Paul Society of New South Wales, sworn and examined:

CHAIR: I welcome witnesses from the St Vincent de Paul Society of New South Wales. Would anyone like to make an opening statement?

Mr McNAMARA: My name is Peter McNamara. I am a Vice President of the State Council of the St Vincent de Paul Society of New South Wales. I am also the chair of our social justice committee, which has prioritised housing as a key issue. Ray Reynolds, President of the State Council of the St Vincent de Paul Society of New South Wales, is in the audience here today and so are some of the 16,000 other St Vincent de Paul Society members and volunteers. Here with me also is Brian Murnane, Chief Executive Officer of Amelie Housing. He will talk about our recommendations and answer questions about housing issues. We also have here with us Katie Florance, Project Officer from Vincentian House. Katie will answer any questions about the case studies.

Every day, members of the St Vincent de Paul Society visit almost 600 people in crisis; and, every day, unaffordable housing is the most common reason that people seek assistance. It is not always the presenting reason. The need to pay for food, an electricity bill or a medical bill, or just to have someone to talk to, may be the reason why they have come to us—but the underlying reason itself is the high cost of housing. We know this because we have members working in over 420 communities across the State. Last year we distributed over \$17 million in financial assistance to people in crisis. Much of this assistance is linked to countering unaffordable rents. This does not just affect people on very low incomes, like those on Centrelink benefits; unaffordable rents also affect workers on low to moderate incomes, as the case studies show. Our members do not simply distribute financial assistance, as critical as that is; they have ongoing relationships with the individuals and families they assist. They walk alongside people who are experiencing hardship and connect personally with them.

In addition to our extensive network of members and volunteers, we have 98 special works including homelessness services which deliver wrap-around support for people who are experiencing or at risk of homelessness. We also have mental health, disability, community engagement and other services. The many challenges that lower income people face in accessing good housing are well documented. The private rental market is just not meeting their housing needs. Our experience backs this up. The St Vincent de Paul Society is keen to be part of the solution and we want to put our own resources on the table. One of our recommendations calls for more funding to increase the supply of social and affordable housing.

We have now set up Amelie Housing, a tier 2 community housing provider under the national regulatory system. Amelie Housing is in a unique position. We have members working across New South Wales in our local communities to help prevent homelessness. We have the specialist expertise in our homelessness services, whose work includes helping people to sustain their tenancies, and we have land and buildings which we can use to build more housing for people in need. But the community housing sector faces barriers to expanding its stock. One of our solutions is the large-scale transfer of the management of tenanted public housing dwellings to community housing providers with long-term leases. We can then leverage against the rents to develop more housing. Our recommendations are all about improving access to safe, secure, affordable and well-located housing. This is vital for helping people to escape cycles of disadvantage and homelessness and also means better outcomes in areas such as health, education, employment and community inclusion.

CHAIR: Thank you. I have just one quick question. In terms of the land and buildings you have available, are they in any particular zones or are we talking right across New South Wales?

Mr MURNANE: It is right across New South Wales. We have approximately 900 properties scattered around the State. Our plan is to do a review of all of these properties to assess their development potential for social and affordable housing.

The Hon. SOPHIE COTSIS: Thank you very much for your presentation, Mr McNamara. I was going through the submission from the St Vincent de Paul Society. The case studies that you present are quite shocking but then again I guess that is what is currently happening across New South Wales—there is an undersupply of housing. This Government has sold some properties. Can you elaborate further on the work of Amelie Housing and whether you have put a proposal to the New South Wales Government?

Mr MURNANE: Amelie Housing is a housing company set up in 2012 by the society. The society has been involved in the provision of housing here for many decades but not in a formalised sense. So we formally established the company in 2012. Then last year we put a proposal to the New South Wales Government for the transfer of about 1,000 properties spread across the State. The reason why we need 1,000 properties is that that is the number generally that you need for a housing company to be financially viable. Whilst the society was prepared to put many of its properties under the management of the housing company, managing 300, 400 or 500 properties is never going to be financially sustainable. So we wanted to establish a sustainable housing company. We would then turn our attention to assessing the development potential of many of our sites around the State, and we have already started that work.

The Hon. SOPHIE COTSIS: And obviously you have a business case?

Mr MURNANE: Yes, we do indeed. We have just completed a strategic plan looking out to 2019.

The Hon. SOPHIE COTSIS: You state in your submission that your members provided 218,000 visits to people in crisis. Do you have a statistical breakdown of how many of those visits were repeat visits?

Ms FLORANCE: I do not have any breakdown of that sort with me. I do have the data divided into home visits and visits to other settings, and the other settings include prisons, hospitals, nursing homes and other environments.

The Hon. SOPHIE COTSIS: When people are in crisis and come to you for support, do they come to you first or have they already sought the support of government services? What I am finding is that there is such a lack of responsiveness from certain government agencies that you have tenants or people in crisis come to the non-government sector and then have to repeat their stories again. They are in a very vulnerable situation. What are you finding?

Ms FLORANCE: From my research undertaken in preparing the case studies, I think it is a real mixture. A lot of the case studies are about people who are suffering in the private rental market so they are not public housing tenants, although of course we receive calls for assistance from many of those tenants as well.

The Hon. SOPHIE COTSIS: For those people suffering rental stress in the private market, is it about a combination of factors such as unemployment and injury? I know you have set out a whole lot of case studies, but what are the major factors that you are coming across?

Ms FLORANCE: Fundamentally it is about poverty, and the lack of affordable housing supply exacerbates poverty in all of its different forms. As Peter mentioned, people may come to us for assistance on the basis of just wanting someone to talk to. They may have a medical bill that they cannot pay or they may be afraid that they are going to have to move house because the rent is now unaffordable and worried about the impact of changing schools on their child. But when you drill down, it comes down to unaffordable rents for lower income households.

The Hon. SOPHIE COTSIS: I just want to take you back to the issue of Amelie Housing. At the moment that is operating?

Mr MURNANE: Yes, it is operating. It has been operating for about 12 months. Under the national regulatory code it is a tier 2 community housing provider. We expect that it will probably become a tier 1 provider once we start to get into development.

The Hon. SOPHIE COTSIS: And how many people do you house?

Mr MURNANE: We have only just started to take on the management of properties in the last month. We are currently managing about 150 properties, but 100 of those are in the Australian Capital Territory and so we are only managing 50 here in Sydney. So there would be 50 households that we are currently managing in

CORRECTED

Sydney. But we expect that by December of this year we will probably be managing around 500 properties. We are taking them on at the rate of about 40 to 50 properties a month.

The Hon. SOPHIE COTSIS: When you are talking about managing properties are they being transferred from the State Government?

Mr MURNANE: There are some government properties in those. They are not mainstream public housing they are properties that the society has had arrangements with Housing NSW for some years and it is a mixture of those properties as well as our own properties.

The Hon. SOPHIE COTSIS: Are they long-term tenants that stay there?

Mr MURNANE: Yes, they are—the majority of them. There is some transitional housing but the vast majority of the properties that are coming over will be long term. There is a major reform happening in the homeless sector and the society has tendered for 39 packages across the State, I think, and those 39 packages involve about 350 additional units of housing or dwellings for transitional housing. So we would expect, given that we are a major player in the homeless scene, we would probably pick up a reasonable amount of that housing stock.

The Hon. SOPHIE COTSIS: In terms of the wraparound services, the support services that you provide, can you provide a case study, for example, in terms of crisis accommodation? I was reading in your case studies where you have women and children who have to move out of the private rental sector into support. How does that work in terms of support services?

Ms FLORANCE: In terms of how the new homelessness services are going to be delivered from the beginning of July, what the society intends to do is to have mobile case management teams so that if someone is homeless and is referred to a crisis accommodation service and then if they are able to access long-term housing either in the private rental market or with a community housing provider, that same case manager would be mobile and be able to follow them and continue to support them.

The Hon. SOPHIE COTSIS: So they have a case manager who looks after them from the time they arrive to you and then you move them into crisis accommodation and then other accommodation?

Mr MURNANE: Yes.

The Hon. SOPHIE COTSIS: Do you work closely with the local New South Wales housing department?

Mr MURNANE: Absolutely.

The Hon. SOPHIE COTSIS: Can you explain how that works?

Mr MURNANE: Right across the State we have good working relationships with Housing NSW staff on the ground advocating to get people into Housing NSW properties—maybe people who have been evicted from the private market or it could be someone transitioning from one of our homeless services into a Housing NSW property, and not only Housing NSW but other community housing providers. In many cases the society has been able to arrange with either Housing NSW or other community housing providers nomination rights where we would transfer a family or an individual from one of our homeless facilities into housing and we would provide support services to maintain them in that tenancy for maybe six, 12 months or however long it takes.

The Hon. PETER PRIMROSE: In relation to your recommendation 6, and you may wish to take this on notice, could you elaborate on perhaps a number of the agencies that you would like to see included in that advisory committee that you recommended?

Mr MURNANE: Before I get into number 6, we have had another look at this and, with the benefit of hindsight, we would like to make another recommendation which sort of leads into recommendation 6.

CHAIR: Feel free to.

Mr MURNANE: It seems glaringly obvious after the event, but the recommendation is that we suggest the Government appoint a Minister for Housing as a Minister assisting the Minister for Family and Community Services. This is not a criticism of the current Minister—

The Hon. SOPHIE COTSIS: You will get that from the Labor Party.

Mr MURNANE: Maybe, but I am looking at the reality that the Minister is heading up children's services, which is a huge piece of work in its own right; she has taken on the reform of the homeless sector, which is another huge piece of work. If we are ever going to address the issues raised in the Auditor-General's report there needs to be someone in government who is driving the Housing portfolio. So our recommendation is that there is a Minister assisting the Minister for Family and Community Services, with key responsibility for housing, and then that Minister is supported by a community housing advisory committee. That committee could be made up—as it has in the past—of representatives from the community housing sector, from the finance sector, from government and from the church sector, because the St Vincent de Paul Society is part of the broader church sector and I would commend the church's community housing recommendation paper to you as well; I think it is submission 92. The church sector is making its land available.

We are not saying to government "All the responsibility is on you"; we are prepared to make a contribution to it as well. But if that is going to work effectively there needs to be clear communication and liaison between government and the sector, and the way to do that, I think, is through a very effective community housing advisory committee. It was the community housing advisory committee that in the past developed the Planning for the Future document, and that document outlined the growth of the community housing sector to grow from 13,000 to 30,000 units of under management. It worked in partnership with Housing NSW and the Minister to develop, but, more importantly, both the community housing sector and the church's housing sector as well.

The Hon. PETER PRIMROSE: It is an exceptional new recommendation and one that I hope we would support but could you take on notice the substance of the original question just in terms of which agencies you would like to see?

Mr MURNANE: Absolutely.

The Hon. RICK COLLESS: Thank you for your very comprehensive submission. I refer to an issue that appeared before me as I was going through the case studies. You make the comment in case study 2 about the occupants that were living in an illegal type of accommodation that had not been approved and so on, and they were from Sudan, Sierra Leone, Lebanon and so on. Is there any evidence that any of the people who are living like that—where obviously the landlords are taking considerable advantage of disadvantaged people—are illegal immigrants? If they are, do those potential landlords take greater advantage of them, given that they are a more disadvantaged group than some other people?

Ms FLORANCE: I did not have any evidence of that from the background information I had on that case study, no. But I think just generally people with poor English skills are much more vulnerable in trying to access good housing and to negotiate for their rights.

The Hon. RICK COLLESS: The term "affordable housing" has been bandied around a lot. Can you tell us what the gap or the nexus is between social housing eligibility and what you would call affordable housing?

Ms FLORANCE: In terms of income?

The Hon. RICK COLLESS: Yes, but it is not only income. If people are paying more than that 30 per cent of income does that mean that the housing they have is not affordable?

Ms FLORANCE: I think it can be quite confusing because the term "affordable housing" is used in many ways; it can be used to refer to how affordable anyone's housing is, regardless of income. When you look at housing stress how we have used the term is that we focus on lower-income households who are in the bottom 40 per cent, who pay more than 30 per cent of their income on housing. The term "affordable housing" can also be used to refer to affordable home ownership, but the society's main focus is helping people who are doing it toughest, and they are in the private rental market; they are the ones that are not accessing subsidised housing in the form of social housing.

The Hon. RICK COLLESS: In the case of the Hawkesbury case study—three that you have talked about—your opening statement says "Households may have incomes that are too high for social housing eligibility yet too low to enable them to access adequate accommodation in the private rental market. How do you determine what that social housing eligibility is?"

Ms FLORANCE: That depends on the community housing provider as to their eligibility.

Mr MURNANE: The limits are set by Housing NSW or maybe from the government, I am not too sure. But I think the cut-off limit for social housing is around \$40,000.

The Hon. RICK COLLESS: So there is a dollar limit on—

Mr MURNANE: Yes, there is a dollar limit. To be eligible people must be under that limit.

The Hon. RICK COLLESS: Under that \$40,000.

The Hon. GREG PEARCE: Just looking at page 13 of your submission, you have summarised quite neatly for us the numbers coming out of various reports, including the Auditor-General's report and the current waiting list of about 57,500 applicants. What is apparent from these numbers, and they are very important as part of the background, is that, according to Housing NSW, only 44 per cent of need is being met currently. It seems to me that this problem has been developing for a long, long time. You have been around for a long, long time, can you give us a bit of a sense of what has happened, how we have got to this position? It has not happened in the last six weeks.

Mr MURNANE: No, it certainly has not. I think you are correct; it has been a trend that has been happening over many years. I have been around the community housing sector for 30 years and it was a problem then and it seems to have got worse. When I first came into the housing scene in the seventies we were able to take a person off the street, get them from a refuge into a Department of Housing house within about 14 days and try and line them up with a job as well. But by 1981 and 1982 that changed and I think the problem has got significantly worse as time has gone by since that time. But it was a problem in the early eighties—that is when I first noticed it anyhow.

The Hon. GREG PEARCE: On page 19 you talk about maintenance and so on and note that "the Land and Housing Corporation estimated in 2010-11 that between 30 and 40 per cent of its properties are poorly maintained". Again, that has clearly developed over a significant period of time.

Mr MURNANE: It has, yes. The problem is that Housing NSW has never been able to get sufficient funding to get on top of all of their backlog maintenance.

The Hon. GREG PEARCE: I guess the key thing I gained from your presentation was that your proposal is for management of public housing by your sector rather than title transfer, which was what was looked at in the past, provided you get a longer term that makes it viable.

Mr MURNANE: Yes. I do not see any problem with transferring management so long as that management is associated with a long-term lease, and we have suggested a minimum of 25 years. In the ideal world we would probably have title but the reality is that that is probably not going to happen. So the next best option for us is a longer-term lease with tenancy management.

The Hon. GREG PEARCE: The vice president mentioned that part of the outcome that you would expect of that is that you would be able to leverage and build new or additional properties?

Mr MURNANE: Yes.

The Hon. GREG PEARCE: To me that is the nub of where the problem has been over the past few years in that there were very grand expectations for the leveraging that would occur by community housing providers which have not been met. What is your view on what is sustainable and manageable in leveraging if Sydney link properties were transferred?

Mr MURNANE: From the perspective of St Vincent de Paul, if we have the management of the properties we have to meet all the requirements as registered community housing providers have 40-year maintenance plans, or at least a 10-year maintenance plan for every property that we are able to fund. Because we currently are entitled—and I certainly hope it continues—to Commonwealth rent assistance, all our tenants are eligible for Commonwealth rent assistance. The additional funding that that provides us with, or the additional income streams, means that we would be able to leverage off those income streams to borrow against those income streams to be able to build on our land. So the church sector in general, but particularly our organisation, has the advantage that we have access to land. If we can get a long-term income stream that we can borrow against we are able to build on our land. So that is the key thing that we want to do to be able to increase the supply.

The Hon. GREG PEARCE: You bring the land which is great but you just said you depended on a higher revenue stream than is available from the straight housing supplement that New South Wales provides to its own tenants?

Mr MURNANE: It is.

The Hon. GREG PEARCE: You are expecting the NRAS?

Mr MURNANE: I would like to get NRAS and the continuation of CRA. In an ideal world we would have both. But even if we did not have that the margins are considerably reduced. But if we can get even a longer term lease on considerably reduced margins we can still borrow against those income streams but not to the extent that we would currently be able to.

The Hon. GREG PEARCE: It is quite a difficult exercise. I think I heard you on the radio a couple of weeks ago talking about Claymore.

Mr MURNANE: Yes.

The Hon. GREG PEARCE: Would you tell the Committee a little more about your experience of what has happened at Claymore over the years which has been going on for decades.

Mr MURNANE: I would be happy to. I was involved in Claymore, along with Peter, when the estate was being planned through St Vincent de Paul. I always thought it was an opportunity if we were able to get good management in there to do something about the management of the estate. In 1995 I was given the opportunity in my role with Argyle Community Housing. Following a tragic fire there Housing NSW invited Argyle to go in a manage the Proctor Way precinct which has about 80 houses. In that precinct there was an average of 60 police incidents a month and there were 25 vacant houses.

We looked at the opportunity and I convinced my board that the worst thing that could happen had already happened in that five people had died. We thought that by having a slightly different management approach we could make a difference. We went in there and within 12 months the crime figures had gone from 60 a month down to none—we had no crime. The streets were cleaned. The way it really worked was that we got the residents involved in the management process because we were under the impression that if we pulled out what would happen? How would it be sustainable? The only way that it was sustainable was if the people who lived there took ownership of the process.

We involved the people and they were able to clean up the streets, get rid of the graffiti, reduce the crime, capture some of the funding that was being put into the estate through government projects for maintenance, lawn mowing and those sorts of things. We captured some of that funding and reinvested it into job creation programs on the estate. Argyle is still there today. We took on the three worst streets in Claymore, Proctor Way, Preston Way and Sylvanna Way. Argyle is still working there today and it has been a success.

The Hon. GREG PEARCE: Some good lessons.

CHAIR: We might note that later in the inquiry. Will you tell the Committee about some of your frustrations with the system? What are the frustrations?

Mr MURNANE: The easy one is the blockages in the system.

CHAIR: What are they? We want to know what they are.

Mr MURNANE: I think it is about communication. We all agree that there is a huge need out there for housing but for a long time the church sector has been there working in its corner and the government is in its corner. We need to get together. It is not a problem that the government can solve and it is not a problem that the church sector can solve; we need to be working together. It gets back to Peter's point about this Community Housing Advisory Committee or some form of committee where we can work with government to pool our resources. It is those sorts of blockages that are there. It is just the frustrations about not being able to get together and work together.

CHAIR: You have been in the system since 1970?

Mr MURNANE: Yes.

CHAIR: Are you suggesting that for quite a few years no-one has put together an advisory committee to work through this?

Mr MURNANE: They have. There have been numerous attempts. There are all these silo effects of government working with government. You can have a community housing advisory committee working really well. A classic example of that was Planning for the Future which worked really well but then there is Juvenile Justice and all the other people working on the estates. One of the things that we had to do on the estates was to bring in police just to be able to work with them. The police are saying, "You are not government; we cannot work with you." It is just about sharing intelligence. It is about us making houses available to the police to do surveillance. It was all those sorts of things that took an enormous amount of our time working on the estates to get all the government agencies and the community agencies working together.

If you look at any of the public housing estates you will see that a lot of money has been put into those estates. But you will have the not-for-profit sector or the community sector working over here and Housing, Juvenile Justice and Education all doing their own thing but there is little coordination and planning.

CHAIR: I am sure that in the past there was a housing Minister.

Mr MURNANE: Yes.

CHAIR: As opposed to not having a housing Minister. Why were those issues not dealt with if it had the speciality of a Minister in that portfolio?

Mr MURNANE: I get back to this thing about government departments working in silos. I think now at least having Community Services, Aboriginal Housing and Housing under one Minister is a good idea as you get coordination. The reality is that I think it is just too much work for one Minister. I think housing is a huge problem and it needs a whole coordinated approach.

CHAIR: What are some other very clear barriers that stop you from producing at the level that you probably could that we can deal with in this inquiry? For instance, you mentioned that you had 900 properties and that you are auditing those properties to see if there is a higher opportunity there. Can government play a part in that to help quicken that process to get the outcomes?

Mr MURNANE: We have suggested a development fund that we could apply to. If we have got the land we then have to borrow money from the financial sector and leverage our income streams or we can borrow government money or get a grant from government. Over the years society has entered into a whole range of arrangements with government but they have been on a piecemeal approach. For example, we have used government money to build housing on society-owned land and we have entered into an amortisation plan where there is a government component. We have used our money to build on government land and in some cases we have done projects where we end up as tenants in common. But they are all piecemeal; there is no coordinated approach. They are just piecemeal and one-off when you get an opportunity.

The Hon. JAN BARHAM: I want to follow up on the relationships that you have workings across all the issues. Have you worked with local government at that local level?

Mr MURNANE: I have in my other role in Argyle. For example, I took over the management of all Housing NSW properties in the Southern Highlands. I then went along to the general manager of Wingecarribee shire and I said to him, "Do you realise that I am now your largest residential ratepayer?" He looked a bit shocked and the first thing he asked me was, "Can you afford to pay your rates?" I assured him of that. At that time Wingecarribee shire wanted to do something about an inland port and hospitality. I said to him, "The very people that you want to employ cannot afford to live in this shire. Nineteen per cent of your workforce already lives outside the shire." I asked them to do a survey of all their land, and if they had any spare bits of land left over would they give it to us, which they did. The upshot of that is that they gave us about six serviced blocks and we built affordable housing on that. But they also said to other developers in the area, "Any concessions that you give Argyle we are prepared to give you concessions for other developments."

The Hon. JAN BARHAM: What do you mean by concessions?

Mr MURNANE: Planning concessions. It had a great effect in that a developer came to us and said, "I have seven blocks of land. If you buy six at \$40,000 below the sworn valuation I will give you the seventh block in East Bowral for \$1", which he did. He gave us the six blocks at a \$40,000 discount per block. He then negotiated some concessions because he was able to take that along to council and then negotiate concessions for another development that he wanted to do. However, the council then ran into financial difficulties and that project came to a grinding halt. But the upshot of it is that we built the six from council plus the seventh and eighth that we got from the developer.

The Hon. JAN BARHAM: And with council's contribution does that deliver an in perpetuity affordable housing project?

Mr MURNANE: Absolutely.

The Hon. JAN BARHAM: Could that model be expanded?

Mr MURNANE: Yes, could. Housing NSW had been there for 50 years but the council never offered it to Housing NSW. But it was prepared to give its land to a community organisation. I think that is just another example of the benefits that can be derived from community housing providers.

The Hon. JAN BARHAM: Despite the fact that this is a housing inquiry, I think you are right; it is very much about disadvantage and vulnerability and wraparound services. In relation to the people that you are trying support do you have a prioritisation for someone fleeing domestic violence, someone with disabilities or someone desperately in need of housing? Are you able to accommodate them?

Mr MURNANE: When we are allocating housing for people, particularly if it is government property, we have to meet Housing NSW allocation criteria. But in our own properties we can put people in there who are just over the income limits or over the income that would not qualify for Housing NSW properties or give them priority. We might have a woman escaping domestic violence who lives in a private home but who is not eligible for or is not on the waiting list so we can give her absolute priority.

The Hon. JAN BARHAM: And that does not disadvantage you in any of the other opportunities that present through your relationship with government?

Mr MURNANE: No, it does not, because we are able to separately manage it.

The Hon. JAN BARHAM: You mentioned the Claymore experience and there was uplift back to working with people and building pride. Is that a success story that should be rolled out elsewhere to encourage people? Rather than waiting for someone to come and fix the window you skill people to do that and build that pride within a community?

Mr MURNANE: In about 1999 Housing NSW came and had a look at what we had done. A lot of work in Claymore could not have been done without the support of the local Housing NSW staff. In a document called "Home and housed" they documented what we had done in Claymore to make it work, which was okay. The concern I have is if you say, "Here is a model and it really works" people will take that model and spread it across the State. I have a concern with that. The model that was developed in Claymore was a response to the needs of that community. I think in general terms the Claymore model is very good because we then took it to Airds Bradbury and it had a similar effect there. But it has to be very much responsive to the needs—

The Hon. JAN BARHAM: —Localised?

Mr MURNANE: Localised, yes. Again, to make it work I think it is very dependent upon a particular type of staff that you employ.

The Hon. JAN BARHAM: I totally agree. Working at that grass roots level in local government, homelessness is a big issue that does not seem to be getting better; we are seeing those numbers increase. My experience working with St Vincent's de Paul and the Salvation Army is that providing a support service centre through local government, the community sector and those organisations as a transition to housing at least provides opportunities. Do you have other examples that work well when you cannot put a roof over someone's head but you can help that person in other ways?

Ms FLORANCE: One example is the society's Ozanam Learning Centre in Woolloomooloo, which is an educational and activities centre. That service is open to everyone and it includes people who are rough sleeping in the local area, people living in insecure accommodation settings like boarding houses and social housing tenants. It includes former residents of crisis accommodation services such as Matthew Talbot hostel, Woolloomooloo, and Vincentian House, Surry Hills. It is another way of providing support to people because it is very welcoming but people have the opportunity to connect with qualified caseworkers on site who can build relationships and trust. It is a big thing to build trust with people who may be totally socially isolated. That is another approach to supporting people in housing and from there the case managers are able to connect people to other services as well as to a specific case manager who is able to provide ongoing support.

The Hon. JAN BARHAM: Do you have any evaluation of how successful that has been in connecting people and then finding housing?

Ms FLORANCE: I do not have any data.

CHAIR: We could spend all morning listening to you and searching for further answers. Hopefully your testimony this morning will be reflected in the report and the recommendations. Thank you once again for what you and your organisation do, particularly for the most vulnerable. We appreciate it. I am sure that the legacy in which you are investing is not only worthwhile but also is a gift that keeps on being given. Thank for your presentation this morning. If you took any questions on notice you have 21 days to reply. The secretariat will contact you in relation to the questions that you have taken on notice.

(The witnesses withdrew)

LUCY BURGMANN, Chief Executive Officer, NSW Federation of Housing Associations, and

JOHN NICOLADES, Chairperson, NSW Federation of Housing Associations, affirmed and examined:

CHAIR: Welcome to the inquiry. Would anyone like to make an opening statement?

Dr BURGMANN: I will but I will keep it brief. I am confident you have seen the submission we submitted. By way of very brief background the community housing industry, for which we are the representative organisation, has been a feature of the housing system for over 30 years in New South Wales. Community housing has been around for over 30 years. From fairly small and local beginnings it has grown to be a national industry and the New South Wales part of that is a very strong part of the industry with a great capacity to provide high quality and cost-effective tenancies and property management services right across the spectrum of tenants—from very vulnerable people to low and moderate income people who are seeking some assistance with the very unaffordable housing market.

These are professional community-based organisations, well managed and governed by skills-based boards. They are well regulated. For a number of years we have had an independent regulation system in New South Wales which has just gone national and it is a robust system. The organisations are social enterprises that balance their community connections and their sense of purpose with being enterprises in their own right. They are a tremendous resource to the people of New South Wales and, indeed, to the government of New South Wales. I realise that the Auditor-General's recent report is an obvious point of reference to this Committee. The situation that is faced by public housing, which is outlined there by the Auditor-General, is not unique to New South Wales and it has not happened overnight; it is a couple of decades in the making.

Public housing authorities all around the country are in similar situations. I want to highlight that the housing affordability problem goes well beyond the problem that is faced within public housing. Just by way of illustration, it is not just the long waiting lists for social housing and the general slow reduction in property numbers in public housing that demonstrates that we have a problem with housing affordability; it is also that people who are waged, people on moderate incomes, people on ordinary wages find it very difficult to live affordably anywhere within reach of the jobs that they have or would like to have. That gives you a sense of scale of the problem.

Community housing is well placed to respond across the range of the housing affordability problem. It is not just for people on very low incomes, people who are vulnerable or people who would be eligible for social housing, but also for people who are perhaps on moderate incomes and need a different kind of assistance, perhaps a less permanent kind of assistance, to give them a hand in the private rental market. We are already making a difference and I believe that the industry has a capacity to do much more. That is what we are seeking in all of our engagement with the State and Federal governments. We want to engage on policy settings and on funding settings so that community housing can be engaged to play an even greater role in addressing the housing affordability crisis. I use the word "crisis" with a bit of care but the scale of the problem suggests that that is the right term.

You will have seen in our submission that we have a number of proposals that we have put to the inquiry and those are the sorts of things we are talking to the government about separately as well. We would be seeking support by way of additional property transfers from public to community housing to see what difference a greater opportunity there can make. We are seeking growth funding, acknowledging that community housing is the part of the system that is able to grow social housing by leveraging more funds. And we are seeking title and we are really keen to talk to government about the way in which title or greater control of the asset as it is transferred can be granted to community housing that balances government's legitimate right to retain control and decision-making power over something that is a public asset but that gives enough control to community organisations so that those organisations can attract private finance and leverage and maximise the outcome.

In a more general sense, we are seeking assistance to continue to build community housing so that it can move from being about 20 per cent of the social housing system, and therefore a relatively small part of our housing system overall, to being a scaled part of the system and increasing that scale. There are flow-on benefits for other activities from community housing—property transfers help with leverage; leverage helps other kinds of activities; and affordable housing helps cross-subsidise other kinds of tenancies for the kinds of property for

tenants who are very vulnerable. We are seeking the right policy settings and the right funding settings from government and a way of engaging with government to continue to grow our industry.

CHAIR: Very efficient. Any comment?

Mr NICOLADES: It might be useful to look at some figures or metrics. Currently we are managing about 34,000 tenancies, which is about 20 per cent of social housing supply. We have delivered, or leveraged, an additional 2,000 properties. In relation to the scale of the assets that we either manage or are responsible for, we currently own about \$1.6 billion worth of properties and that is part of an asset base of about \$5 billion. Some providers own and manage properties. Our rental income across the sector is about \$300 million. I want to use that to indicate that industry growth, particularly over the past years, has been rapid. The sector has doubled in size and most organisations have been able to absorb that growth because of the strength and the capacity of the sector.

I think these are very important things to consider because we are not talking about, let us say, small, not-for-profits or what some people may term little cottage industries—some other people may discourage and say basket weavers. I love basket weaving as an art form. I do not think it is appropriate in a community-housing business. While we are not-for-profit, the organisations are run as businesses because we get very few subsidies apart from what is provided by a contract through particular programs, mainly the leasehold program from government.

The Hon. SOPHIE COTSIS: Dr Burgmann, on page 5 you stated that as a result of properties transferred over to the community housing sector, 2,000 additional properties in total were able to be built and bought. Can you elaborate on how that was done—the type of finance, locations and the community reaction to those properties being built?

Dr BURGMANN: Sure. The 2,000 figure is, I have to say, somewhat out of date. It is based on the most recent information from the registrar. The figure is slightly higher than that now and growing all the time as those properties come online. The design of the system is that when properties are transferred to community housing, either from public housing or, indeed, through the Nation Building program, for instance, new properties coming online, the expectation was that the organisations that received them sought private finance off the back of owning those properties and the income stream from the tenants in those properties to, I guess, do what other sorts of property holders might do and seek to purchase other properties elsewhere.

For the properties that were bought, the projects are funded on a combination of tenant income and some of the other subsidies that are involved. Generally, they are for affordable housing tenants. That means it is a slightly higher income stream than normal social housing tenants. Often they are in the very same areas as social housing or other areas in which those community housing providers operate. The model is one of basically borrowing against an asset and income stream with careful calculations about how much you can afford to repay, based on what are fairly stable tenant incomes and, therefore, stable tenant rents. Did you want to add to that by way of example of one that you might be familiar with?

Mr NICOLADES: Yes. I need to be a bit careful here because I am also chief executive officer of Bridge Housing and we have put in a separate submission. But I can talk about examples that I am familiar with. We could leverage Cowper Street, Glebe, not only with the vesting of the asset plus the use of NRAS funds; we could inject about 25 per cent of the construction costs into the development. So our part of the development, which was a mix of social, affordable and private housing, was \$40 million. We can go to the banks and inject \$10 million onto that. So that is about \$10 million that the State, or the New South Wales Government, does not need to pay for that development.

More recently, we have just won an urban growth tender on the Bunya estate in Doonside, which is to deliver 62 affordable housing units, part of which will be clearly funded from both debt and equity. Our equity component, which is the money we have, will come from our balance sheet. That will be generated from rents that we have accrued. Surpluses plus will be going to the banks to seek about \$12 million to help fund that project. They are two projects. There are other projects that other providers are doing, but that gives you some of the extent of what a provider is able to do through vesting, through the use of NRAS funds and through their own capacity.

The Hon. SOPHIE COTSIS: I understand that the Federal Government is looking to review the NRAS program. Are you concerned about that?

Mr NICOLADES: Yes. I think there are two issues. We think NRAS is a very important program because it is the only funding stream that is available to the not-for-profit sector, and even the private sector, to build affordable housing. We want to see the continuation of the program around NRAS 5. We are on the fifth round of NRAS. Clearly, the Federal Government will need to consider that within its budget considerations.

Dr BURGMANN: Just to add to that because NRAS is in the news, the thing we particularly want to highlight is community housing providers. As John said, NRAS is a program that is available to the private sector as well, but when community housing providers use those subsidies they do it as organisations based in the community and seeking to provide a service to the community that goes well beyond the 10 years of the NRAS subsidy itself. The NRAS is a 10-year subsidy that just basically covers the gap between what the market rent would be and what the tenants can afford to pay. So it covers the discount. For community housing providers, because of the way organisations package up the projects and because of their not-for-profit status, they are able to retain if not all then at least a proportion of the properties that are generated in perpetuity. On the private sector model those properties pretty much roll over after 10 years.

From a community housing point of view, many of those properties are retained for social and affordable housing in perpetuity. I think the other aspect of it that community housing is able to bring to it is to use NRAS not just as a stand-alone program but as part of a suite of services or property types that might be offered to tenants. It is a potential exit point for tenants leaving social housing who may have got a job and nevertheless are not confident or ready to just go out into the cold, brave world of the private rental market. So an additional form of time-limited subsidy or a subsidy for tenants who would not otherwise be eligible for social housing but nevertheless need some form of assistance. I think community housing approaches that scheme in a somewhat different way and, from our point of view, makes the best use out of that reasonably efficient government funding.

I am very happy to hear that the Commonwealth will be considering reviewing it. I think there are adjustments that could be made, but certainly community housing would be continuing to advocate strongly for its continuance and for it to be made a permanent program so that instead of just from time to time having a tranche of additional incentives—if you happen to have a project that could be put together within that timeframe, well, good luck to you—to see it as perhaps a permanent program with a rolling application process where there is perhaps 10,000 or more incentives every year so it can be made to match the flow of the development process in a more logical way. I think that is one of the things we would encourage both the New South Wales Government, which is a partner in NRAS, and the Commonwealth Government to consider.

The Hon. SOPHIE COTSIS: Page 1 of your proposals talks about a growth fund of \$250 million over four years for social and affordable housing. How would that operate? Can you explain that?

Dr BURGMANN: Yes. It is a budget call, really. It matches one that NCOSS has made. So we are hand in hand with NCOSS on that, acknowledging that the pressure on the social housing system at the moment, which is really obviously seen in public housing, tells us that the system cannot continue to operate within its current budget. That is not because it is massively inefficient; it is because a decision needs to be made about the level of subsidy that the community is prepared to make to deliver housing affordability for people who need it—so people on low and moderate incomes. For us it is basically seeking additional funding into the housing system. For community housing, we think we can make that go further by allowing some of it to be for affordable housing—so for a slightly mixed income group.

For the funding to come to community housing opens up the opportunity of leveraging to bring in private finance and sort of get more bang for your buck than you might if you just spent those dollars within the public housing setting. It is asking government to consider further and increased investment in social housing because housing affordability is an issue for the economy as well as for the fairness of our society. You will have seen in our submission that we consider affordable housing to be critical infrastructure. It is something without which the economy does not work as well as we need it to—a little bit like roads and other services. We think it is an investment that you would see a return on. That is what we are calling for the Government to make.

Mr NICOLADES: It is important to put this in some relief as well. If we think back to the Audit Office inquiry into public housing, it made the right call. It identified the problem. Its solution somewhat fell short. To think the public housing system can be fixed without any additional funds is really a pathway to failure. What we are now seeing the way it is being fixed is that more public housing properties are being sold off. The system is cannibalising itself in order to maintain itself. At some point it will reach a point where it will

not be delivering. In fact, the problem will simply start to compound. What also becomes further problematic is that it forces decisions to be made where you may have particularly well located land, particularly within the inner and middle ring suburbs of the city, which are really close to big employment growth opportunities. The Sydney Metropolitan Strategy points out that within this region we have the global economic arc. The recent PWC report, which looks at employment generation, points out that employment growth within that region was running at about four times other regions within the Sydney metropolitan area.

We know what happens when we start moving people further and further away from job opportunities and services: problems become exacerbated. The fact that the sector is not adding tremendous amounts to deal with the level of affordability, at least it is adding to supply in a situation where the public housing system is reducing its supply. There needs to be a systemic approach to how you actually build a functioning social and affordable housing system for New South Wales—not only for Sydney—because these problems also affect regions. We know if you go up to Byron Bay or where you have growth regions, they will face the same problem of increasing housing prices and how to deal with an era of moving to new service economies. Not everybody is going to become a knowledge worker, but what it does is create job opportunities for people. That is the way you deal with community disadvantage: try to get people into jobs. The way you do that is to make sure that housing is close to the jobs.

The Hon. GREG PEARCE: Congratulations on your strong advocacy for your national industry. I was impressed with its doubling in size in five years. What I do not see in your submission is any evaluation of the benefits of that doubling in size in actually delivering additional housing services to the community. I know you talk about the 2,000 that you say have been leveraged, but we need evidence. I would be interested if you could take on notice to give us an actual report on those 2,000, who actually built and sold them? That would be helpful.

Dr BURGMANN: Yes.

The Hon. GREG PEARCE: I am interested also in your comments about the public system currently cannibalising itself by selling assets. Your central core theme is that you want the current system to cannibalise itself even more by delivering a whole bunch of extra properties to your industry. As you have pointed out, you provide affordable housing, as defined, with NRAS subsidies. What is a government supposed to do in those circumstances because you do not actually reduce the waiting list and by transferring a whole pile of additional properties to you, all that will happen is that the Government will not be in a position to provide public housing to those tenants? How do we get over that conundrum?

Dr BURGMANN: I think possibly we are subject to a slight misunderstanding. Community housing providers provide mainstream community housing, which is very much the equivalent of public housing. We call it social housing when we mean those two. Affordable housing is a different product, if you like, for different types of tenants. When properties are transferred from public to community housing, we would not see that as cannibalising the system. Those properties are remaining within the social housing system. They are being delivered by a different part of it, but by a legitimate part of the system. So a different landlord, but those properties are still within the social housing system.

Community housing providers for all of those properties, their mainstream community housing properties, are really integrated into the social housing system through a common waiting list, common eligibility criteria and differences around allocation decisions in some places for flexibility and local purposes, but an agreed approach through Housing Pathways for community housing to be a very legitimate part of the social housing system. I query whether the transfer of properties from public to community housing is indeed a loss from the system. Is it a transfer from one part to the other? What I believe community housing can bring through the leveraging that we have talked about is additional properties, most of which, you are right, are targeted to affordable housing tenants.

The Hon. GREG PEARCE: If you can give us any evidence that shows the leveraging that reduces social public housing we can use that to compare it with the losses. The simple fact is if the Government sells some social community or public housing stock it gets money and we know the Government can then build. We do not know whether the community sector is building. That goes to the core of some of the issues.

Mr NICOLADES: Thank you for that query. It does go to the core of the issue. I think the core of the issue is that we need to look at this in terms of a housing system and what are the complementary roles that public housing and community housing providers play within that system. I think you are quite right that we

need to have a look at it in terms of outcomes but in one sense it is also very early to start measuring outcomes because even with government programs—

The Hon. GREG PEARCE: Which would mean it is very early to start continuing with the program.

Mr NICOLADES: No, I did not say that. Because the outcomes we are looking at in both systems is to provide low-income people, social housing tenants, with some secure accommodation and we achieve that through community housing. Most community housing providers do house social housing tenants. In my agency 90 per cent—

The Hon. GREG PEARCE: They do a great job. I am not disputing that.

Mr NICOLADES: I think we just need to clarify that affordable housing is an emerging role of community housing providers. It is something that Government chooses not to do for whatever policy reason; providers can do that. In terms of the additional stock, I have already given the example of what happens in a place like Cowper Street where we have been able to leverage an additional \$10 million into the system that otherwise would not have been available. Government may decide that we think this is significant infrastructure, we want to have a big revitalisation program to redevelop sites and so forth, this is going to be part of our social infrastructure and we are going out to borrow to do that, which Government could do. One argument could be in fact that it could be much more effective because funds are going to be cheaper. But Government has chosen not to do that.

What the sector can do is inject new funds and bring some innovation into the sector much like public-private partnerships, if you want to use an analogy. As the private sector may bring in some innovation and so forth, so do community housing providers. Your question also raises another issue about what level of subsidy does Government want to put into the system and that is something that both public housing advocates and community housing advocates will share. We have already talked about additional funds.

The Hon. GREG PEARCE: The Committee cannot set the Government policy. We are trying to elicit the parameters and your view on that is helpful.

Dr BURGMANN: Can I comment on the question of evaluation because you are absolutely right that you do not continue to transfer properties or continue to fund the community housing sector because somebody said it was a good idea; you need to know that it is actually working. The point is that some of those evaluations have already commenced. Within the department there is an evaluation commencing now looking at affordable housing projects generally and at the leveraging outcomes that are being found there as well as the outcomes for tenants. I think that will be really useful for Government as well as for the industry.

Australian Housing and Urban Research Institute [AHURI], which is one of the major researching bodies in the housing field, has a number of studies underway. Being academics, those studies tend to have reasonably long time frames. They do not turn them around within a couple of weeks. But they are looking not just within New South Wales but interstate as well at some of the capacity of the community housing industry to generate new properties and put in some rigor around that. The registrar already collects the data about what properties have been leveraged or acquired through other means, so I think we are beginning to build the evidence.

As Mr Nicolades says, it is a reasonably new venture but we are beginning to build the evidence base that says not just whether it works yes or no. It also asks the better questions which are: under what circumstances can this work best; what are the areas where it does not work; what are the pitfalls; what are the things not to do again? It also asks where is the evidence of how it can be made to work and let us build our community housing business models around those.

The Hon. GREG PEARCE: You mentioned a South Australian study where they estimated an extra \$20.8 million for transferring 10,000 properties. My maths is pretty simple but in Sydney it would cost you about \$500,000 for a new dwelling, so that is a very low level of leveraging.

Dr BURGMANN: The leverage capacity is not something that you can have a blanket number on; it depends on the terms of the deal, if you want to put it that way. It depends on what properties are being transferred, what is the state of them, and what maintenance might be required on them. Especially in the context of a public housing system that is slowly losing property numbers—and this has not been the case in

New South Wales but may be the case elsewhere—sometimes what you do when you transfer properties is seek to retain those property numbers and a second stage might be what can you leverage to achieve more. That goes not to the efficiency of either part of the system but to the state of the properties in their current form. I think we can probably all agree that whether it is public housing or community housing, it is a more active type of portfolio management that we would be looking for for our social housing system from now on rather than the one that we have seen over the past couple of decades which has got us where we are.

The Hon. GREG PEARCE: In your submission you also highlighted the significant decline in the numbers from 2001 to 2010. I will pick that up later. Another point has been made to us by a couple of other witnesses that the other option for community housing providers is longer term management. Instead of transferring the titles we transfer management. I think the period mentioned was 25 years as sort of a base. Do you have a view on that?

Dr BURGMANN: Yes. While the transfer of title is, if you like, emblematic for the community housing industry and to achieve that for the first time in New South Wales a few years ago was a significant stepping point for our industry it is nevertheless not the only way to increase the supply. We have produced a paper recently around tenanted property transfers. One of the key issues that we identify in that is that we framed it as control of the asset. If you want maximum leverage opportunities then title is quite important. But if what you want to do is transfer properties in order to bring about some degree of leverage, a greater degree perhaps of community renewal or social change, perhaps some change to the built form but not necessarily wholesale redevelopment, then providing community housing providers with leases of a sufficient length, 25 years or maybe longer, and sufficient decision-making available around that asset so that they can use the asset to achieve the outcomes that have been agreed. That is not title but it can be very effective. One of the things we are seeking to do is talk to Government about what are the outcomes that might be sought from the transfer of properties and therefore what is the nature of the control of the asset that would match that most effectively.

Mr NICOLADES: The other critical issue is what position the finance industry will take, because if they say they are not interested then it is not a workable solution. But there is actually no reason why you could not have an approach that mixes and matches. It might be appropriate for some States and not appropriate for others, so you would look at a variety of mechanisms.

The Hon. GREG PEARCE: Your recommendation 13 states:

The NSW Government to give consideration to extending the performance requirements and performance indicators in the National Regulatory Code to public housing.

Would you elaborate on that?

Dr BURGMANN: From our point of view, independent regulation of the community housing industry was something that the groundswell for came from the industry; it is not something that has been imposed on us. It is quite rigorous and robust and we welcome that because it is an opportunity to demonstrate what it is that we achieve and to be public and transparent about that and to be held to account. Clearly, from a technical point of view public housing does need to be regulated per se because its lines of accountability are different through the Director General and the Minister and so forth. But some of the content of that around, for instance, the requirement for 10-year rolling financial plans that match your budget and your assets and the requirement to demonstrate that capital properties are inspected every three years are the kinds of standards that we think are appropriate for community housing. If they are appropriate in community housing then perhaps they are also appropriate in public housing.

Mr NICOLADES: Underlying that is a view that we deal in a very competitive sector. Part of the growth of the sector has not been given by handouts from Government; we have to compete. We work in a very competitive environment and, whether one likes tendering or not, we tender. If we are going to talk about benchmarking and so forth and performance and so on we need to have the same playing field and the same measures.

The other thing would be that it actually goes to what you may want to do with some sets of system changes. At the moment the public housing authorities are both the planner and the funder of our sector. You may want to break that apart by having somebody who does the funding and planning separately from who delivers the housing and then a bit like the United Kingdom system where people then bid for funds and the most efficient and the best get it. That is if you are looking at systemic change of the system. It basically extends what we already have at the moment.

The Hon. JAN BARHAM: Do you have evidence of whether you have been able to lower waiting lists time frames or the lists themselves in areas where you are operating?

Dr BURGMANN: It is a little bit hard to say what community housing does standalone to lower waiting lists because of the common waiting list approach that I mentioned earlier. What we can say is community housing for mainstream community housing properties—affordable housing being a bit different—they house people off that same waiting list. Any property in community housing that is a mainstream social housing property, if you like, is a property that is doing its job of assisting to keep the numbers on the waiting list down.

The Hon. JAN BARHAM: If people on that waiting list obtain housing through you, do they pay the same as they would in social housing?

Dr BURGMANN: Yes, they do.

The Hon. JAN BARHAM: Do you have any information about the people in your affordable housing models being in housing stress?

Dr BURGMANN: There are still eligibility criteria around affordable housing but it is slightly wider than for social housing. For social housing, public and community housing, people who are very low or low income are eligible. But because of the extremely high demand and low supply increasingly the only people who actually get housed are people who are very vulnerable or in high-priority need. There are a whole lot of people who are eligible for public housing whether or not they are on the waiting list who realistically have no hope of being housed unless the system changes significantly.

People who are on very low or low incomes are eligible for affordable housing but so are people on moderate incomes. Depending on how the particular project is funded some of those properties are also for social housing tenants and tenants may be sourced from the waiting list. Some of them are for people who have up to a moderate income and the community housing providers will source them from elsewhere. They will not be people on the waiting list; they will be different kinds of tenants.

The Hon. JAN BARHAM: How do you work out the mix of how you will allocate your properties to meet those different needs in different communities?

Mr NICOLADES: The first point I would like to make is that I think we need to be very careful about waiting lists in probably anything because they become highly politicised. I think part of the problem with waiting lists is they do become politicised and are bats that both parties hit one another with.

The Hon. JAN BARHAM: I am just interested in a measure.

Mr NICOLADES: But I think it is only one measure and what it really measures is the number of people waiting in public housing. It does not measure overall housing needs. You have received enough evidence now from the City Futures project, Shelter NSW and so forth and the work that is coming out of the now disbanded National Housing Supply Council about looking at the shortfall in overall properties. In terms of housing need, that is much greater than the waiting list.

In terms of then how we may house people, part of that is via our contract regulations. For example, with the vesting of Nation Building properties to community housing providers part of our responsibility is then to deliver a certain number of houses. In my case we have 75 that we have to deliver over 10 years. Within that the contract then requires that we house a mix of people who are social housing eligible and affordable housing eligible so you get an income mix. In other places it could be the management contract we have with organisations. Some providers have contracts with local governments who are doing some work in the affordable housing space and that contract will then specify what the eligibility limits should be.

The overall impact would be in a small way—we are talking about small additions to properties at the moment—because it is providing people with more affordable housing and that would have some impact, but it is very hard to judge, on the waiting list. Affordable housing clients do not normally come through what is called the Housing Pathways system, which is the common allocation system used by Housing NSW and

community housing providers. That is now done separately. I think there are some plans to look at whether affordable housing eligible tenants can come through that Housing Pathways system.

The Hon. JAN BARHAM: How do you deal with people's eligibility and accessing housing, for example, in the regions where there is higher unemployment, if people are not in full-time employment and, as we are seeing, they are in a casualised workforce? What options are available for people in that circumstance who are not going to be gold standard because they do not have permanent employment?

Dr BURGMANN: Perhaps there is an operational answer there. It is a question of how you assess someone's income and being able to acknowledge that people are on unreliable incomes. Sometimes people's incomes are very low but they might occasionally get some overtime and be paid more. Sometimes people's employment comes in phases. Perhaps you might want to talk about how the assessment is done of a person's income eligibility.

Mr NICOLADES: Okay.

The Hon. JAN BARHAM: I am really interested because I know that there is a large group. Earlier you mentioned the North Coast—that is where I am from—and there is a growing group there because the employment is casualised. There is no certainty; security is what those people are missing. There is no hope because they are not meeting anyone's criteria.

Mr NICOLADES: I think casualisation cuts across all regions. In most cases many of those people would probably be on a form of a wage and getting some income support. If they are getting income support then they would then be eligible for social housing and they would go on the Housing Pathways list.

The Hon. JAN BARHAM: Not when they know that there is 20 years to wait.

Mr NICOLADES: And that's the problem. The other option is what the available affordable housing options are in those areas and regions. There are a few opportunities. What happens is that many of those people will be living in the private rental market. You would start to see factors like—and we saw this in the most recent homelessness figures from the 2011 census—an increase in overcrowding as a form of homelessness. If we do not do something about increasing housing supply, that problem will start to exacerbate.

The Hon. JAN BARHAM: You have listed the projects that you do. I am particularly interested in Aboriginal housing. Would you be able to take this question on notice as to where you are providing it and at what cost? Previously I have been alarmed in estimates when I have found out that the Government spends \$475,000 per dwelling and a lot of that is going in the cost of getting materials from Sydney out west and workers out there. It is not localised; therefore, the value for money might not be great. Have you got better models than that?

Dr BURGMANN: Aboriginal housing is a complex area, as you know. What we have sought to do in the submission is just to identify the range of ways in which people are attempting to respond to that. There are Aboriginal tenants and families living in mainstream community housing and mainstream public housing. I would hazard a guess that the cost of providing that is relatively the same because it is the same model as providing that to any other family or household. There is a separate Aboriginal community housing provider sector, which is sort of like a neighbouring sector to our own, managed through the Aboriginal Housing Office, which is now part of Family and Community Services. Probably that is the organisation that your question would be best directed to in order to get a cost comparison. They are investing heavily in building the capacity of those organisations to manage those tenancies and properties with a view to long-term sustainability, which is a huge challenge but also the right way to go about it. They are only just starting on that journey I would say.

The Hon. JAN BARHAM: Similarly, can you provide some input about providing for people with disability?

Dr BURGMANN: In terms of the cost of doing so?

The Hon. JAN BARHAM: The cost, what you would be able to deliver and whether or not you are meeting that need.

CORRECTED

Dr BURGMANN: I think it is fair to say that community housing providers do have quite a lot of engagement with many tenants who have disabilities and quite a lot of engagement with the disability sector. But as you know, that is really changing quite rapidly at the moment. I can see what we can do by way of statistics but I think we can also have a look by way of illustration to demonstrate the way community housing is seeking to provide housing there.

The Hon. JAN BARHAM: On page 24 of your submission you have a reference to it. I was interested to see if we could flesh it out a bit.

Dr BURGMANN: Yes.

Mr NICOLADES: I think one example we could look at is Compass Housing at Newcastle. It has been doing quite a lot of work with disability support providers there. Also the Hunter region is one of the sites for the National Disability Insurance Scheme [NDIS] as well. I think a range of other providers do that in the way they can, through their partnerships with disability support providers. Again, indulge me a little; we have done a project with Ability Options to refurbish a house in Ashfield to provide accommodation to some severely physically disabled children. Ability Options is the disability support provider, we do the tenancy management on the property and also the refurbishment and changes required to make that property appropriate for that group of children. That is one example but we can provide more.

CHAIR: In terms of the National Disability Insurance Scheme, and given the role that you have been speaking about, is the NSW Federation of Housing Associations planning ahead for that scheme?

Mr NICOLADES: I think part of the problem that we are facing at the moment is that it is a bit unclear to know what the shape of it will be and what the housing impact will be apart from saying that we are moving from a semi-institutional provision, with people having vouchers and being able to buy services. It is not clear what that will mean for people who are currently living in group homes—we are assuming that they will remain there. People who maybe living outside with their parents at the moment may say, "Now I have got this money, I want to use some of my voucher to purchase housing." We do not know what that demand is going to be outside of what is currently provided—there are clearly existing disability providers that do supported housing and provide accommodation, and public housing provides accommodation to a range of people with disabilities—because we will soon find that people will be making demands on housing who otherwise would not have probably had the funds to do it.

CHAIR: Have you got any work on that at all? What will happen with the roll out of the National Disability Insurance Scheme and different aspects of it is still undefined. Affordable social, public housing will be a big chunk of what needs to be looked at. If you have any work on that the Committee would be happy to see it. You can take question on notice.

Dr BURGMANN: Soon we will. I think it is still quite early days. I know within the department they are puzzling away about what the additional housing impacts will be from the changes in disability. In a couple of weeks our national peak, Community Housing Federation of Australia, will be hosting a forum on disability and housing to try and map out what we are expecting to see. The National Disability Insurance Agency, as I believe they are called now, is soon to release a housing discussion paper, which will at least map out what they know they don't yet know and that is pretty much where we are all at. I am happy to provide that subsequent to that forum.

CHAIR: That would be fantastic. You talked about the large-scale program of tenanted property transfers. The Committee is finding that there is no long-term security there. What sort of years are you talking about? If three years is too short, how many years would you say would be helpful?

Dr BURGMANN: It depends on the outcomes but people have talked about 25-year terms, and I think that is sort of in the ball park.

CHAIR: Can you supply anything that would support your case as to why the Committee should consider that? You can take that question on notice as well.

Dr BURGMANN: I am happy to.

CORRECTED

The Hon. PETER PRIMROSE: In your proposal No. 6 you talk about the re-establishment of an advisory committee.

Dr BURGEMANN: Yes.

The Hon. PETER PRIMROSE: Could you take on notice which agencies you believe should be included in that and possibly how it would work differently from the ministerial advisory committee that existed up to the end of 2010?

Dr BURGEMANN: Sure. I am happy to reply to that.

CHAIR: Thank you for your attendance at this inquiry. The Committee has determined that witnesses have 21 days to reply to questions on notice. The secretariat will be in touch with you about the questions you have taken on notice.

(The witnesses withdrew)

MARY PERKINS, Executive Officer, Shelter NSW, and

ADAM FARRAR, Senior Police Officer, Shelter NSW, affirmed and examined:

CHAIR: Welcome to this inquiry. Would either of you like to make an opening statement?

Ms PERKINS: I will. Shelter NSW is a statewide peak body that advocates for a fair and just housing system; consequently, our focus has been on people with low and moderate incomes. We look not just at the social housing system but also at the three major tenure forms within our housing system: home ownership, private rental and our social housing system. We also look at some of the other things that hang on the side like boarding houses and what have you, but my point is that we take a whole-of-system approach. What we mean by the housing system is across all of its tenure forms. In order to address some of the problems at the affordable end of the spectrum we have made it quite clear in our submission that we need to address the issues in the system as a whole because they are driving the problems that happen at the bottom end of it.

Our submission clearly outlines a myriad of issues in the system that have caused this problem and are compounding the problem, in particular the way in which house prices have risen faster than incomes, and significantly so, pushing first home owners out of the market to a very large extent, causing a rise in investors but investors who are interested in the top-end of the market. That, in turn, has led to rents rising much faster than incomes and has been compounded by the way in which our social housing system has become incredibly constrained as governments have withdrawn support for it. In the end what you have got is this sort of pincer movement and people who once would have been housed in public housing are no longer eligible; it is now targeted to the needy, the very needy, and people who once would have looked for home ownership now can't. So you have got people at what used to be the home ownership end of the market and the social housing end of the market looking to the private rental market for their housing and it being incapable of providing housing at the prices they can afford because our investors are not looking at that end of the market.

For that reason we are quite clear in our submission that the analysis has to be one that looks at the whole of the system and then looks at how you can provide affordable housing within that system. To us, many of the drivers of this housing affordability problem are in the Commonwealth arena, in particular in the tax arena. Ken Henry made very clear in his report on the tax system the ways in which our tax system has driven particular forms of investment in our housing market which then have a very negative impact on the poorer members of our community, and increasingly on the not so poor. However, in our mind that does not leave the State out of the picture; there are ways in which the State can be involved. In effect the State cops the brunt of house price inflation in the way in which it has gone. But there are ways in which the State can on its own make a significant contribution and not just lobby the Commonwealth Government for the sorts of changes that are needed. We have outlined those in our submission as well.

To our mind it is simply not an option to try to deal with the problem by redefining the need for social housing in ever-incremental degrees of meanness. That does not solve the problem for the community at large. It might solve the problem for a particular Minister or a particular department but it does not solve the problem for the community at large. People are out there unable to be housed in a satisfactory way. They are doing it very tough. We live in what otherwise is a rich community that can share its resources better.

Mr FARRAR: I would like to follow on from that with a couple of points which really go to the major point that Mary has made—that is, unless we really do understand what is going on within the housing market in New South Wales and Australia we are not going to be able to understand what are the effective policy solutions and program solutions on this issue for the New South Wales Government. On an almost anecdotal note, and my thanks go to the inquiry, in fact, whilst I have been a housing analyst for 20 or 30 years it was not until I was preparing this material that I was sufficiently struck by the enormity of the change over the last 10 to 20 years. It is quite unprecedented in the history of Australian housing and it is quite devastating.

There are two tables which I point you to in our submission; firstly, the one on page 7 which looks at the price of real housing since 1880 right up until the present. Despite a few recessions and exciting moments in our history, we see there a pretty constant line up until about the 1950s. Not surprisingly, the postwar reconstruction produced an increase. But again it stayed relatively flat for a while. Between 1950 and the year 2000, and probably the critical moment was 1999, house prices more or less doubled over 50 years. In the last 10 years they have doubled again with the most extraordinary increase in house prices. We have talked about the reasons for that, which are driven primarily by Commonwealth but also by State taxation policies. The other

important consequence of that, which again I was hugely struck by, is what that has done to the nature of the private rental market and to people who invest in the private rental market.

We know that unaffordability has been driven by patterns of investment which are now speculative rather than designed to produce a long-term return. The thing which drove that home was the graph on page 8 which shows that since the beginning of this century investors in rental housing have been making ever-deeper losses on their investment—it does not returned positive returns in aggregate which means that the only return it can provide is through speculation. So, again, we have a housing system which has meant that investors must speculate to make a return, and if they speculate then they must be churning stock which means that it cannot be a tenure which offers security to tenants.

So once we had a situation where, while there were many advocates who said that we had slum landlords and that we had real major problems in our rental markets, the problem was not that the investors were not there for the long haul; now it is. They are there for shorter and shorter periods chasing speculative returns; and, as a result, tenancies are not only out of reach in terms of their cost but also unsustainable because they are being turned over to get a return. This is a fundamental change.

I guess that then takes me to the third point I want to make, and this is the last point in my introductory comments. In our social housing system, because of the unsustainability principally of its financing—and the responsibility for that rests to some extent with the State but to a very substantial extent to the reductions in Commonwealth funding and in our policy settings—what we are doing now is increasingly saying, "Let us assist low-income households and vulnerable households, including people who are at risk of or have recently been homeless, in the private rental market," at the very time that the private rental market simply cannot perform that role. The more that we look to that in our public policy, the less we will succeed and the more we will churn vulnerable people in and out of our rationed supplies and an unworkable private market; and the more it will cost to try to sustain them in that unworkable market.

So we have a pretty poor situation. We do have a response, and the response is to provide more affordable housing as part of not only our overall housing market, and that is to do with those macro settings, but also our very specific affordable housing markets, which are to do with subsidised housing—and that, sadly, involves more spending. More spending is not such a bad thing given that we have seen funds reduce over a period of time.

The Hon. SOPHIE COTSIS: Do you advocate solely for tenants or do you provide advice to the Government?

Ms PERKINS: We do work across all of the three tenure forms, but in the interests of lower income households within that. We are not a tenant advocacy body like the Tenants' Union of New South Wales but, because our focus is on what happens to lower income people, we do tend to have a focus on people who are either public or private tenants. But we do not ignore the low-income home owners either. So we scan the system, if you like. Yes, we do advocate to Government. We participate in Government committees and we put up submissions. We also play a role in terms of the community at large, which is largely a policy development and education role, to try to get a better understanding amongst the organisations representing low-income households across the non-government welfare sector about housing issues and the way in which different policies can be advocated for to produce good outcomes rather than unintended outcomes.

For example, one of the things that happens quite commonly now within non-government welfare agencies is that people are pitching the interests of their clients against the interests of other clients as being the most needy of the needy. So you will have a debate that goes along the lines of "The women we represent in domestic violence must be given absolutely top priority" and then somebody else will say "No, it must be those people who have disabilities". I guess they are stuck in a position about how to get the best for their clients. We play a role in trying to increase their understanding of the housing system so that their advocacy is broader and that they are arguing for solutions that will help everybody.

The Hon. SOPHIE COTSIS: You are fighting for very scarce resources. As a peak body, do you have regular contact with the Government and with Government agencies?

Ms PERKINS: Yes, we do.

The Hon. SOPHIE COTSIS: And you part of any committees or advisory groups?

Ms PERKINS: We are part of numerous committees of Housing New South Wales, and the Department of Planning and Infrastructure. Our work crosses over several areas, but in the last few years we have been working in particular with the Department of Planning and Infrastructure and with Housing New South Wales—and with other departments such as Family and Community Services and the Land and Housing Corporation.

The Hon. SOPHIE COTSIS: As you said, Mr Farrar, the figures are startling, particularly the undersupply. There is a theme across many of the submissions—and my colleague here Ms Barham has noted this—that for people who are on very low incomes or at risk of homelessness and moving from private rental it is very difficult for them to get access to community housing and public housing. They are in limbo. They find themselves couch surfing or living in cars. I have had representations made to me by those people and their advocates. What are you advocating to Government? Are they listening to you? Obviously you are on committees about planning and housing. What is the response back to you about this situation?

Mr FARRAR: I think there are probably three areas that we have focused on. One obviously is to increase the supply of affordable housing, whether it is specifically social housing, which we clearly need an increased supply of, or affordable housing in the sense of being below the market rate but pitched to, if you like, working poor—low-income households who are still working. Both of those are quite significant areas where we need increased supply.

In terms of homelessness, we have been part of the process assisting the Government in shaping the Going Home Staying Home reform plan. Again, we have to note—and maybe we will have some good news—that at the moment that is a rationed supply. We do not yet know what the Commonwealth Government intends to do about the National Partnership Agreement on Homelessness and the funding that was coming through that. So we are, again, operating in a rationed-supply area. We do know that there have been successes through a reform of homelessness services that have yielded some benefits through that original partnership agreement. Some of that just came from extra money for extra services, I should say.

The last area we have focused on, as Mary indicated, is the planning area. We have certainly felt that it is quite important that we have an inclusionary housing component and an affordable housing component of our planning policies. Those seem to be an essential thing to, firstly, increase the supply of affordable housing as the densification of our cities and the expansion of our cities takes place, so that it does not all happen at an affordable level, and, secondly, to ensure that there is a very fair approach taken when, through planning powers, there are, if you like, unearned benefits or windfall gains because of a change in planning regimes. That should be shared between the Government, the public and those landholders so that we do get some return for the benefits in value uplift that have flown from such decisions.

So those are the sorts of areas that we have been focusing on. But I would come back to the key point—that front and centre is the need to increase the supply of affordable housing. One comment that has to be made is that the recommendation from the audit inquiry that the Land and Housing Corporation operate sustainability within the existing resources is simply a recipe to fail at the policy level. If we saw housing as a single silo then it would make sense; but if we see it as public policy then it is doomed to failure.

Ms PERKINS: The other thing worth noting is that we are also part of some national alliances arguing, again, for a fairer housing policy and with a particularly strong focus on supply—that is National Shelter, Australians for Affordable Housing and the national council of social service network.

The Hon. PETER PRIMROSE: Can I segue into the issue about resources just in the time that we have left. On page 21 of your submission at point three you talk about Waratah bonds. I was wondering if you could just elaborate on how you would see that as an example and not only how that would work but also the quantum of funds that you would expect to be received under that.

Mr FARRAR: I would have to take the question about the quantum on notice. Perhaps if I could just stand back and make a broader point, which is a point that I heard the New South Wales Federation of Housing Associations also make in their evidence—that is, it is crucial that we see housing as part of the critical infrastructure of our State. Waratah bonds are there to raise funds and Government borrowing to help fund critical infrastructure. If housing is not to be part of that then we will have a major gap. It is a vehicle which exists so we are not trying to invent new vehicles. It is a vehicle which exists and a proportion of which could be allocated to assist in this critical area.

The Hon. PETER PRIMROSE: If you could hypothecate the total amount of funds that you receive it probably would not be an awful lot of money. I would be interested if you could please take that on notice and maybe come back with some comments.

Mr FARRAR: Absolutely.

Ms PERKINS: There is not one silver bullet to solving this problem, I think it is worth noting, but it is anything that will add to the stock, and that may be a series of things that will add to the stock. There is not going to be one silver bullet.

Mr FARRAR: That probably does go to the force of our submission that there are many levers which the Government can pull and unless it tugs on the lot of them any individual area of response is just going to strain under the load unless it is seen as a holistic approach.

The Hon. PETER PRIMROSE: Could you tell us how much you think should be tugged in this one?

Mr FARRAR: Yes, we could do that.

The Hon. SOPHIE COTSIS: Yesterday the Minister for Planning announced a whole lot of new development around Lidcombe and Epping—I do not know the actual amount but thousands of new homes. Would you support mandating a number of those, or a percentage, for affordable or public housing?

Ms PERKINS: We would like to see targets for affordable housing. The Minister for Planning is not new to our arguments on this. Our argument goes like this: When government changes the zoning of land there is a benefit to the landholder because the value goes up, and some of that value should be shared and the shared proportion of it used for the supply of affordable or social housing in that area, depending on what might be needed.

Mr FARRAR: One point, and this is probably pre-empting a question that may not be coming but I will have a go at it, I think it is important to draw a distinction between the concerns which a number of developers have about infrastructure levies and their arguments that that adds to the price of affordability. I think there has been a view from a lot of people, including in the community sector, who would say that those kinds of costs for basic infrastructure are intergenerational, they are spread across a range of users, and there is probably some force to the argument that that does add to house price inflation unless it is part of general revenue. That is a very different argument from the one about sharing the value uplift in order to produce more affordable housing. I just want to make sure that we do not confuse the two positions.

The Hon. RICK COLLESS: Thank you both for coming in today and for your submission. Can I just follow up on that aspect, Mr Farrar? One of the issues you addressed in your submission related to replacing stamp duties with a broad-based land tax. Would it be your view that that would also apply to home ownership of the primary residence?

Mr FARRAR: I think that is the view, and that is the view in Henry. But there is never any useful approach in saying everything should be black and white. Very clearly it is appropriate to have thresholds and the gradual introduction of any sort of change of this nature. My view would be that there would be thresholds but that in principle it is a broad-based land tax and that it would be introduced very gradually. It is interesting to note that there has been the beginning of an attempt to wind back stamp duty and replace it with a broader-based approach to land taxes, which is being led by the ACT.

The Hon. RICK COLLESS: In New South Wales we already have that situation where on non-primary residences or land ownership we do have to pay land tax.

Mr FARRAR: Yes, and to be fair, rating is part of a broad-based approach to land taxation.

Ms PERKINS: The idea is that you would replace the transaction cost if you replace the stamp duties on buying and selling with a broad-based land tax. One of the things that potentially encourage it is a more rational use of our current housing stock, so there would no longer be such a powerful disincentive for people to trade down as their households get smaller. It might actually free up some housing.

The Hon. RICK COLLESS: I have a concern with it. For people attempting to buy their first home in particular, stamp duty is a considerable burden for them already and I have a concern that if we were to replace that with a land tax system which means that they would be paying a land tax every year rather than a one-off stamp duty, it is going to be more of a disincentive for home ownership. Surely one of the objectives in looking at affordable housing is to make home ownership more affordable for those people that are not able to access it at the moment.

Mr FARRAR: I think the generally received view is that it will not make it more unaffordable for home owners, partly because you are spreading the cost. Instead of having it all upfront you are spreading it over the life of their tenure in that house. So that is a much more manageable approach and it does not create a barrier the way that stamp duty currently does. The design obviously makes a huge difference, so where the incidence of either of those two taxes falls is a matter of public policy and the design of the tax changes.

The Hon. RICK COLLESS: Can I take you back to figure 5 on page 7, the constant quality real housing price index that you spoke about a few minutes ago? Can you describe what the parameters of that index are, how those figures are arrived at?

Mr FARRAR: I cannot. I would have to refer you back to Stapleton from the ABS, which is the original source of the data. I cannot give you more information about that, but that is available through the ABS.

The Hon. RICK COLLESS: Do you understand whether it refers to rental or house prices?

Mr FARRAR: No, this is the value of the dwelling; it is the house price, not the rental prices.

The Hon. RICK COLLESS: Likewise, figure 6, I had some queries about that as well along the same lines of what are the actual parameters of that graph. Given that my information suggests that when we are looking at when properties become positively geared, allowing the investor to recoup some of his investment costs rather than being negatively geared and claiming a tax deduction on it, over time that has shown to be between eight and 10 years where properties become positively geared if they are wholly financed at the time of purchase rather than being purchased for cash.

Mr FARRAR: This is an aggregate measure; it does not show the pattern for any individual dwelling about when it is negative and when it is positive. In aggregate it is reflecting the increase in the amount of borrowing and, in particular, the increase in aggregate mortgage costs in any one year. So, yes, there will absolutely be a pathway for any individual dwelling.

The Hon. RICK COLLESS: And that is on investment properties as opposed to primary residence properties?

Mr FARRAR: Yes.

The Hon. RICK COLLESS: You give a few suggestions as to how we can address this issue of speculative investment. What would you like to see the Government do in addition to the one that we spoke about in terms of a broad-based land tax? What other measures could the Government take?

Mr FARRAR: I do think we have to recognise that a lot of these levers are Commonwealth levers. We must be fair about that. The biggest one, in my view, is to adopt the Henry tax recommendation, which, while he was very careful not to talk about negative gearing because in a sense it is something that startles the horses, the main problem is the capital gains tax depreciation and the fact that that is not equally spread across investment types. The modelling that the Australian Housing and Urban Research Institute [AHURI] showed following that recommendation is that you do not lose investment; in fact, you increase the amount of investment but you change the nature of the investment. I think adopting Henry's recommendation is a sensible, modest first step, but it equalises the incentives which are available.

The Hon. RICK COLLESS: I am familiar with the Henry tax review but I have not read it in detail. In terms of the impact of some of those measures on home ownership, if we are trying to drive down the price of property in order to make it more affordable both from a planning perspective and a primary home ownership perspective, do we not run the risk then of stalling the housing market to such an extent that those people that have already invested in it as first home owners or subsequent home owners, or investors for that matter, are

discouraged from any further investment, and is that going to be a good thing or a bad thing in terms of the provision of housing in the rental market?

Mr FARRAR: If I could take that in two parts. My last comment really went to investment in rental housing. There are two things to the approach there. First of all, you would never disadvantage people who in good faith have invested under one regime. So there would absolutely have to be a grandfathering approach in a period of time. But the modelling that I talked about very specifically says that all you are doing is creating another mechanism for investment—another way to invest, only this time for a longer term, patient capital investing for a positive return rather than the shorter-term speculative investment.

I should also say that NRAS is one mechanism which has been designed precisely to say, "We've got the incentives that are driving investment to the top end. Can we also have an incentive that will drive investment equally towards the bottom end where we have the greatest problem?" In terms of home ownership, there is a problem; there is no question about that. The overall consumption is often supported by the value that people feel they have in their homes; they have invested in that and they want to see that investment grow, and on the back of that they will borrow to consume, and that has helped fuel our economy. Our only problem is that we are building our economy on what could turn out to be a speculative bubble. There are reasons why our bubbles are not bursting in the way that they have in other countries, but in terms of a sustainable approach to our economy it is pretty clearly not a very good one.

Again, one of the main things that drive that is politically very, very difficult to address and it probably might be unwise to even try, and that is the exemption of home ownership from capital gains tax. But again, there should be ways of moderating the way in which investment in housing is driving prices so that we get a gentle levelling out and then over time a reduction and through, again, a highly targeted approach to opening up home ownership to capital gains tax, but, again, which sets a pretty high bar so that it does not affect terribly many people, you start to bring moderation into the market over a period of time. None of these are quick fixes.

The Hon. JAN BARHAM: I am interested in the relationship between speculation and security. You talked about some of the opportunities available for change. Have you developed a clear position about minimum rental agreements and whether that would make a difference?

Ms PERKINS: There is nothing in the legal structure around our private rental market that prevents people having long leases now. What prevents people's interest in long leases from a landlord perspective is the need to speculate and to buy and sell on a regular turnaround—a five- to eight-year cycle with vacant possession so that the property is always ready to be sold into the ownership market rather than the rental market. From a tenant perspective our owners are investing in property that will bring them the best capital return. That property is not necessarily the property that the tenant will be able to afford or want to live in in the long term.

People are renting property that is smaller than their needs because that is what they can do. Looking at a long lease on a property that is not actually what you need—it is on the private rental market because the owner has invested in it because it will bring the best capital return but it does not necessarily physically meet your long-term needs—You might say, "I am going to live in this bedsit for another 18 months and then I am going to move somewhere else", or "I am in this shared household for this period of time and I do not really want a five-year lease because I do not really want to be here in five years time".

Because our investment structure steers what people's expectations are and what they can have, the legal structure around long leases is not the main game. The main game here is who invests in our private rental market and what do they want out of it? And is there a match between that and what tenants would need if the private rental market is going to be where they will have to live long term. That is why we focus much more at that end of the spectrum rather than just the legal rights issue.

The Hon. JAN BARHAM: I suppose for the Committee it is predominantly a Commonwealth issue whereas the leasing arrangements for each State could be amended and put forward in order to match it with some State incentives to see whether that could make a difference. I think we have seen the security issue particularly in areas of high need such as close to the city for work, in particular for young families. I wondered whether there had been any assessment of value.

Ms PERKINS: With the NRAS property where the investment is for 10 years, there is nothing to stop someone, with our current legal structure, from entering into a 10-year lease. It would have to be registered. There is a slightly different process around it but they could enter into that sort of long lease.

The Hon. JAN BARHAM: But in the private market we know that very little is offered?

Ms PERKINS: Very little is offered on that basis, that is for sure.

The Hon. JAN BARHAM: I am interested in the issue around the social development bonds and the fact that you cited the United Kingdom model. Could that model translate to work here?

Ms PERKINS: We have somebody working with us on a report to have a look at what happens and we will certainly make that report available to you when it is finished. But it is certainly true that where there have been social impact bonds used overseas the main benefit has been about services and support services to tenants rather than increasing the supply of housing. Nonetheless we are having a look at what the potential is there.

The Hon. JAN BARHAM: Is South Australia using those dual levers or just one or the other—supply or services?

Ms PERKINS: It is about providing complementary services to tenants largely to sustain tenancies and all the rest of it.

The Hon. JAN BARHAM: Another point relates to the regional supply issue. I am interested to know whether people can access or move into overcrowded and inappropriate housing which could eventuate to homelessness. Should there be a targeting of areas where we know there is high need or should we be looking at future need and trying to resolve those issues before the need arises?

Ms PERKINS: We have often argued that before major decisions are made there should be a housing impact study about what the impact would be on housing. For example, as the road development up the North Coast happens and they move to each area for the next highway development project, people report to us quite regularly that that zaps the private rental market in that area and it has a very negative impact on housing supply for lower income households in that immediate area. Then you would know in advance that that would be the impact and you would try to work out what your policy response would be to ameliorate it. Sometimes there is a very good reason for doing that in order not to cause hardship.

Increasingly it is a very short road for many private tenants between being housed in a very acceptable way and being street homeless or at threat of street homelessness. Part of that has to do with our employment market and insecure employment. Its greater casualization means that people do not have the capacity to weather a storm if they lose their job, get sick, or what have you. Often it can be a very short road. Those people who have been managing quite well and who are not on anybody's waiting list suddenly find that they have no backstop and no safety net. By increasing targeting it is worth considering the potential needs of those categories of people who will become needy very quickly.

Mr FARRAR: There are two other things that I would like to add. Again this is one of the great difficulties of administering these kinds of programs. There is a balancing act between undertaking an appropriate housing needs analysis and trying to ensure that whatever happens in an area takes due account of that, and predicting the future. We have a history of public housing estates that were placed where they were for good economic reasons—to provide good access to employment for lower income households. But, as we know, industries do not stay in one place and you are left with housing which is a legacy of decisions to go in too hard in predicting the future. One thing we can say is that equally we do not want to see a disinvestment in affordable housing across our cities, particularly in the areas where the jobs are. To be fair, there is an understandable incentive for government when it has an asset, a portfolio of housing which is becoming increasingly costly to maintain, to realise the value in high-value areas of that asset to help them manage overall costs.

But if we do that we simply add to the process of driving geographical segregation across our cities. As a result of that people are being pushed further away from their jobs. Interestingly, they are still in housing stress which means that their access to employment is greatly reduced. You see that again in the correlation between those areas not of public housing but of housing stress in the private market and higher incidences of unemployment because it is simply not accessible to the jobs. The more we drive our affordable housing supply out of the employment rich areas the more we create a social problem.

The Hon. JAN BARHAM: That is why the Committee is hearing so much about the need to stop the silo mentality and to look more broadly at long-term solutions. Perhaps the advisory committee is one way to

deliver that. In relation to social disadvantage do you have a clear position about the best delivery model for dealing with homelessness or crisis housing and prioritising those who are most vulnerable?

Ms PERKINS: The things that matter most for people and that will make the most difference for getting people out of poverty and severe disadvantage are education and employment. That is fostered by secure housing. Without housing security those other things cannot happen. There is not exactly a fixed model of service delivery that will work. You need many ways of doing things because different ways will suit different groups or types of people, depending on what the problems are. But it is absolutely crucial that housing be provided, that it be secure and that it is able to become that place called home from which people can start to operate within society more broadly.

While a lot of stigma is attached to public housing it is quite clear that the disadvantage has more to do with poverty than it has to do with tenure form. You will see the same levels of disadvantage in other areas that are predominantly low income private rental. It does not have so much to do with the tenure form as it has to do with poverty. In fact, in the social housing areas there is an improvement on that disadvantage. We have tried to draw your attention to some of the research that shows that the argument is often put in a very simplistic way—social housing equals disadvantage—when in actual fact the evidence probably suggests that it ameliorates disadvantage.

Mr FARRAR: I think there is one corollary to that response, particularly about how we target our supply of housing to address the greatest level of disadvantage. First, there is a very general point. When you do that in a rationed system you just redefine greatest need and it continues to spiral down.

The Hon. JAN BARHAM: Or move it on somewhere else?

Mr FARRAR: Yes. It is a purely elastic concept and it is not much good for, say, who needs what in a really practical sense. Secondly, we do tend to say, "We will limit access to affordable housing for the duration of need" which is the language that is being used. We know that is a self-fulfilling disaster in that it means you cannot provide the sort of security that, for example, Professor Fibs' work showed is the very key not just for current tenants but also for their children having secure schooling which then allows them to move on. There are many success stories of people who have grown up in public housing and moved into exciting places like heading up some of the major private sector industry bodies. But they grew up in a period when housing was secure in public housing.

CHAIR: As we are out of time I will put a question on notice. On page 22 you comment on planning law changes or reform. I note it also states:

The greater use of inclusionary housing mechanisms—

talking about the LEP—

while such mechanisms exist under the current Environmental Planning and Assessment Act their use has been greatly restricted.

Why has it been restricted? What has not been outworked? In rural areas where private investors build houses it is very important that local builders, plasterers, plumbers, decorators, furniture stores are reciprocating from that private investment even though it is not delivering it at the affordable market. On top of that it has been complicated I think when steel went up, I think within two years, by 60 per cent so the pricing of the house was magnanimous. As you noted earlier, there has been a doubling of the price from 2000 to 2013. It is a very complicated situation that we are facing. I would be encouraged if you could submit a document on notice about what the Committee could do in relation to planning law changes that could help stimulate the market for social, public and affordable housing. Please note that you have 21 days to submit answers to those questions on notice. The secretariat will be at your service to remind you of the questions and to assist you if you need such assistance.

(The witnesses withdrew)

(Luncheon adjournment)

PAUL VEVERS, Executive Director, Housing Services, Housing NSW, and

MIKE ALLEN, Chief Executive, Housing NSW, sworn and examined:

ANNE SKEWES, Deputy Director General, NSW Land and Housing Corporation, affirmed and examined:

CHAIR: Welcome to today's inquiry. Would you like to make an opening statement?

Mr ALLEN: If it pleases the Committee, yes, I would like to make a short opening statement. I would like to begin by acknowledging the traditional owners of the land that we are meeting on today, the Gadigal people of the Eora nation and to pay my respects to elders past and present.

As you can see I am here with colleagues this afternoon, Anne Skewes and Paul Vevers, and we thank you for the opportunity to appear before the Committee. Since the inception of the Housing Commission in the 1940s public housing has been a rationed and valuable resource about demographics. The need for public housing has changed significantly since that time. In the 1960s approximately 95 per cent of tenants were employed, mostly blue collar workers, but today we see that more than 93 per cent of our tenants rely on Centrelink benefits as their main source of income. That is quite a significant demographic change in a relatively short time.

Today people's need for housing stems from a range of social and economic issues including disability, mental illness, substance abuse, domestic violence, low levels of education, unemployment and the relatively high cost of housing, particularly in some locations such as metropolitan Sydney. Last year's Auditor-General's performance report, "Making the best use of public housing", made it very clear that there are systemic challenges facing the public and social housing system in our State. Indeed, the same challenges are faced by all other States and Territories in our country.

The average length of tenancy in public housing is now over 11 years. Clearly this is at odds with the objective of social housing being a safety net and providing support only when most needed and only for the duration of that need. Commonwealth funding for social housing has also declined substantially in real terms since the mid 90s. Those living in social housing can only afford to pay low market rents limiting rental returns for reinvestment into the social housing system. Whilst these challenges are certainly not unique to New South Wales, New South Wales does have the added problem of a very tight private rental market that is often very difficult to access for people on low incomes and vulnerable families. This is a very challenging housing environment but through working better and smarter Family and Community Services continues to work to improve services and outcomes for our clients and importantly to help break the cycle of disadvantage.

We have been working closely and consistently with our non-government partners, other government agencies, and colleagues in the private sector to improve the integration of services for clients; putting people at the centre of service delivery. With this in mind Family and Community Services brought together its local client service and operational structures for ageing, disability and homecare, community services and Housing NSW under 15 new districts to enable more localised and integrated planning and decision making. The new districts mirror the New South Wales local health districts allowing us to work more closely with one of our key stakeholders, our colleagues in NSW Health.

The 15 districts also present an opportunity to further strengthen links between government and non-government services at the local level and the development of improved referral networks for our clients. To help break the cycle of disadvantage, to ensure that the housing system is fair and equitable and to help unlock valuable resources we have implemented a number of new initiatives and policies. One such initiative is an amnesty to encourage tenants to come forward if their household complement or income had changed and they had not told us so that we can ensure they pay the correct amount of rent. We have reviewed our policy on the succession of tenancy to help prevent intergenerational welfare dependence. In order to have a fairer system for people needing priority housing assistance there is a new approach to filling vacant bedrooms where Family and Community Services encourages those living in dwellings that have bedroom capacity beyond their needs to move to smaller premises to free up the larger premises for another needy family.

We also now publish the waiting lists on our website so our clients can make more informed decisions about their housing choices and the locations in particular that they might want to receive assistance from us. We have also continued important service integration initiatives such as the Housing and Accommodation

CORRECTED

Support Initiative that ensures stable housing linked to specialist support for people with mental illness. The challenges we face demand innovative responses aimed at getting the best client outcomes through new ways of working, such as the recently announced domestic violence and youth housing companies.

We also partner with 26 community housing providers and the Aboriginal Housing Office to provide access to housing assistance through our one social housing system or pathway. In addition to providing a house for people to live in Family and Community Services also manage the demand for social housing by assisting people to access and maintain tenancies in the private rental market.

CHAIR: Mr Allen, I appreciate that comprehensive opening statement but I do realise that members would like to take the opportunity of question time.

Mr ALLEN: Certainly.

CHAIR: We did get an exhaustive submission from Housing.

The Hon. GREG PEARCE: Perhaps Mr Allen can table the balance of his opening remarks?

Mr ALLEN: Yes. There was only a little bit more to go but I am happy to table it.

CHAIR: From here I can only see another A4 sheet. I am mindful that members do want to ask questions and scratch where people are itching.

Mr ALLEN: For the visually impaired it is in double spacing.

Ms SKEWES: I do not want to exacerbate your concern but I also have an opening statement from the Land and Housing Corporation.

CHAIR: I am happy to take a quick one, just 10 or 15 minutes, that is all.

The Hon. SOPHIE COTSIS: We are here to ask questions and you have put in a substantial submission.

CHAIR: Perhaps you can table the opening statements.

The Hon. GREG PEARCE: I am happy to hear the key points.

Ms SKEWES: I am happy to outline some key points. It might actually help with some of your questions.

CHAIR: I am happy to have a less than five minute opening statement from you. Is there anything further with your opening statement, Mr Allen?

Mr ALLEN: I am happy to table the balance.

Ms SKEWES: I acknowledge the traditional owners of the land we are meeting on today. Thank you for the opportunity to appear before the Committee on behalf of the Land and Housing Corporation. My opening statement effectively provides an overview of the Land and Housing Corporation. It specifically looks at the operational and financial challenges of the Land and Housing Corporation and also gives you an update on how we are responding to those challenges and the risks that this presents. I will start and if you want to gong me at a certain point I will submit the rest of the statement

CHAIR: Yes.

The Hon. GREG PEARCE: Perhaps the financial bit would be interesting.

CHAIR: If there is anything that is not in your submission that would be helpful?

Ms SKEWES: As you know the Land and Housing Corporation portfolio comprises about 144,000 properties, the asset base is about \$34 billion and in relation to the financial challenges, they were well

articulated in the Auditor-General's reports. We know the background and challenges to the problems are systemic, they are long-term and they are very entrenched in the overall housing system. Clearly we might talk a little bit later about the Auditor-General's report and some of the outcomes of that report. As you know the Government has accepted the Auditor-General's report and the recommendations that have been made.

Just quickly, there are longstanding challenges in public housing in New South Wales. The challenges we know are not unique, as we said, and they are similar across all Australian jurisdictions and you would have heard some background on that this morning. The New South Wales public housing system has not been able to fully fund its maintenance obligations since the early 1990s. At present our estimated maintenance liability equates to approximately \$330 million in aggregate. Over the last 10 years more than 9,000 properties have been sold to fund capital replacements, upgrade and maintenance. The public housing financial sustainability gap is largely a consequence of the change in profile over time of those prioritised for assistance and their capacity to contribute to rents.

The shift to people with high or complex needs has had two significant impacts on public housing revenues: The first is slower revenue growth for public housing providers and, secondly, increased cost. More people living in social housing require higher and resource intensive tenancy management responses and as we know this is very costly. Over 93 per cent of people living in public housing receive a rental subsidy relying on Centrelink benefits, which comprise largely of disability and pension recipients. Only 4 per cent of tenants have wages as their main source of income. Clearly, the result of this is lower rental income for government. About 90 per cent of people living in public housing benefit from government subsidised rent.

In 2013 nearly \$900 million in revenue was foregone through rental rebates. There is a longstanding imbalance between the funding and the income generated by the public housing system and the recurrent and optimum levels of expenditure required to maintain and replenish stock at the end of its life cycle. I might move to some other information and finish. We in the Land and Housing Corporation are reforming our maintenance system and we can talk about the strategic maintenance review, which was the main initiative to do that. In 2013-14 the Land and Housing Corporation is forecast to spend about \$377 million to maintain and upgrade the public housing portfolio: \$219 million is for responsive maintenance to ensure that properties are clean, safe and habitable; and \$158 million is for planned maintenance and upgrading. This represents an increase of 15 per cent on the previous year's actual expenditure of \$357 million. We will continue to invest in the portfolio and improve our efficiency.

In 2012-13 the Land and Housing Corporation invested \$116 million in infrastructure, which realised the completion of 536 dwellings, and the commencement of another 361 dwellings. In the financial year 2013-14 we will invest a further \$119 million to commence 276 new builds and forecast completion of 379 builds. In addition, the Land and Housing Corporation regularly review its portfolio to identify properties that are no longer suitable for public housing. That is based on demand, fit for purpose considerations, general amenity and whether or not the property has been damaged, for example by fire or vandalism, and is too costly to repair.

Proceeds from sales are redirected to support land and housing corporation housing priorities, including upgrading and capital programs. Sales programs also are used to address strategic priorities, such as concentrations of disadvantaged and reducing stock in lower-demand areas across New South Wales. Properties are sold at market value and registered real estate agents conduct the sale of land and housing corporation properties with the majority of sales through public auction to maximise sale prices. Minimum reserve prices are informed by independent market valuations. The Land and Housing Corporation is committed to the FACS reform priorities of breaking disadvantage. Provision of social housing is an important contributor to lifting people out of disadvantage. The LAHC will continue to work with other parts of FACS in making this happen.

CHAIR: I note that the Government graciously gave you time to conclude that statement, so that time will come off its question time allocation.

The Hon. SOPHIE COTSIS: We appreciate the submission you have given to the inquiry. My question is to Ms Skewes, as Deputy Director General of the Land and Housing Corporation. Page 7 of the Land and Housing Corporation Annual Report states that in 2011-12 total homes under your management, which includes community housing and crisis accommodation, was 146,576 and in 2012-13 decreased to 145,248—about 1,300 fewer properties. Taking account of what the Committee has heard today from peak community housing providers, what I have read in over 200 submissions and the fact that everybody is talking about an under-supply, have those 1,300 properties been sold? Where are the proceeds?

Ms SKEWES: I will talk generally and, certainly, if you want more information on the actual numbers to be precise, we probably need to take that particular detail offline. I do not have those particular numbers here.

The Hon. SOPHIE COTSIS: Can you take the question on notice?

Ms SKEWES: Yes, absolutely. I can talk generally. Part of the rationale in giving that introductory statement was to explain that we actually have a program and we report on our commencements and completions. The program of construction around housing also is dictated to by the time frames around delivery of that housing into the market. I am not able to go into the details of those numbers. I would like to be accurate in the response I give you. I am happy to take those numbers on notice.

The Hon. SOPHIE COTSIS: Have all 1,300 properties been sold to the private sector, the private market?

Ms SKEWES: Part of the reason for taking that on notice is to be precise around the numbers of vested properties. As you know, we have had a program of vesting to community housing providers. That probably would have been discussed with some of our counterparts from the community housing sector this morning. What I need to understand with those numbers—

The Hon. SOPHIE COTSIS: Sorry, but it is in your annual report. The 1,300 does not include the transfer of private to community; this is 1,300 fewer properties. There is a waiting list of 57,000 people. The Auditor-General has said that by 2016 there will be over 80,000 people on the waiting list. Everybody out there is screaming; they need additional investment in the supply of housing and what your organisation is doing is actually selling off more properties. I would like to know where the money is going. Is it going to Treasury or is it being invested back into housing?

Ms SKEWES: I am happy to explain the numbers, and to be precise in my detail on the numbers I would like to take that on notice.

The Hon. SOPHIE COTSIS: I would like to know in which locations were the 1,300 properties that have been sold and also where the sale proceeds from those properties have gone.

Ms SKEWES: Yes. The money from the sales program, as I explained in my introductory statement, is invested back into the portfolio.

The Hon. SOPHIE COTSIS: Which portfolio?

Ms SKEWES: Into the Land and Housing Corporation budget.

The Hon. SOPHIE COTSIS: To do what?

Ms SKEWES: To—

The Hon. SOPHIE COTSIS: To build more housing?

The Hon. RICK COLLESS: Let her answer the question.

Ms SKEWES: Exactly. It is invested back into the upgrading and building of homes. As you know, the life cycle around the building of a home probably takes a couple of years to go through a DA process and a feasibility assessment and then to get a builder involved. I can explain to you also that the number of properties over the last 10 years that have been sold—I quoted in my introductory statement a number of about 9,000—if you take—

The Hon. GREG PEARCE: Perhaps we could have the breakdown for each year when you take that on notice?

Ms SKEWES: Exactly.

The Hon. MATTHEW MASON-COX: That is 10 years.

Ms SKEWES: That is 10 years and it does not indicate a sales program of 1,300 properties in any one year.

The Hon. SOPHIE COTSIS: But the housing stimulus actually provided additional homes. I take you back to page 7 of the Land and Housing Corporation Annual Report. It states that in the year 2011-12 there were 1,614 public and community housing properties that were completed in that year. In 2012-13 there were 536 properties. So the Government, or Land and Housing Corporation, is building about 1,100 fewer properties. You did identify that you have about 200 on the books now. Why have you reduced the number of properties being built?

Ms SKEWES: The whole concept, which the Auditor-General explained, around the social housing and public housing system is all about the financial sustainability of the system. The Land and Housing Corporation sale program is geared around the sorts of decisions, as I said, that need to be made around individual properties. That money from those sales programs goes back into the corporation to build new houses and to support capital upgrade of properties. I certainly am happy to track through those numbers because there are vesting programs, stimulus, new supply in some of those numbers, the end of the stimulus program

The Hon. SOPHIE COTSIS: Is that additional? Are you building additional properties?

Ms SKEWES: We have a new supply program that goes into replacing stock according to need. The net position, as I said, over the last 10 years has been about 9,000 properties sold—

The Hon. SOPHIE COTSIS: No, I am asking you about the \$22 million cut from the last supply and construction budget. In sales and cuts to budget, the Land and Housing Corporation is not providing additional homes.

Ms SKEWES: If I can quote from the Auditor-General's report, it describes the historic net loss in the portfolio. If you take all of the numbers over the period of time that the Auditor-General tracked the ins and outs, and the net position of the portfolio, page 22 describes a net loss of 5550 properties.

The Hon. SOPHIE COTSIS: Yes. What are you building? Have you plans to build additional properties?

Ms SKEWES: In regard to your reference to us removing money out of a program, our capital program is based around the properties we are bringing online. We have feasibilities done that we are commencing a DA process—

The Hon. SOPHIE COTSIS: How many properties? How many?

Ms SKEWES: No, I described those. The numbers here that I quoted in my opening speech refer to those numbers. So when you see—

The Hon. SOPHIE COTSIS: Can you quote those numbers again?

Ms SKEWES: Absolutely. I will find them here. But when you see a change in our numbers, I described the commencements and the completions. Your reference to \$20 million disappearing out of our program, that was simply a timing issue. That was a timing on the construction of those houses—

The Hon. SOPHIE COTSIS: Have you additional funds to build additional homes?

Ms SKEWES: Those houses are now in this year's program. They were running through—

The Hon. SOPHIE COTSIS: How many?

Ms SKEWES: Those properties—

The Hon. SOPHIE COTSIS: But how many?

Ms SKEWES: I cannot give you the \$20 million number.

The Hon. RICK COLLESS: Point of order: The witness is doing her best to answer the questions of the Hon. Sophie Cotsis. I think it would be a good idea if the Hon. Sophie Cotsis allowed the witness to answer the questions.

The Hon. PETER PRIMROSE: To the point of order: The simple question that has been asked repeatedly is, How many. The witness has indicated that that number was in her opening statement. She is about to refer to it. If she could simply give that figure, that is an end.

The Hon. MATTHEW MASON-COX: That is what we are trying to do.

CHAIR: Order!

Ms SKEWES: I am happy now—

CHAIR: Order! I will rule on the point of order, thank you. With all due respect, I understand that there will be some robust questions and discussion in these matters, which I have allowed. I ask the members to allow the witnesses to answer the questions without interruption. Ms Skewes.

Ms SKEWES: Thank you. I will quote from my opening statement:

In 2012-13 LAHC invested \$116 million in infrastructure, which realised the completion of 536 new dwellings and the commencement of another 361. In financial year of 2013-14 the Land and Housing Corporation will invest a further \$119 million to commence 276 new builds and forecast completion of 379.

I am happy to refer to the honourable member's questions in relation to the specific details and numbers and take that matter on notice.

The Hon. SOPHIE COTSIS: Okay, and will you also take on notice to provide the sales proceeds of those 1,300 properties?

Ms SKEWES: I will provide you information about the number of properties sold and where those proceeds were assigned to the program, either into the maintenance program or into the capital program.

The Hon. SOPHIE COTSIS: Is the Land and Housing Corporation looking at a program of providing additional housing because of the waiting list about which the peak bodies have talked to Committee members? I am sure you have gone through the submissions; there is an undersupply of housing. What is your department doing to alleviate that?

Ms SKEWES: Yes. Certainly, the underpinning of the Land and Housing Corporation is to focus on the financial sustainability of the corporation. As I described in my opening speech, we have a maintenance backlog and obligation.

The Hon. SOPHIE COTSIS: How much is the maintenance budget?

Ms SKEWES: In my opening statement I referred to \$330 million being the maintenance backlog. While there is an interest in new supply, there also is a requirement that we address maintenance requirements in properties. We take that very seriously.

The Hon. SOPHIE COTSIS: Are you selling existing properties and investing the sale proceeds into maintenance?

Ms SKEWES: The sale proceeds from the corporation and also the rental income received support both our capital maintenance program and the upgrading and development of new properties, absolutely.

The Hon. SOPHIE COTSIS: I speak to many tenants. I visit many estates. One issue of concern raised with me at every meeting is lack of responsiveness to maintenance. What do you say to those tenants, many of whom are present in the gallery and are eager to hear what you have to say about the lack of responsiveness to their needs? As you mentioned, you want to see people living in secure and clean housing. What is your response to the tenants in the gallery?

Mr ALLEN: If the member would allow me first to make a few comments because we are responsible in our division of the business to provide the tenancy management services and that, indeed, includes fielding inquiries from clients about maintenance requests. We operate a housing contact centre. It is a 24-hour 7-day telephone-based facility where our clients can give us a call. Any responses to maintenance will be prioritised depending on the urgency of that maintenance.

The Hon. SOPHIE COTSIS: How do you assess the urgency?

Mr ALLEN: Urgency is assessed on the level of risk to the client. For example, if there was a health and safety risk, that is a matter that would be attended to in a matter of a few hours. If there is something else that is not an immediate safety risk but is still an urgent and important matter, then we would deal with that in the next time frame. If there are matters that are on a day-to-day maintenance basis, then we would look to work with our colleagues in the Land and Housing Corporation to build that into a future program because that gets the best value-for-money approach for our tenants and for the system because the money in the system is the money that is available for the benefit of all tenants. It is important that we have a strong view on what does generate the best value-for-money outcome for our clients.

The Hon. SOPHIE COTSIS: Mr Allen, what is the response time? How do you assess the risk?

Mr VEVERS: I can give some examples. If there was an immediate danger from an electrical fault, the response time would be four hours. If hot water was not working—

The Hon. SOPHIE COTSIS: Some people in the gallery are shaking their heads.

Mr VEVERS: If there is immediate physical risk, yes. If there is a hot water outage, from memory I think the response time is 48 hours. It is graded according to, as Mr Allen said, the level of risk.

CHAIR: How do you evaluate those response times?

Mr VEVERS: We have a schedule of particular types of repair. The operator receiving a call would look up on the schedule what that repair is and then would prioritise the repair accordingly

CHAIR: You are confident that the response times you have indicated are actual response times and not a process on a piece of paper?

Mr VEVERS: No, we also call 25 per cent of our tenants and we ask them if the contractor arrived on time. We check with our tenants.

Mr ALLEN: If I could just add a couple of points. Firstly, the response times are a contractual commitment that our contractors have. It is included in their contracts. But, importantly, we also exist in the real world. We issue around 60,000 maintenance orders across New South Wales in any given year. I am not trying to suggest to you that the delivery of every one of those 60,000 orders was 100 per cent perfect but we do have, as Mr Vevers has outlined, appropriate checking arrangements in place to check as many as we reasonably can to give a sense of what our contractor performance is based on response times and the quality of the work.

We also check on the approach that the contractor has made to our tenant. Have they approached the tenant courteously? There are a number of factors that we look to get some feedback on from our clients so we can build that into our ongoing performance discussions with our contractors to make sure as best we can that all of the orders we issue across the year—those tens of thousands of orders—are delivered appropriately according to the requirements we have.

The Hon. PETER PRIMROSE: This question is directed to any of our witnesses. I was wondering if you could please table your new social housing policy to the Committee.

Mr ALLEN: Thank you for your question. Can I just quickly correct a misstatement I made. I think I said 60,000 orders; I meant 600,000. It was a very important zero to have been left off. The social housing policy is a matter being considered by our Minister and our Government. That consideration is still on foot and is underway. I am not in a position to make any specific comment about that level of Government consideration.

The Hon. PETER PRIMROSE: I note that the Auditor-General recommended that you indicate the Government had accepted the recommendations and that that be completed by December 2013.

Mr ALLEN: The recommendations from the Auditor-General's report are all being actively worked on and there has been quite significant progress in the implementation of those recommendations. But I think the members present would appreciate that a social housing policy is a very significant piece of policy. It is something that needs very careful and considered thought, as well as the development and the overview of what might be happening in other places. It needs a level of research. I cannot comment more specifically because it is actively under the consideration of the Government as I understand it.

The Hon. PETER PRIMROSE: I thought that you said that the Auditor-General's recommendations had been accepted. I am sure the Auditor-General also thought clearly and carefully about this recommendation. Given that, can you give us any idea of when this social housing policy is likely to appear?

Mr ALLEN: I can only be really clear in my response that the social housing policy is under active consideration by the Government and our Minister and it really is not appropriate for me to comment on the detail of that consideration.

The Hon. PETER PRIMROSE: What sorts of things would need to be included in a social housing policy if you were to act on the Auditor-General's recommendations? Since it has been accepted you would be able to comment on that, would you not?

Mr ALLEN: I do not think it is appropriate for me to be commenting on the level of detail that might or might not be included in the social housing policy. There are a range of approaches that could be taken on social housing policy, and we have seen that from some of the developments in a number of other jurisdictions and internationally. They are matters that are under active consideration by the Government and the Minister.

The Hon. PETER PRIMROSE: So this is a secret policy. You cannot even tell us what may be in it.

Mr ALLEN: In fairness, I think that is actually a very unfair comment. I am a public servant who has served governments of both persuasions for more than 30 years. I have worked very hard and very diligently to discharge those responsibilities to the best of my ability.

The Hon. PETER PRIMROSE: Please do not take this as a personal attack. You have indicated that the Auditor-General's recommendations are very important. The Auditor-General clearly thought about them, they were accepted by the Government and a recommendation has been made. Based on that, I am now asking what sort of things would be included in that policy. But I am very happy to leave it there if you are unable to answer those questions. This may be a matter we will have to raise with—oh, that is right, we do not have a housing Minister. We will take it up with the Minister for Family and Community Services.

Mr ALLEN: Importantly, what I can say is—

The Hon. PETER PRIMROSE: No, I am happy to leave it there. I do not want to put you on the spot any more.

The Hon. SOPHIE COTSIS: In the Auditor-General's report there is a recommendation that Land and Housing in consultation with Housing NSW by December, again, finalise the long-term strategy for managing public housing estates. Has this been done or is this in the process of being done?

Ms SKEWES: Thank you for your question. Indeed, this answer is in part way a response to your previous questioning about how we prioritise the commitments within a portfolio that has got a limited amount of money. Indeed, as you would have recalled in the Auditor-General's report, there is a bigger piece of work being done by the Land and Housing Corporation, which is our asset portfolio strategy. As part of the response to the Auditor-General we committed to do a detailed assessment of the assets owned by the Land and Housing Corporation. Through a very extensive exercise, having assessed over 100,000 properties for what we call a property assessment report, we have committed that we will have the balance of the portfolio completed, every property going through a property assessment, by the middle of this year, by June. Part of that process is for us to gather very good data about our assets so that we can support the sort of decision-making that has to happen when we are operating a framework to make the system more financially sustainable.

We need good data about the assets. We need to know about the condition and the maintenance issues, the sorts of things that you were raising earlier. We need to drive a more strategic approach to maintenance in our asset planning. In that context the estate strategy—what we do in a number of these areas of highly concentrated areas of social and public housing, we need to understand what the opportunities are in those areas. We need to have good data so we can support the Government in the sorts of decisions that need to be made to address areas of disadvantage. We are on a very committed pathway with the support of the Government to complete our asset portfolio strategy by the middle of this year. That will be an important document for the Government in terms of its understanding of the sorts of things it needs to do with the asset and how it will approach those public housing estates that have been referenced in the Auditor-General's report.

The Hon. SOPHIE COTSIS: We have seen in the Auditor-General's report and in the many comprehensively researched submissions that we have received from tenants, housing providers and churches that there will be 86,000 people on the waiting list and a whole lot more people who will not be able to access crisis accommodation or any accommodation. What is the rough figure that Land and Housing needs to inject to increase the supply of housing to meet the needs of those people?

Ms SKEWES: You are specifically talking about crisis accommodation?

The Hon. SOPHIE COTSIS: No, the Auditor-General has stated that in 2016 the waiting list will increase to more than 86,000.

Ms SKEWES: I understand the question. I think probably the best way to answer that is I can talk from a housing supply point of view but we also need to be looking at the demand side. My colleagues in housing need to be able to address those aspects of the question. The whole purpose of our asset portfolio strategy is to understand as well as we can the particular circumstance of the portfolio we have got. You have raised questions about maintenance as opposed to new supply and new build. We need a strategic framework to make conscious decisions about how we invest the scarce resources that we have most efficiently.

The Hon. SOPHIE COTSIS: I understand that.

Ms SKEWES: I am not at a point where I have a number around that because part of the rationale of arriving at a number is having an understanding about the demand side of the equation and the sorts of priorities to be given to people who are in urgent need of social and public housing.

The Hon. SOPHIE COTSIS: We may need to call you back because of the lack of time. This is important for the community because there is a demand for housing. There is a demand out there for people who are at risk of homelessness. At the moment there are 57,000 eligible households, which equals 120,000 people. I am asking you what your plan is. You have been in this role for three years.

Mr ALLEN: No.

The Hon. SOPHIE COTSIS: The Government has been in for three years. Have you got a proposal in terms of—

The Hon. GREG PEARCE: A point of clarification, if I may: Ms Skewes has only been in the role since about the middle of last year. Perhaps Mr Allen, who has been there for many years, might be able to address that question.

Mr ALLEN: I would like to make some comments about the factors that influence demand, because there are several. Population growth is important. Socio-economic trends such as the ageing of the population, the general economic environment and employment opportunities have an impact.

The Hon. SOPHIE COTSIS: Sorry, Mr Allen, but what is your proposal for dealing with the supply issue?

Mr ALLEN: There are a range of issues that impact on demand and therefore there are a range of measures that can be put in place to address demand. In part, that is the efficiency of the existing system.

The Hon. SOPHIE COTSIS: How can you be more efficient when there are cuts to maintenance and cuts to construction?

Mr ALLEN: If you let me finish my answer, the efficiencies that we have put in place are about making better utilisation and use of the existing social housing portfolio. Dealing with under-occupancy is a very significant element of some of those measures. For example, we have 35,000 unoccupied bedrooms. That is simply not fair for those people on the waiting list.

The Hon. SOPHIE COTSIS: You do not have enough one-bedroom properties for those people.

The Hon. MATTHEW MASON-COX: Point of order: I was wondering whether we might hear one or two questions from The Greens.

The Hon. SOPHIE COTSIS: I have one more question about vacancies.

CHAIR: There might be some time at the end to take additional questions from other parties.

The Hon. GREG PEARCE: I am sure the Government would not mind giving Ms Cotsis one more question.

CHAIR: If Government members will extend that grace we will take that up. The Hon. Sophie Cotsis may ask one more question. I remind members to let the witnesses answer the questions.

The Hon. SOPHIE COTSIS: In relation to vacancies in public housing properties under your management, can you tell me how many properties are vacant at any one time?

Mr ALLEN: In general terms an average of 10 per cent of the portfolio would become vacant each year. That is the general trend. That is fairly consistent with the percentage or proportion of vacancies that you would see in most other State and Territory jurisdictions.

The Hon. SOPHIE COTSIS: As the director general, if you wanted to know today how many vacant properties you have in your portfolio and for how long have they been vacant do you have that information?

Mr ALLEN: Yes, we do monitor vacancies from the point of time at which we get advice that the tenant has left the dwelling. That usually comes to us formally from the tenant but in many cases, unfortunately, we do not find out for some time if the tenant has vacated without providing advice to us and without returning the keys. Then we monitor the performance of our contractors in getting in and doing the work to individual properties. The length of time a property will be vacant will depend on the level of work that might be necessary to be undertaken.

The Hon. SOPHIE COTSIS: Mr Allen, my time is limited and the Government members have been very generous to me—

Mr ALLEN: I will give you a specific number—if that is the point you are looking at. In 2013 the average vacant turnaround time across all States and New South Wales was 28.8 days. That was reported in the Productivity Commissioner's report based on their methodology.

The Hon. SOPHIE COTSIS: I visit estates on a regular basis and there are properties left vacant for three, five, six months. There are properties at Whalan and Millers Point that have been vacant for a year. Housing tenants contact your local offices and they keep telling me that the local offices are not responding. There are families waiting to be housed but there is no response. Can you provide me with a reason as to why that is?

Mr ALLEN: Yes. In part that is the reason I articulated in my earlier answer—that is, we do not always get advice from our tenants that they have vacated. Local neighbours may see a property as vacant. That will often be the way that we do find out that a tenant has vacated and they have not given us any formal notice. So we would then respond on the neighbour's advice or call to us. We would go out and have a look at the property and start the process from there. But it may well have been vacant for some weeks or months before the neighbours think to give us a call and let us know about it. Our staff is out and about on the ground on a regular basis but if curtains are still in windows then properties are not obviously vacant. But also there are a number of other reasons as to why a property might be vacant longer. For example, as I have said, the level of work that might need to be undertaken. Often there will be consideration about the level of upgrading that might need to

be undertaken to a property, and whether there needs to be assessment of what the current demand levels are for that property—certainly in some locations in western New South Wales there are falling levels of demand. So there are a number of things that can lead to it. But, importantly, on average, the numbers show that vacant properties are turned round in precisely 28.8 days across the country, including New South Wales.

CHAIR: Yesterday we had a look at the Sirius complex where we met with Ron and Mary. Ron in particular was sharing with the Committee, on behalf of the residents, anxiety about the lease of that building—which I think is to 2030. Those residents are getting a little anxious as to the Government's approach to this. They would like some comment on the Government's intention as to fulfilling the lease to 2030. Are there any plans for the future of that site or is the Government thinking of breaking the lease? Can you give the Committee some clarity on that?

Ms SKEWES: I am happy to take that question. The Government has made no announcement on the future of Millers Point or indeed the Sirius building—I think that was the one you mentioned that you visited yesterday?

CHAIR: That is correct.

Ms SKEWES: The question in relation to the future of the Sirius building would be in the context of the Government and its decision at some point to make an announcement about the direction of Millers Point.

CHAIR: Do we have a date?

Ms SKEWES: I think you would need to direct that question to the Government.

CHAIR: The Committee has heard some initial comments about the National Disability Insurance Scheme. Do you have any plans for the impact that scheme will have on social, public and affordable housing if it were to roll out?

Mr ALLEN: I will take that question, if I may? I think we would all agree that the NDIS is a very important initiative that will promote greater independence, choice and control for participants but we do expect that there will be increased demand for independent housing across all housing tenures, and that will include social housing, low-cost private rental and assistance with accessing private rental housing as well as the obvious need for home ownership. Generally people with disabilities do have lower incomes and National Disability Insurance Agency [NDIA] or National Disability Insurance Scheme [NDIS] participants will be able to apply and be assessed for social housing under our existing eligibility criteria.

CHAIR: But at what level will they fit in? Is it a category or tiered system? What is the general view as to their priority level if they are coming in as part of National Disability Insurance Scheme?

Mr ALLEN: I will give you a very quick response to that. Firstly, there are already a number of people with disability who live in the social housing system and our expectation is that they will be eligible for assistance under the NDIS. Therefore they will stay in their same properties and their housing needs will be fine. There will be other people outside the system who will be looking for a housing solution. The private rental market is not a flexible housing solution for people with disability. The home ownership market can be a flexible option but there is also the need for the NDIA to look at how they might use some of the future capital funding that they have to stimulate additional housing supply and to look at all points of the tenure as to where people might need assistance. We, as a department, and our colleagues in the other States and Territories are meeting with the administration of the NDIA. Indeed, we had discussions as late as last month with the chairperson of the NDIA, Mr Bruce Bonyhady, to talk through some of these issues. It is still at a very early stage but we want to make sure that we can address the future housing needs of people with disability in a coordinated way and as comprehensively as we possibly can.

CHAIR: From the submissions the Committee has received it can be seen that in public housing there are clear customer relations issues. What do you do to train your staff to communicate effectively with tenants because, on my understanding of the submissions, a lot of the tenants feel as if they are being talked down to? What sorts of customer service skills do your staff have?

Mr ALLEN: Firstly, we put in place a range of training measures. We do take this issue very seriously and we have a very strong commitment to the values of customer service and getting the best outcomes we can

for our clients. I will ask my colleague Paul Vevers to talk about the follow-up action we take to test the responses our staff are providing.

Mr VEVERS: We have a contract with Customer Service Benchmarking Australia to mystery shop 20 of our officers at one time. They assess the service that is delivered—the staff does not know who the assessors are—and they give us a benchmark report, which is provided back to the staff. As managers we then work with the staff to identify areas of deficiency, and we keep that office on that program until they reach the benchmark.

CHAIR: With all due respect, why are the real people—the people out there who service the customers—not benchmarked? If you really want to look at your customer service you do not do mystery shopping, you interview the customers.

Mr VEVERS: We do that too. Our housing call centre calls around 25 per cent of people who have asked for repairs. We also take part in a biennial survey run across Australia that goes to our customers, and we have a supplement to that survey so that we can get regional information on client satisfaction. We also have a quality team who sit with our call centre operators and actually listen to the calls, with our tenants' permission, so that we can provide direct feedback, to make sure that our staff are complying with policy and are treating people with respect.

The Hon. GREG PEARCE: It might be worthwhile for the Committee to visit the call centre.

CHAIR: Perhaps we could put that down as a suggestion for discussion.

Mr ALLEN: We would be very happy to host the committee at the call centre.

CHAIR: I know that there was an initiative some years ago—I cannot recall which year—where the tenant could buy the house. I am quite surprised at how old the housing stock is getting. Indeed, quite a lot of it is more than 40-years old. When the Government built and bought those houses they were probably worth \$5,000 or \$6,000 and in long tenancies the tenants have potentially paid, through their benefits or lower income, hundreds of thousands of dollars. How do you draw that to some sort of fairness or equity for a tenant to have the opportunity of first right of purchase of a property? Why did the initiative of people being able to buy those houses stop, given that most of them have paid way over the initial value of the original investment?

Mr ALLEN: Two answers to your question. Certainly tenants can still purchase the home in which they reside.

CHAIR: Do they make application or do you offer?

Mr ALLEN: No, they make application. There is information on our website in terms of the requirements that people would need to meet in making that application to us. However, it is important to acknowledge that we would not necessarily be looking to sell to a tenant, or anyone else necessarily, a property in an area of high demand where it would be exceedingly difficult for us to be able to replace that property. We do still sell a number of properties each year to the sitting tenants. The other comment that I would make is, as I mentioned in my introductory comments, the vast majority—93 per cent—of our clients are now on a social security income. Their capacity to purchase their own home, unless it is in western New South Wales where the property values are much lower, is extremely limited. The other important point that needs to be acknowledged is that it is not just about the acquisition cost or the initial construction cost of a home, there is the rental subsidy that is provided to our tenants over the many years that they may be occupying, the costs that go with the ownership in terms of council rates and all the other things, including repairs and maintenance and the cyclic upgrading that might be undertaken. It is not a simple equation.

CHAIR: If you look at the graph included in your submission it shows the demographics of those who had houses in the 1950s were low-income people. Now if those people are still in the houses then they have probably paid twenty or thirty times the value of the houses when purchased. I appreciate those other indirect costs but they have certainly more than paid for the houses. Yes, those people are probably now on the pension or receiving some sort of income from the Government because most of them are retired, but how does one draw some fairness in that given that they have probably paid twenty or thirty times the value of the houses when purchased? Basically they have a right to have it acknowledged against their names that they have paid

quite a significant amount of money for the houses. I probably have not asked that question in the way I should have but I am very interested in your answer.

Mr ALLEN: I definitely understand the point you are making.

CHAIR: My point is that they have got some skin in the game.

Mr ALLEN: Exactly. Many of our tenants care for their homes very deeply and have been very houseproud over the time of their residency. The difficulty for us is that if we sell that home at anything less than current market value then we do not have sufficient income in the system to be able to replace that dwelling in the current market costs that we actually have to meet. The difficulty is that it may have only been a relatively smaller amount initially but those days have gone, and the costs we have to meet in both maintaining and replacing accommodation are commercial and current market costs. Sales to anyone at a discounted level less than market value really is a further depletion of the funding that is available to house and assist more people.

The Hon. JAN BARHAM: I want to follow-up on the issue of the social housing policy. From what you have said it is with the Minister but is there going to be a public process for the development of that social housing policy? I am not aware of a discussion paper or anything else from the Government that would indicate that it is seeking input for new ideas around that. I am asking for a yes or no answer as to whether or not there will be a public process and engagement?

Mr ALLEN: I do not know whether there will be a public process for that engagement. I am sure the Minister would want to seek advice and input from a variety of sources but I am not clear on what that process will be.

The Hon. JAN BARHAM: In relation to the asset portfolio strategy there were some comments made about a process for assessing the data and creating criteria and that sort of language around the need to develop a strategy, how it is going to be implemented permitted and the time it is going to take. I would have thought that asset informational was already on the record and you would be able to do some desktop analysis. What I am particularly interested in is where I see—for example, in the area where I grew up—a lot of properties being sold. These are old fibro houses on large lots. I am wondering if there is any assessment done of those properties prior to them being put up for sale as to their potential for redevelopment and rehousing and the increase of stock potential?

Ms SKEWES: Absolutely, and thank you for your question. That is precisely why we are developing our asset portfolio strategy.

The Hon. JAN BARHAM: I am not looking at what you are going to do; I am asking about what you are currently doing. That is my area of interest.

Ms SKEWES: We are currently assessing. We have 100,000 properties we have assessed and we have the balance to do by June. All of those assessments involve forming a view about the physical condition of the property as well as the planning conditions of the property—whether it is in an area of rezoning or potential value uplift, as you have described.

The Hon. JAN BARHAM: I understand the process; what I am asking is whether or not the ones you have put up for sale in the last few years had strategic assessments done about their potential for redevelopment to enhance the supply of stock in areas of great need. That is my question. Has that work been done? Considering you have not had a strategy in place to guide you and you have not had a social policy in place, I am wondering what governance procedures were there to ensure that the best possible decisions were being made. You keep using the word "sustainable". I am wondering what you mean by that and what evidence there is. What is the sustainability about? How have you gone down a path of assessment? Is it openly transparent?

Ms SKEWES: Thank you for your question. It is a very complex question.

The Hon. JAN BARHAM: No, it is very simple actually. It is what local government has to do. I am wondering if the State Government is required to do the same level of governance and probity work.

Ms SKEWES: Absolutely, I can assure you about the governance and probity of our land sales program. I will attempt to answer your question, and if there are gaps then please do let me know. You are asking really about how we have done it to date, effectively.

The Hon. JAN BARHAM: Yes.

Ms SKEWES: I can say that land sales have been done in a framework to date where aspects of amenity, opportunities for redevelopment and all of those things have been taken into consideration. What is new about what we are doing now is that we are going back across the entire portfolio over a very defined period of 12 months—it is a very big job to do—to go through every asset. So we are bringing the currency of our asset information absolutely up to date. So we are talking about real-time information.

The Hon. JAN BARHAM: I will just stop you there. I wonder why that would be. I am aware that that sort of work has been done in other jurisdictions. There is a basic principle about land value, age of property and what the property is. I suppose I am contesting the statement that it is such a huge job. What I am more interested in is where you are putting properties up for sale that may perhaps allow other private bodies to realise an increased potential and profit from land that was previously publicly owned and available for enhancement.

Ms SKEWES: I think the short answer to your question is yes. What we are doing is a more current assessment of the portfolio. So, yes, those sorts of things have informed the sales program—a very rigorous sales program with strong governance to date. So it has not been an ad hoc program; it has been a considered program with very senior governance applied across the program. The difference in what we are doing now, as I said, is really that it is to bring the currency of the current portfolio up to date. So we have been looking at the entirety of the portfolio. In a sense, historically the view of the portfolio has been very regionally and locally based. Now, as my colleagues have indicated, the demand drivers are slightly different. So we bring that to our thinking about how we start to shape the portfolio going forward.

The Hon. JAN BARHAM: I think this is why people want to see documentation about the process you are going through, because there is a lot of thinking, both nationally and internationally, around these issues. One would hope that the complexity was informed by some of the real experiences of other places—some of whom have had successes and some of whom have learnt from their failures, perhaps.

Ms SKEWES: We have shared our direction broadly. Certainly the community housing sector are aware and very keen to see some of the data as we complete our assessments. So we have had that engagement. We have also had engagement through some of the national housing forums talking about our strategy. That has been absolutely well received. I know that certainly other jurisdictions have been quite impressed with the comprehensive approach we are taking to the portfolio strategy. So I absolutely support your proposition about more engagement. The better the data we have and the most current the data we can have to inform our decision-making the more it assists the Government to be able to ration its resources. Really, as I said, the financial sustainability of the portfolio is our objective.

The Hon. JAN BARHAM: I am thrilled because that means the information will be made available and will be accessible, if you have done all that ground work. It means I can bring forward, not necessarily at this time, examples of where public properties have been sold and redeveloped by the private sector—sometimes massive redevelopment. There has been no net benefit for the public except for the sale of the land, and there has been the loss of housing in a high-demand area. I am glad to hear what you have said because I can now bring forward information and hopefully seek a reasonable explanation as to why whatever process you have been following may have failed.

You have mentioned dealing with the community housing sector. Does that mean the positive response from them has been in relation to where you are looking at transferring housing across to them? Can you clarify for us what responsibility you have put on them when they receive property—that they will deliver a defined need in relation to social housing in an area where there is a loss from public ownership to community housing. What are they required to deliver and for how long? Are they going to be in a position where there is money to be made in it?

Ms SKEWES: My colleague Mike Allen will support me in my response on this. I think the principle you are getting at here is a view about the entire social housing system. The New South Wales Land and Housing Corporation is a part of that system. So in response to the earlier questions from the Hon. Sophie

Cotsis, the New South Wales Land and Housing system and the properties that we have are part of a much larger system. The work that we have been doing with the community housing sector has been an important part of that. I will let Mike go on to talk about how we actually engage with the community housing sector, because effectively those contracts are managed through Housing New South Wales.

Mr ALLEN: Importantly in New South Wales we have a single social housing system. We do have one waiting list, whether a client contacts us or contacts a community housing provider. The assessment process that is undertaken, whether it is undertaken by our public housing staff or by community housing staff, is exactly the same assessment process. The same eligibility criteria are applied. Admission to the waiting list works in exactly the same way whether we do it or they do it, and they have controlled access to our information technology systems to be able to facilitate that. So we have one application form, one assessment system and one waiting list regardless of which provider is managing the properties.

The Hon. JAN BARHAM: So nothing that gets transferred results in a net loss of social housing for the State of New South Wales? I am asking about when properties are transferred to community housing management. Is anything lost?

Mr ALLEN: No, nothing is lost; they are part of the same system. They are contractually obligated to operate in the social housing system and to work with us in doing that. We have a very significant contracting framework that deals with both performance contracting, performance assessment through the national regulatory system and contractual funding arrangements that give clear and precise direction on the performance of the organisations—what is expected of them and their participation, and indeed, in fairness, what is expected of us in the process.

The Hon. JAN BARHAM: What is the contractual gain?

Mr ALLEN: The contractual gain is that community housing residents are able to access Commonwealth rental assistance and that can be utilised in securing a higher level of rental income that those organisations can then use for leverage purposes. That is an important income stream that can support some of their other activities. It is not an income stream that is available to the public housing system.

The Hon. JAN BARHAM: I am interested in the gain from public land being transferred. If there is no net gain—

Mr ALLEN: Are you talking about title transfer specifically?

The Hon. JAN BARHAM: No, I am just talking about transfer to the community housing sector by whatever means—whether it is title, long-term lease or what has happened previously—and whether we are getting more social housing where we know there is need or transferring public assets for the purposes of another entity gaining advantage without necessarily delivering an advantage to the people of New South Wales for use of a public property.

Mr ALLEN: Where title transfer has been committed to a community housing organisation, they are contractually committed to use the opportunity to leverage off the value of that property, and the additional income stream they receive through Commonwealth rental assistance, to build, procure or purchase additional properties.

The Hon. JAN BARHAM: Do you mean social housing properties?

Mr ALLEN: Yes, I am talking about additional social housing properties. Some of those properties might be affordable housing properties, because in terms of paying off the debt they will need to have a slightly higher income. So they are still a valuable gain to the housing system and to the needs of people on low incomes. There is a requirement that a minimum of 30 per cent of the leveraged properties—the additional properties—be made available for social housing purposes, and the balance for affordable housing.

CHAIR: The amnesty had a great outcome and resulted in \$8.5 million. Are you thinking of having maybe another one? Is there room for another one?

Mr VEVERS: That would be a consideration for the Minister. But, yes, it was very successful—there were almost 3,000 additional occupants that we did not know about. That would be a question for the Government.

The Hon. JAN BARHAM: I would like to follow up on that. I put a question on notice in relation to that and I am not sure that I have an answer yet. Out of those who were mentioned in the Auditor General's report, how many of those are on priority housing or long-term perpetual leases? That was not revealed in the report. I do not think that has been answered.

Mr ALLEN: Do you mean in terms of the amnesty?

The Hon. JAN BARHAM: No, I mean in relation to the bedroom tax.

Mr ALLEN: So we are talking about underoccupancy?

The Hon. JAN BARHAM: Yes.

Mr VEVERS: So far we have approached about 1,000 households where we know that we can provide alternative accommodation for those households. About one third of them have chosen to pay the charge and around two thirds of them have said that they will move. So we would expect about 1,000 bedrooms to be released from those people who have agreed to move or who have actually moved.

The Hon. JAN BARHAM: The Auditor-General's report makes reference to the fact that some analysis has been done and has shown that the cost of facilitating those moves would be more than the money that would be received. That seems to be reference saying that you have already done that work or presented that work.

Mr VEVERS: That was the previous policy before the vacant bedroom charge was introduced. We used to make multiple multiple visits to clients encouraging them to move but there was no incentive for them to move and most people did not. Since the vacant bedroom charge obviously much fewer resources are involved because we present to the client that they have a choice—they can volunteer to move, and then they do not pay the vacant bedroom charge, or they can make the choice to pay the vacant bedroom charge. So the resource input is significantly less.

Mr ALLEN: I will just jump in here to give you a quick example. We have approximately 1,000 properties around New South Wales which we know are only occupied by one or two people, mostly couples. So they are using one of four bedrooms. The cost of providing a new four-bedroom property is much higher than the cost of providing an alternative property, even a one- or two-bedroom property, for that couple. So there are reasonable economic arguments that support approaching underoccupancy in this way. It is actually more cost-effective to provide the smaller dwellings and free up those larger dwellings even if, because of their age, they require some upgrading to be able to house a family. That is a very significant benefit to the family.

The Hon. MATTHEW MASON-COX: If I can ask you about that vacant bedroom charge? I think you gave some evidence, Mr Allen, about there being 35,000 vacant bedrooms.

Mr ALLEN: Of that order, yes.

The Hon. MATTHEW MASON-COX: I noticed that since the introduction of that charge in 2013, 100 tenants have volunteered to downsize and more than 200 tenants have offered to pay that charge. That is not a lot out of 35,000. I was wondering why the numbers are so low, or do you expect that to build up over time. What are your projections in that regard?

Mr VEVERS: If I can give you the up-to-date figures, around 1,000 tenants have been approached; 604 of them have agreed to move, to go on the waiting list, and of that around 130 have been relocated, and the other third said that they would sooner pay the charge than be relocated—and that is the choice. Because we are dependent on vacancies in smaller properties to rehouse those people, we take a measured approach to how many people we will approach in a year. That is absolutely in line with our expectations: we said we would approach around 1,000 people in the first year, when nine months in we are pretty close to that and two-thirds of people willing to volunteer to move is incredibly much better than we had before we had this policy where the number of vacant bedrooms was increasing rather than decreasing.

The Hon. JAN BARHAM: Along with overcrowding.

CHAIR: Where will they move to and is there stock where they are? We note that their friends, their family, their doctors, the grandkids' school, there is a whole gamut of things, as you know, where they are, so how will that work out?

Mr VEVERS: That is why we take a measured approach to the process. We have not approached all 17,000 people who are underoccupying all at once and said, "Will you move?" because we know that we do not have enough places for them. We try to be really, really sensitive to people. We absolutely understand that for many of these clients they have lived 30-plus years in this location; their friends, their family and their social supports are there. We are a department which is also involved not just in housing but in the provision of social support to people. Both from a personal point of view and also from a financial point of view we do not want to dislocate their social supports, so we look very, very hard to try to relocate them somewhere which works for them.

CHAIR: We spoke to the United Kingdom recently about public housing and one of the things they use is a bidding system. There is a listing of those residents willing to trade their particular unit or house and people have to apply to be in the bidding, and the category and tier that they come on obviously gives them priority, but it is a lot more ownership of the person choosing to make that switch rather than being told they have to make that switch. Would that be something that you are familiar with?

Mr VEVERS: Yes, it is a system I believe called choice-based lettings.

CHAIR: Do we use it?

Mr VEVERS: We do not and in part I think that is because in the UK the proportion of housing which is public housing is nearly four times what it is in Australia and we have a much more complex group of applicants than would be the case in the UK. We also have quite a high proportion of properties that are adapted for people with disabilities. So we need to match the property to the applicant really very carefully. It is a different system.

CHAIR: Would there be anywhere we could pilot such a system?

Mr VEVERS: I think it is something that perhaps could be looked at in the social housing strategy.

The Hon. RICK COLLESS: Ms Skewes, you mentioned earlier in your presentation that the maintenance backlog was \$330 million—is that the correct figure?

Ms SKEWES: Yes, that is correct.

The Hon. RICK COLLESS: Can you tell us as of when that figure is current and what the maintenance backlog figure was in 2010-11?

Ms SKEWES: The \$330 million figure was the figure that was cited in the Auditor-General's report of last year. It was a figure that was provided for the purposes of informing the Auditor-General in his concern about the outstanding maintenance. The figures that we are currently assessing in part of the portfolio strategy work are to get a very current estimate of the maintenance figure. Your question was in relation to the 2010-11 number, is that correct?

The Hon. RICK COLLESS: Yes.

Ms SKEWES: I am not sure that I have got those details, but I am happy to provide those to you.

The Hon. RICK COLLESS: Thank you very much.

Ms SKEWES: The maintenance backlog has been a very high number historically and we have been progressively working to reduce that backlog with our commitment to improving the quality of housing. Part of the work on the portfolio strategy is to have a very current estimate of those maintenance obligations, given the sorts of standards that we have to maintain the portfolio to clean, fit and habitable standards. It is a very current

piece of work and we will be interested to see that number once we complete the full scope of our property assessment surveys.

The Hon. RICK COLLESS: Can you also tell us what the term of the maintenance contract is and when it was negotiated?

Ms SKEWES: The maintenance contract that we have and part of this strategy of driving a more sustainable and more efficient system is to look at the way we do maintenance. All of our maintenance work is outsourced. We have contractors existing across all of the regions in New South Wales and they rely on quite a network of trades to support that contract. The current contract is now in the process of expiring—it will expire next year. It was a five-year contract. We are in a tender phase now for a new maintenance contract. We have looked at that new maintenance contract in a very commercial way; we have also taken advice from models in the UK about how to best align maintenance to drive some of the efficiencies and to improve some of the outcomes; and we will be proceeding with the process of that tender very shortly.

Our expectation is that over the course of next year we will put in place the new maintenance contract. Again that will be for a five-year term and it will be a contract designed, as I said, to drive further efficiencies and to get a better value proposition out of the way we structure maintenance. We are well on the way with that; it is one of the fundamental principles for the Land and Housing Corporation in trying to improve our overall financial sustainability and, indeed, our effectiveness.

The Hon. RICK COLLESS: The other question I have relates to the age of the portfolio. In your submission you make the point that about 25 per cent of the dwellings are now over 40 years old. What is the long-term plan for those dwellings? I noted in your submission also that 58 per cent of occupants now are lone singles and the projected eligibility is overwhelmingly for one-bedroom units by 2021. Do you have any plans to consolidate some of those older buildings into one-bedroom units, or something of that order, to try and overcome that problem?

Ms SKEWES: Yes, absolutely. The proposition that you describe is really the fit-for-purpose of the portfolio—how well the portfolio is suited to the demand drivers that we have in relation to the people requiring social housing assistance. We have a number of properties as you have described that certainly have very significant maintenance costs; they are beyond their useful life in many senses, and of course that causes both frustration to our tenants in those properties where they can see the condition of the property is failing. Given the limited funding we have got, we are able to maintain to certain standards but often a number of those properties require very substantial maintenance and capital outlays.

We have a very active planned program of maintenance and part of the strategy with our work on the portfolio approach that we are taking is to be able to get in a more proactive position around planned maintenance as opposed to just responding on the immediacy, as my colleagues have described. To make the value investment in maintenance go further we need a more strategic, planned maintenance program and with stock that is no longer fit for purpose, that does not meet our requirements, as we describe we are going to look at that stock very closely in terms of how we can either recycle that stock or, if it is in locations that we have no demand for, we would exit those locations. They are the sorts of things that can be decided. Once we get a very good basis of the information, we gather the information, we understand the priorities and we can make more sensible asset decisions, and that is the pathway that we are on.

The Hon. MATTHEW MASON-COX: In relation to a point that Mr Colless brought up in relation to the financial deficit, it is fair to say, is it not—and I think you make the point in your submission, as does the Auditor-General—that this financial deficit of about \$330 million has basically been in place since the early 1990s?

Ms SKEWES: Absolutely. The maintenance backlog has been a substantial item for many years in the portfolio. The value of the Auditor-General's report is that it has highlighted that number; it has highlighted the fact that, effectively, to bring the property up to contemporary standards would require \$330 million. Indeed, while efforts are made on a continual basis to address that backlog, it is a major liability that the corporation carries forward. When the corporation makes decisions about selling assets or about investment in new supply we are always very conscious of our obligations to maintain the properties that tenants currently have. We have an obligation to ensure that there are basic amenities and that safety standards are maintained in those properties. We look at that very closely, which is why the value of the work we are doing at the moment to go through every property and understand its state of condition is fundamental. For us, the \$330 million is an

important number around the maintenance obligation that we carry forward and we need to have a solution to that.

The Hon. MATTHEW MASON-COX: I notice that some of the changes you have put in place recently to address the sustainability of the system you have listed in your submission. I want to ask you a couple more questions about those, in particular the new funding and products and the introduction of a new bond loan scheme in May 2012 to replace the previous grants scheme. I just want to understand how many people have taken that up, what your views are about the success or otherwise of that scheme and any other plans you might have in that regard.

Ms SKEWES: I will ask my colleagues to respond.

Mr VEVEERS: Around 10,000 people a year have taken that up, which is not dissimilar to the number of people who used to access the bond grants scheme—about 13,000 used to access the bond grants scheme. It has been a successful scheme. In particular, it gives private tenants an ownership of the success of their tenancy at the end of the tenancy because if they leave without rent arrears and they leave without damage they then have the whole of that bond saved up either to put onto a new property or to spend for themselves. It has been successful and it has also helped us get some people who would otherwise come into social housing into private rental, because real estate agents like the fact that tenants have got skin in the game because they are making a contribution themselves whereas before we gave them a grant. Our success rate in getting back the grants was very limited and clearly we are having a much better success rate in getting money back since we introduced the loan scheme.

The Hon. MATTHEW MASON-COX: So the incentives are in the right place as a result of the change in that scope of the scheme?

Mr VEVEERS: Yes.

Mr ALLEN: If I could make one additional point? The defaults on the loans have been much lower than we expected and only a very small proportion of the loans are defaulted on. We think, again, that has been a significant reflection on the success of the approach that we have taken.

The Hon. MATTHEW MASON-COX: Also you mentioned the private rental subsidy for young people that has been trialled in the Hunter and New England since November 2012. I think you note that 90 young people have been approved for a subsidy. Can you give us an update as to where that is up to and whether you have any plans to roll that out in other areas of New South Wales?

Mr ALLEN: We think this is an important approach to trial, as we are doing in the Hunter with young people. Again it is very much predicated on assisting our clients, particularly these young people, to take more responsibility for managing their own tenancy, because they do become the tenant in the private rental market. We support them with the subsidy, which at the beginning is the equivalent of a social housing rent, and then over time the level of that subsidy scales back. At a maximum of two years it is completed and then the tenant is able to continue the tenancy. What that does, importantly, is it gives them a period of stability and affordability so that they can undertake further education, so that they can undertake pre-employment training programs or skill-based programs and allow themselves then to be able to access a job. We have found that is the case in the Hunter.

At this stage the feedback to us has been quite positive. These people are also supported as part of the process; we have a non-government provider that works with them so that it is not "Here's the place—off you go on your own" but that there is support behind that as well. We will formally evaluate the trial, but at this early stage it certainly seems to have some real potential for the future.

CHAIR: In light of the time, I will put a final question on notice. A 2008 media release by New South Wales had a target of 27 per cent of the grants in the first two rounds—this is the NRAS. However, New South Wales has only utilised 6.9 per cent of the NRAS incentives as part of the fourth round in June 2013. This is despite New South Wales having 32 per cent of Australia's population and experiences the most housing stress of all States and Territories. It would be helpful if you could reply to that question, given that the Committee has heard that the NRAS has been such a good initiative.

Mr ALLEN: We will give you a formal response to that.

CORRECTED

CHAIR: Thank you for the leadership in your levels. We are trying to address tough and complex issues. As this inquiry has only just started the Committee will be inquiring into different housing situations around New South Wales and we look forward to liaison or assistance. If the Committee resolves to do so, it will offer you a right of reply at the end of the inquiry. Some questions were taken on notice and you have 21 days within which to respond to them. I am sure that the secretariat will offer assistance if that is needed.

(The witnesses withdrew)

(Short adjournment)

STEPHEN McINTYRE, Deputy Director-General, Planning Strategies, Housing and Infrastructure, NSW Planning and Infrastructure, affirmed and examined:

CHAIR: Would you like to make an opening statement?

Mr McIntyre: Yes thank you. Thank you for the opportunity to appear here today before the inquiry. Access to housing is a fundamental requirement to support a healthy and productive society, especially as it relates to people on low and moderate incomes. However, it is overly simplistic for us to have a discussion about the supply of affordable housing without first talking about the housing system in general and the role that planning plays. Housing supply, housing choice and housing affordability, including the provision of affordable housing, is one of the big reasons why the Government remains committed to the reform of the planning system. Put simply, the Government believes that we will never achieve the housing outcomes that the people of New South Wales need without a new planning system that contains the key features proposed by the Government last year in the planning bills. As many members of the Committee would be aware the current planning laws are about 35 years old. They have been amended more than 150 times and the system is now overly complex and legalistic, focused heavily on process and not outcomes.

The Hon. MATTHEW MASON-COX: Are you listening to this?

The Hon. SOPHIE COTSIS: We had to put the affordable housing back in.

CHAIR: Order! Courtesy should be extended to the witness.

Mr McIntyre: I am pleased that the Committee is interested in the topic. The current laws have been amended and expanded in an attempt to keep up with community expectations and changes in economic circumstances but, frankly, they are now falling well short of the mark. The number of new dwellings completed in New South Wales has been below the level required for an extended period. While this trend has been turned around in recent years we are still producing fewer houses for our level of population growth than the rest of Australia, and the need is becoming more urgent.

The New South Wales population is ageing, household composition is changing and housing preferences are therefore changing with it. The planning system needs to be able to meet this growing and changing demand for housing. The New South Wales Government's planning reforms will provide the framework for improved conditions for housing supply. The Centre for International Economics has estimated that the planning reforms, if fully implemented, will increase housing supply by at least 4,300 dwellings and boost GSP by up to \$5 billion each year. This is an independent report.

Planning reforms will reduce the costs associated with new development, the risk to development and better allow the types of development that people prefer. The proposed reforms were developed following extensive community and stakeholder consultation and will continue to engage with the community as the details of the reforms are settled. The new planning system will introduce a hierarchy of plans that identify planning priorities and policies across the State and provide the mechanisms to deliver these priorities. I want to quickly outline those four levels.

First, State planning policies will present the State's broad planning objectives, priorities and policy directions. Secondly, regional growth plans will set out the high level vision for each region of the State. Thirdly, subregional delivery plans, where appropriate, will provide the delivery framework for regional growth plans. Finally, local plans are the principal legal documents that deliver the strategic vision for a local government area. A key aim of those reforms is to ensure the timely delivery of housing diversity and choice. It is within that hierarchy of plans and framework that affordable housing in New South Wales will be delivered in the future.

This new approach to evidence-based planning will ensure that proposed development will be financially feasible and, therefore, more likely to occur. Dealing with affordable housing at the strategic level allows the need to be assessed and met across a wider area, and facilitates the undertaking of complementary activities such as the provision of both economic and social infrastructure and partnering with affordable housing providers. Planning and Infrastructure is currently developing a consultation strategy to support the development of the State planning policy on housing. The strategic planning process will provide new opportunities for local communities to be involved in shaping the future of their local areas.

In conclusion, we believe that this State will never achieve the housing outcomes that the people of New South Wales need without a new planning system that contains the key features proposed by the Government last year in the planning bills. A planning system that provides a whole-of-government approach to strategic planning, supports a partnership with local government and the community, is strongly evidence based and streamlines development assessment is definitely what we need. Thank you for an opportunity to make these opening remarks.

The Hon. SOPHIE COTSIS: The Affordable Housing Task Force has drafted a report to the Minister for Planning and Infrastructure on relevant housing initiatives. When will the report be made public?

Mr McINTYRE: The question of when the report might be made public clearly is a matter for the Minister.

The Hon. SOPHIE COTSIS: Has the report been completed?

Mr McINTYRE: An interim report was prepared in 2012 by the task force. That report provided quite valuable suggestions on encouraging affordable housing into the future and provided an important context for the planning reforms which are currently underway.

The Hon. SOPHIE COTSIS: Has the final report been submitted to the Minister?

Mr McINTYRE: No. There has been ongoing dialogue between the task force and the department and, where appropriate, the Minister. We are currently talking to the chair of the task force about the possibility of reviewing the report in the context of the new planning system.

The Hon. SOPHIE COTSIS: Do you have a time frame for when that report will be released to the public?

Mr McINTYRE: No, as I said earlier, that is a matter for the Minister.

The Hon. SOPHIE COTSIS: Are you on a task force or a committee with the Department of Housing, Land and Housing, Community Services as a coordinated team to look at the issue of affordable housing and housing supply?

Mr McINTYRE: A number of government agencies, as well as people from the community housing private sector are on the task force that you spoke about earlier.

The Hon. SOPHIE COTSIS: No.

Mr McINTYRE: I just wanted to clarify that beyond that there is no current high level mechanism in place.

The Hon. SOPHIE COTSIS: There is no interagency body comprising agency heads or representatives from the agencies to which I have referred to look at housing supply and future housing?

Mr McINTYRE: It depends on what aspects you are talking about. In relation to housing supply generally Minister Hazzard convenes the Housing Supply Task Force of relevant Ministers which is supported by senior public servants from various departments looking at issues that affect the supply of housing in the State generally. The remit of that committee has focused most heavily to date on removing blockages in greenfield housing supply and that has been very successful. We have seen over recent years the figures for housing completions in New South Wales, and Sydney in particular, increasing to levels that we probably have not seen for about eight or nine years and those figures are off the top of my head. So that has been very encouraging and it is an important initiative to support.

In relation to affordable housing as a specific topic we are continuing to undertake research and analysis within our department. We certainly liaise with colleagues in other relevant departments as we need to and all that work will be providing, I guess, a foundation for the development of the statewide policy in the new planning system around housing.

The Hon. SOPHIE COTSIS: This is one of the issues that peak stakeholders have brought to the attention of the Committee. They would like to see improved engagement with government and also an interagency committee or task force that includes relevant agencies. That is why I asked you what your relationship was with local government and other agencies.

Mr McINTYRE: We certainly work very closely with Housing NSW, the land and housing corporation, the Department of Local Government and others as needed on a range of topics, including a number of matters to do with housing supply, housing diversity, et cetera.

The Hon. SOPHIE COTSIS: Last night the Minister for Planning and Infrastructure announced that there would be development of new housing in Epping and Lidcombe. Will you advise the Committee of the number of new houses in those two locations?

Mr McINTYRE: Off the top of my head I think it is about 9,000 between the two locations. I might add that Epping is the completion of a rezoning process. I think Epping is around 3,750 approximately. Carter Street is the balance, a bit over 5,000. Carter Street, by way of distinction, is going up for public consultation and exhibition at the moment so that is not a finalised proposal. The final details may alter subject to the outcome of the community engagement.

The Hon. SOPHIE COTSIS: How many of those properties are targeted for public housing and social housing?

Mr McINTYRE: The approach we are taking to rezoning of these areas, which is part of the Government's Urban Activation Precincts program, is not specifically to target affordable housing or social housing in those areas.

The Hon. SOPHIE COTSIS: Can you explain why they are not targeted?

Mr McINTYRE: It is a zoning proposal not dealing with individual sites. The position we are adopting, which I think I touched on earlier in my opening remarks, is that we believe the best approach to determining all housing requirements in an area is looking at a more strategic level across a broader area, not just an individual location through an examination of the overall supply and demand situation, understanding the various housing submarkets and forming a view at the local level through councils or groups of councils about the best way to meet the housing needs of that area, including determining where affordable housing is most appropriately located.

The Hon. SOPHIE COTSIS: You can understand that because there is a waiting list of 57,000 eligible applicants. Submissions have been received by the Committee from all the peak bodies stating that there is an undersupply of housing and there is an understanding from the peak bodies that there is a push to mandate targets, particularly on developers and for you and councils to work together. My concern is that there is a projection of 9,000 units or new properties in both Epping and Lidcombe and they are near the stations, but the issue is how many of those properties will be targeted for people who cannot access housing? That is my question.

Mr McINTYRE: I think it is important to differentiate between two things. What we are doing in planning and infrastructure is facilitating the process of rezoning of an area. We are doing that working very closely with councils and local communities but all of the properties in those areas are currently privately owned by businesses, private residents, and the like. It is not our role to direct those people about how they may develop their properties. That is the process that occurs subsequent to rezoning. As part of our new approach to rezoning we have some tools that look at the financial feasibility. We want to enable redevelopment to occur over the coming years, not put in place planning controls where nothing is going to happen. Ultimately it is up to the landowners in that area to make their own decisions if they wish to redevelop their properties or to partner with developers at a time that suits them.

As housing is redeveloped there is nothing to preclude planning agreements being voluntarily negotiated to provide affordable or other housing. You might be aware that there was a rezoning in the last week or two in Leichhardt which featured a planning agreement with the developer to provide some affordable housing. That was just something that they brought to the table very early in the process. They were keen to provide some units to a community housing provider in that area. There is nothing in what we are doing at the

CORRECTED

moment that precludes that but there is a strong differentiation between the process of zoning and what subsequently occurs through the development process.

The Hon. SOPHIE COTSIS: Are you looking at a process because there are a couple of submissions that talked about mandating for specific public and social housing?

Mr McINTYRE: Are you talking about mandating the targets?

The Hon. SOPHIE COTSIS: The targets, yes.

Mr McINTYRE: It is the approach of this government not to do that in a local area. We think it is far more important that the strategic planning process, as I described earlier, looks at the demands for housing, the current supply characteristics, what are the characteristics of that local community and how best to meet the housing need to come out of that process. For example, in Sydney, through the subregional planning process, determining what the appropriate allocation might be and what mechanisms might be used in zoning and planning instruments rather than prescribing centrally. That centralised approach of one size fits all does not necessarily work.

The Hon. SOPHIE COTSIS: What about regionally? In the regions what is your approach in terms of affordable housing?

Mr McINTYRE: The approach will conceptually be the same as in Sydney. The process of regional planning—which I might add is currently underway in the lower Hunter and Illawarra areas—will deal with this issue collectively with councils and communities through the consultation process. It will pose the questions: Where is growth best placed to occur; what is the nature of that growth; what is the distribution of housing; what is the type of housing; and what are the sort of products that might meet the future needs of that community? It will allow that grouping of councils working with the department to come up with a preferred solution rather than it being imposed centrally—if I can put it in those terms

The Hon. SOPHIE COTSIS: You are working with local councils?

Mr McINTYRE: Certainly our agency is. I am not personally involved in that regional planning. The conceptual approach that we are modelling and embarking on in those areas is picking up on the concepts that have been outlined in the planning reform white paper published last year and proposed in the bill. The approach to strategic planning is just something we can do and we are starting that process—it probably commenced a couple of months ago—and we are moving into that process at the moment.

The Hon. JAN BARHAM: I will follow up on this idea as to whose role it is to impose or define where and when affordable housing happens. Having been involved in doing this for over 20 years and working with different governments and different planning department people I am familiar with the process of local government doing the strategy work, the studies, the consultation with communities and then coming up with ideas where affordable housing could go. When they approach the Department of Planning and Infrastructure to get support for those capabilities it is rejected. That seems to be contra to the position you are putting, or is it yet another change or unwillingness of government to support local communities and sound strategies and research to inform these practices? The standard instrument did not allow for affordable housing. You have cut away developer contributions. I am wondering where the support for affordable housing is. Or, is it Housing NSW that is not supporting that sort of move by the Department of Planning and Infrastructure?

Mr McINTYRE: There are a lot of elements to that question.

The Hon. JAN BARHAM: Are we not moving forward when all these things are supposedly in place but when it comes to the processes being developed the Department of Planning and Infrastructure says "no" to local communities. Local communities step through the processes and then the Department of Planning and Infrastructure says "no"?

Mr McINTYRE: I have been in the agency for 12 months. I cannot speak about the practices of what has happened in the past.

The Hon. JAN BARHAM: If you do not know, that is okay.

Mr McIntyre: What I would like to say, if I may, is this: The very reason we are advocating a new approach is that the previous approach I think has been complex, it is piecemeal, there is a large number of steps and other planning instruments in place that people need to interpret and apply and I think it is fair to say that the agency's approach itself may not have always been consistent.

The Hon. JAN BARHAM: That is true.

Mr McIntyre: I can absolutely say with certainty that the approach of local councils has been inconsistent. The appetite for various forms of affordable housing varies greatly. Some councils are strong supporters and others are not.

The Hon. JAN BARHAM: The point I am making is when councils have done the work, gone through the processes described by the government—whatever government of the day, it does not really matter—and what happens at the end, after years of doing work and consultation? You do not know because you have not lived through it as many of us have.

Mr McIntyre: No.

The Hon. JAN BARHAM: I will put some questions on notice and perhaps Mr Haddad or Mr Pearson, or someone else who has been there long enough to know, can answer them. The whole issue about the current approach is whether or not we are going to get any action in the future. I draw your attention to section 2.3 in the submission on page 32 where there is information about the role of the planning system in affordable housing. I am wondering if you have information about the levels of input that have occurred with the infill development and the boarding house. I note that some information is there for granny flats and secondary dwelling work. Do you have any more detail on how some of those other affordable housing State Environmental Planning Policy elements have been realised? On page 32 there is reference to infill development, group homes and boarding houses but no real figures.

Mr McIntyre: I may have a small amount of information here. I would prefer to take the question on notice. I am happy to provide some information.

The Hon. JAN BARHAM: I will ask another question because this is ongoing. In the past there has been historical approval for residential dwellings and there is an outbreak of unapproved use, which is squeezing out opportunities for the rental or purchase of those premises. I am referring to bed and breakfast and holiday let where the government has previously said it is a matter for local government but when local government goes to act they say it is not. In my home area 23 per cent of the houses approved as dwellings are now being used unlawfully for tourism, so we have a housing crisis and no win. I wonder if that has been brought to your attention. It is happening in other places as well. It is your planning process as it is subject to development approvals, local environmental plans, legal cases and judgements.

Mr McIntyre: It is hard to answer a very general question. I understand. I think it is one of those matters where there is responsibility across our agency, local government, even possibly Fair Trading.

The Hon. JAN BARHAM: No, it is strictly about the Department of Planning and Infrastructure and it has been raised numerous times. I am a nag about this because I have seen the effect. I am wondering about the Department of Planning and Infrastructure's role, the planning system's role, for simple things such as zoning, approvals and strategies where the work is most often done by local government. How do we get it working, because it is not working. It really has not been working. From what you have said I do not understand that anything new has been introduced.

How are we going to progress forward other than the subsequent two zoning developers might be able to come forward with an idea of a proposal to do a planning agreement where they choose to do affordable housing? That usually means that they get a development density or incentive and then they only have to do it for 10 years whereupon the community is left with a housing shortage again—probably even worse than it was when the developer got their bonus.

Mr McIntyre: There are a range of mechanisms available. That is one that has been used in the past and may be used in the future. I think the point I was trying to make is that we want to leave that up to the process to determine the approach.

CORRECTED

The Hon. JAN BARHAM: But which process and which other arrangements? None of this is clear. That is the frustration for a lot of people.

Mr McINTYRE: I am sorry if it has not been clear. The reality from our point of view is that the new approach to strategic planning that we are advocating is about a collaborative approach between Planning and Infrastructure with local government.

The Hon. JAN BARHAM: It has always been that way; that is no different.

CHAIR: Mr McIntyre, if I can continue questioning on that point. My colleague is sharing her frustration of the distance and space between reality and process, which is written in the local environmental plan, which can be slightly different to the regional environmental plan to the State environmental planning policy?

Mr McINTYRE: Sure.

CHAIR: What my colleague is saying is what will the government do to make sure that one message coming from the top filters down to delivering some social, public and affordable housing?

Mr McINTYRE: Sure.

CHAIR: That is what she is asking.

Mr McINTYRE: Thank you for reframing the question, Chair. I think what you have actually done is articulated very clearly what I was trying to say in my opening comments, that there is almost a maze of planning documents at the moment and you have highlighted a number of those. There are very many SEPPs if we focus on that.

The Hon. JAN BARHAM: There is one.

Mr McINTYRE: A number of instruments overlap and duplicate and it is possible they contradict. The very point of moving to a single, broad, overarching policy on housing that deals with supply and affordability issues and then essentially collapsing all of the existing State environmental planning policies into that overarching policy, or where appropriate into local planning instruments, is designed to get rid of that current confusion and complexity that exists in the system.

CHAIR: You may want to add to that. You can take that on notice as I am sure it will take a bit of clarification and I only have a couple of minutes. In terms of floor space ratio incentives, that is another initiative saying you want to build here, how is council empowered to do things? It seems after spending a lot of time in local government that we know we can make a decision that is going to help our community but the minute it goes to the next level, which might be the regional environmental plan and the planning officer that has been under the Minister down the line, they say "no". Are there ways of making floor space ratio incentives that will specifically deliver an incentive for social, public and affordable housing?

Mr McINTYRE: They are one of the mechanisms available.

CHAIR: Is it available?

Mr McINTYRE: It is in the current affordable rental housing SEPP. It is a provision that is available. I cannot comment today about how widely used it has been. But certainly it is a mechanism that is available. As I said before, the approach is to try to come up with a set of mechanisms agreed at the local level through the planning process.

CHAIR: Recently we heard that a rural area that is trying hard to create jobs, creates the jobs and then finds out that those jobs cannot even deliver enough for market rent. So the housing stress is immediate: the person gets the job, moves into the area into some sort of housing and cannot afford the rent. Therefore, it becomes housing stress. The other point about the floor space ratio is that it seems that the credit for that is only 10 years. Those issues are for you to take on board.

Mr McINTYRE: Sure.

CHAIR: The last Government had a great initiative wherein basically it freed up the opportunity for granny flats and similar dwellings across the SEPP. That was a pretty simple but effective opportunity to take on more of the single-person or dual-person accommodation market. Why do we not extend that further to any property? We have farms with empty caretakers' cottages. If people are in social housing and those cottages perhaps come under a community housing provider so they cannot be used indirectly to get a different outcome in terms of rezoning, why can we not release some of those zones in situations that are specifically targeted for affordable public and social housing? There must be tens of thousands of dwellings out there sitting empty—that is my point.

Mr McIntyre: I suppose it depends where they are sitting, in what ownership they are currently and what are the current zonings.

CHAIR: They could be mostly rural residential, but they are sterilised by New South Wales law that they have to tick these boxes.

The Hon. JAN BARHAM: You are allowed to have a secondary dwelling on a piece of rural land.

The Hon. RICK COLLESS: If the house exists already as a workman's cottage—

CHAIR: That is different.

The Hon. RICK COLLESS: That is what you were referring to.

CHAIR: No, I am just speaking generally. They do not have a secondary dwelling.

The Hon. JAN BARHAM: A secondary dwelling is not allowed.

CHAIR: But they could have it easily.

The Hon. JAN BARHAM: Byron Shire Council was refused the ability to do it in an LEP.

CHAIR: Can you take that on notice?

Mr McIntyre: Yes. I just want to give a brief response, if possible. The current SEPP does not apply to rural land. That seems to be the issue. The SEPP is currently being examined as part of the preparation for the statewide policy or whether in fact the SEPP continues in an amended form or the current form. I am happy to take that on board and happy to have a look at it. I do not know the history or the background, to be honest, but certainly am happy to have a look at that.

CHAIR: It is a generalisation, but it is a frustration of local government that a lot of dwellings sitting on rural properties are unattended and unoccupied. It is just crazy, when we have 22,000 families needing accommodation, that we cannot stimulate an area to accommodate those people if they so wish to move into them for a lower rent. I am sure the farmers in many places would appreciate the extra rent or assistance. We will clarify it later.

The Hon. RICK COLLESS: It is my understanding that if you own a rural property—

CHAIR: Fewer than 40 hectares, 100 acres, currently.

The Hon. RICK COLLESS: If you own a rural property and there is a second residence already on it, you are allowed to rent it out.

CHAIR: In a rural property?

The Hon. RICK COLLESS: Yes.

CHAIR: Yes, that is greater than 100 acres.

The Hon. JAN BARHAM: Only if it meets requirements.

The Hon. PETER PRIMROSE: Perhaps we should swear in the Committee members and have a final discussion on it.

CHAIR: No. I will take a point of clarification at some future time.

The Hon. MATTHEW MASON-COX: In relation to the affordable rental housing SEPP, particularly regarding infill development—you may have to take this question on notice—can you outline how many infill developments have taken advantage of the floor-space ratio bonus to encourage supply of affordable housing since the SEPP came into force?

Mr McINTYRE: I have some information on infill developments generally, but the detail of whether they related to FSR bonus, I am not quite sure. Maybe the simpler thing is just to take the question on notice.

The Hon. MATTHEW MASON-COX: What did you have on infill SEPP?

Mr McINTYRE: We have the number of developments that have occurred through infill development. They were 30 in 2010-11, 38 in 2011-12 and 49 in 2012-13.

The Hon. MATTHEW MASON-COX: Is that 49 developments?

Mr McINTYRE: Yes, developments.

The Hon. MATTHEW MASON-COX: How many units does that represent?

Mr McINTYRE: I do not have that figure.

The Hon. MATTHEW MASON-COX: Could you provide that information to the Committee so it can assess the success of that particular initiative?

Mr McINTYRE: Sure, yes, happy to do that.

The Hon. MATTHEW MASON-COX: You mentioned that the affordable housing SEPP is being reviewed at the moment, is that correct?

Mr McINTYRE: Yes. We are having a look at that internally. It has been under review for a while. It is probably fair to say that we will deal with that as part of the development of the statewide policy when we determine what needs to go into that and what remains maybe separate to that. Certainly, we are doing a lot of work at the moment.

The Hon. MATTHEW MASON-COX: What is your timing expectation?

Mr McINTYRE: It is a bit hard to say. The primary thing dictating this at the moment is just the planning reform—the bills that are before Parliament. We would want to settle that to have some certainty around the overall framework, and following that we will be clearly moving into a more detailed examination of the statewide policies, the development of those for public consultation processes et cetera, and we will continue to look at the affordable housing SEPP at the same time.

The Hon. MATTHEW MASON-COX: How successful has the National Rental Affordability Scheme been in New South Wales? In particular, how many units have qualified and what type of tenant is attracted?

Mr McINTYRE: I do not think I am well placed to comment on that particular matter. I think others have carriage of the NRAS, albeit I had some involvement many years ago when it first kicked off but in a different role. No, I am not well placed to comment on that at the moment.

The Hon. MATTHEW MASON-COX: Is it something that you might be able to take on notice or is it something on which you simply do not have background in planning?

Mr McIntYRE: I do not think it is primarily a matter for planning. The scheme is administered, I think, through FACS in consultation with other parts of government. I would have thought they would be better placed to provide commentary on the administration and outcomes of the scheme.

The Hon. MATTHEW MASON-COX: How many boarding house developments have taken up the floor-space ratio option since the implementation of the SEPP? You might need to take that on notice also.

Mr McIntYRE: I prefer to take that on notice; it is a very detailed question.

The Hon. MATTHEW MASON-COX: I have a similar question regarding group homes. Perhaps you could take that on notice also?

Mr McIntYRE: Yes, will do.

The Hon. MATTHEW MASON-COX: Do you have a view as to how successful the affordability SEPP has been?

Mr McIntYRE: I have not turned my mind to it explicitly. I think it is fair to say that there have been successes in some areas and probably has been patchy in others. I guess it goes to my earlier comment that trying to apply the current system as a template approach, as it were, or generic approach across the State is unlikely to lead to a uniform outcome. Clearly, there are some successes and they are important in supporting the provision of affordable housing, but I think we are only going to get the quantum of affordable housing that we need through the new system and through a stronger coordinated approach, a strong framework but with local solutions.

The Hon. MATTHEW MASON-COX: Earlier you mentioned that the new planning framework, which is stalled in the New South Wales Legislative Council, would drive about \$5 billion—

The Hon. PETER PRIMROSE: Stalled in the Legislative Assembly.

The Hon. MATTHEW MASON-COX: It was changed in the New South Wales Legislative Council. Basically, it will drive about \$5 billion worth of economic development in this State. How do you see that new framework facilitating the increase in affordable housing stock in New South Wales?

Mr McIntYRE: Perhaps just to recap some of my earlier comments, really what the Government is pursuing at the moment is a two-pronged approach with housing. We need to drive the overall supply of housing very strongly. We are seeing very positive signs over recent years. I am feeling quite optimistic that over the next 12 months we will continue to see strong growth in supply. Indeed, the data we are getting from independent advisers reinforces that position. Of course, within the overall supply envelope we need a range of product types, dwelling types. I think the community really is demanding much more diversity mix in what is provided and affordable housing is a key component of that. The process I have outlined about a collaborative engagement with local government and communities to discern solutions that work best in their local areas is going to be the approach that is adopted through the new planning system. It will not be centrally determined from Bridge Street in the planning department, but it is going to be one where we are working very closely with our colleagues in local government and the community.

The Hon. MATTHEW MASON-COX: I suppose one aspect of that is that with the increase in approvals and starts, which over the past three years has been very promising, we see that trend increase and presumably the increase in supply will filter in to make homes more affordable. Basically, that is what you are saying?

Mr McIntYRE: Yes. Up to June last year I think housing completions in Sydney had exceeded 21,000, which was the first time we had been at those levels in many years. Having a strong and ongoing supply of housing generally is going to be fundamental to putting downward pressure on prices. I think we need to continue to increase. I am confident—as confident as you can be—that we will be up around perhaps 25,000 completions annually by the middle or latter part of this year. But we need to continue to focus on that and keep supply increasing. I think that is right. In dealing with the affordability challenge generally, that is our overarching strategy. Clearly, we need to nuance that and look at a diverse range of housing products in different circumstances and communities to meet the affordability challenge in a really holistic way.

The Hon. GREG PEARCE: Ms Cotsis raised with you high-level interaction and communication between parts of government. You mentioned the subcommittee, which probably did not come across clearly. Did you mean the subcommittee of Cabinet?

Mr McINTYRE: Yes.

The Hon. GREG PEARCE: That committee is chaired by your Minister and includes half a dozen other Ministers. You could not get a higher level of consultation and cooperation than a subcommittee of Cabinet to address this housing supply issue, could you?

Mr McINTYRE: That is correct. My apologies if I was slightly unclear about that.

The Hon. GREG PEARCE: The Government has had a range of policies designed to address housing supply, which, of course, is at the very core of this problem we are examining, including things such as the planning reforms about which you have talked at length, the empty-nesters' policies, regional relocation, first home buyers, refocus on new homes and so on. A number of submissions have raised one specific thing that I ask you to address. St Vincent de Paul stated:

The inclusion of Local Government Area targets for the provision of new affordable rental dwellings in all future metropolitan and regional land-use plans.

What do you say to that from a planning perspective?

Mr McINTYRE: I am sorry, could you repeat that?

The Hon. GREG PEARCE: Including affordable rental housing in all regional plans as an obligation.

Mr McINTYRE: I think it really just needs to sort of play out through the system we are putting in place. Clearly, we will not be prescribing targets, for example, for affordable housing from Bridge Street, from the agency.

The Hon. GREG PEARCE: The reason for that?

Mr McINTYRE: Really, a one-size-fits-all approach just does not work across the State. There is no question about it. That is one of the fundamental weaknesses.

The Hon. JAN BARHAM: But you are not facilitating it either.

Mr McINTYRE: I am sorry.

The Hon. GREG PEARCE: That probably has answered my question.

The Hon. SOPHIE COTSIS: When will the Herring Road urban precinct activation plan be released?

Mr McINTYRE: The five precincts that have been recently announced?

The Hon. SOPHIE COTSIS: The one relating to Herring Road.

Mr McINTYRE: There are perhaps two different things here. If I can differentiate, the urban activation precinct program is being run by Planning and Infrastructure. That is different to the suite of programs that Urban Growth New South Wales are running. In some cases we will be doing work in similar areas, different parts of the process. Just to clarify, your question is about Herring Road and the work that the department has done?

The Hon. SOPHIE COTSIS: When will the Herring Road plan be released?

Mr McINTYRE: We are very close to finalising that proposal for public release, exhibition and consultation. I do not have a date here today but I do not think it will be too far away. It is certainly going to be in the next couple of months, I would say.

CORRECTED

The Hon. SOPHIE COTSIS: Before the end of the financial year there should be a proposal for Herring Road?

Mr McINTYRE: Yes, that is right. That work is very well progressed. It is just a matter of tidying it up a little bit. It is a question of completing that work and then getting it out.

The Hon. SOPHIE COTSIS: You can understand that public housing residents in particular are very concerned about what is going to happen to their properties.

Mr McINTYRE: I understand.

CHAIR: Thank you, Mr McIntyre, for your answers. It is very helpful to the cause. If you have taken any questions on notice you will have 21 days to reply. The secretariat will assist you if you have any queries. We thank you for your time and wish you all the best in delivering the thousands of houses that we need for the real people of New South Wales.

Mr McINTYRE: Thank you very much for the chance to appear this afternoon. Good luck with your work.

(The witness withdrew)

ALISON PETERS, Chief Executive Officer, Council of Social Service New South Wales, and

WARREN GARDINER, Senior Policy Officer, Council of Social Service of New South Wales, affirmed and examined:

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

Ms PETERS: I will make a very brief opening statement. First of all, we thank the Committee for the opportunity to be at the hearing today. As our submission says, we have had a long history of advocacy and engagement on issues around housing and, in particular, affordable housing and associated planning measures. Our submission to some extent contains nothing that we have not been saying for some time now but we would like to particularly emphasise that across the Council of Social Service New South Wales [NCOSS] diverse networks and member and sector engagement, affordable housing, the access to it and that it is safe, secure and suitable is an issue that comes up regardless of who we talk to or where we are in the State of New South Wales.

The Hon. PETER PRIMROSE: I think you were present when Mr Pearce asked a question of Mr McIntyre about the idea of targets at the local government area [LGA] level for the provision of additional affordable housing. I note that is your recommendation 2 on page 6. Could you comment on why you believe that is appropriate?

Mr GARDINER: I am happy to do that. This is an issue which we have discussed with the Department of Planning and Infrastructure over a number of periods of time. If you look at the metropolitan strategy and the regional growth plans for areas outside Sydney they do currently have LGA housing completion targets and LGA employment targets. We see no reason why there could not be as part of that, as a subset of the overall housing completion target, LGA level affordable housing targets. In a sense if we turn this to the sorts of other things our sector does, there are a lot of key performance indicators [KPIs] and whatever that Government would want to look at to see whether they are making progress. I guess we would see those sorts of targets as an appropriate way in which we can actually monitor whether the strategies are successful or not.

At the moment we have in a number of strategic planning documents what are broad statements or exhortations that affordable housing is desirable and so on, but we do not have any particular methodology for determining whether those strategies are succeeding or not. I think it is numerical targets. A couple of times in our submission you will note we are in favour of numerical targets. Numerical targets give you the opportunity at periods of five-year reviews and things like that to say are your strategies working or not.

The Hon. PETER PRIMROSE: How would you respond to the suggestion that this somehow would be central control and one-size-fits-all?

Mr GARDINER: There are a number of issues. As I said, there are targets but the means by which the targets could be achieved—I think you will see in our submission that one of the things we say is that we are not particularly obsessed with mechanisms which by contributions from the planning system could be achieved. There could be, of course, flexibility about that. And the location and so on and how that is done, of course that is not taken away by having an overall LGA target, as I say. I think it is not inconsistent then to say that each individual council would have to develop a strategy as to how they propose to achieve the target that has been set. Obviously, they would have input into the target in the first place. As long as the targets are realistic, there is nothing inconsistent with still saying it is a devolved system, people can choose how to go about it. In particular locations where they would like to encourage or discourage particular forms of housing to occur that sort of discretion would still be available.

The Hon. SOPHIE COTSIS: I am interested in recommendation 4 on page 2 that the New South Wales Government fund and establish a new program providing housing and mental health support packages for existing social housing tenants with identified serious mental health conditions. Your organisation would see people living in public or social housing who have a mental health problem, depression or a range of other conditions that affect their ability to socialise, work or look after their families. I am interested in your proposal.

Ms PETERS: This is a recommendation that comes from the NCOSS pre-budget submission. It has appeared in a number of pre-budget submissions and it comes about because of the point you make that we have seen another program called the Housing and Accommodation Support Initiative [HASI] program have a great deal of success where stable housing was found for people with mental health issues and outreach services were

then able to be engaged. This is almost what I describe as the flip side of the coin where people who are already in public or community housing would have the services wrap around them in the same way. We think it is something certainly that not only would work very well for the individuals involved but for their neighbours and the community as well.

The Hon. SOPHIE COTSIS: Do you have a cost figure?

Ms PETERS: In our pre-budget submission we have estimated a cost of \$1.8 million per annum for 200 packages to be delivered, with 60 support packages in the initial period of 2014-15. We would say that, while our figures are getting better, we do not necessarily have the capacity to cost them out properly in the way that Government would do. But that is our best estimate.

The Hon. SOPHIE COTSIS: This afternoon we heard from witnesses from the Land and Housing Corporation. In submissions you and other stakeholders have raised the question of when the Government will announce its social housing policy and estate strategy. We were not able to get an answer; I hope we will in the next few months. Obviously, you have had contact and engagement with the Government on that issue.

Ms PETERS: We would like an answer too. For the work that NCOSS does there are many issues across the housing policy issue, if you like. Even if we may disagree about elements of it, having a clear framework from Government at least helps us understand how we might contribute, where we might usefully contribute and provide the feedback that we think Government genuinely wants from organisations like NCOSS and our member organisations. Understanding that framework and how it links in with other elements of Government thinking and policy is certainly a key important first step for us. We have been advised that the Government is working on this. We also do not have a clear time frame or understanding about when we might be engaged in discussions with them about it.

Mr GARDINER: In relation to the estate strategy, I think that is a slightly different category because in a way that is our request a number of years back. The social housing policy directions are a commitment that the Government made at the time of the Auditor-General's report that it would develop. We are, as Ms Peters said, very keen to constructively engage with the Government about that. No doubt there will be a few challenges as part of that agenda. But in terms of the estate strategy, that is an area where we have had a lot of involvement.

As we note in our submission, at a particular point in time when some planning studies were commissioned with Commonwealth funding there was an undertaking given to the sector that an estate strategy would be developed at a roundtable that we and a number of other peak organisations requested be held. We believe that is probably held up because of the broader issue about the portfolio of the assets and what to do about them, but we are very keen at some point to have an agreed framework about how State redevelopment should occur. And how to engage in consultation with councils, the non-government organisation sector and tenants should be incorporated into any approach.

As we note in our submission, we do not see State redevelopment as purely a technical matter that you can get some consultants to work out how you can restructure a particular suburb or whatever. It actually is where people live, it is a community. To make a change to that community, for example to get greater social mix, is not something that we object to but we do like to see that there is a process involved there that the stakeholders that are relevant are built into that process and that we can try to develop an agreed plan that there is shared commitment to. We have seen some good examples and we have seen some not so good examples of that over time.

The Hon. SOPHIE COTSIS: In the submissions there is difference of opinion about the concentration of public and social housing in the States and particular suburbs versus the mixed, salt and pepper approach. What is your view from what you have seen?

Mr GARDINER: We acknowledge in our submission that there are different opinions. Indeed, I dare say that there are people in this room at the moment who would have different views about that. I would say two things. There is absolutely no question that there is empirical evidence of strong concentrations of locational disadvantage which correspond to public housing estates. We should all start with that as a common theme. In its submission to this inquiry Family and Community Services quotes the socio-economic index for areas [SEIFA] clause about that. The issue is about the models, the typologies of the redevelopment and social mix.

The main thing we have said is when they started redeveloping a couple of suburbs, particularly Minto and Bonnyrigg, as we understand it a bit of a literature review was done and international experience of a 70:30 private-public mix was seen as some sort of ideal social mix. We would say there is no particular science to that. Does it matter if it is 60:40, 50:50? We say that of course it matters if you have a very large concentration of disadvantaged people, particularly in areas that are disconnected from good transport and job and training opportunities; the social consequences of that are fairly clear but what a healthy, mixed community looks like is a matter that there will be disagreements about. Some of that is a solution that is appropriate to particular locations; it is not one that we just think you have to have. You do not have to have 90-something estates and in the end result they will all be 70:30. We do not see any sense in that at all. As long as there are the strategies we spoke about before—mitigation and involvement of people and so on—we are not horrified by the concept of social mix but, as I say, there can be variations about how you achieve that and what the end target will be.

If there is one thing that does horrify us, it would be the dispersal or moving people a long, long way and saying certain areas have changed. That is where we would draw the line. We do not want you to say that you are not going to have any poor people living in an area because something else has changed and now it is becoming a more desirable location. That is not the sort of estate redevelopment we would buy up to, that you are going to actually displace people. If you look at what happened, for good reasons, when people were relocated to Campbelltown in the 1970s, the evidence about the social costs and so on of that is compelling. We do not want to see people dispersed further and further away from opportunities, but social mix per se, if handled in the right way, if rehousing and those sorts of issues are dealt with sensitively, people's support networks are not broken up, and it is done in a way that involves people, we are not opposed in principle to that.

The Hon. JAN BARHAM: I am really interested in this issue. It is not so much about the make-up of the community but what services and facilities are provided to a community and how broad the range of soft and hard infrastructures is. Is that the stronger message coming through from NCOSS about how you do this stuff?

Ms PETERS: Yes.

The Hon. JAN BARHAM: I want to thank you for being consistent. NCOSS has consistently put forward an approach about looking after vulnerable people, recognising where disadvantage is and trying to act early, but no-one ever seems to. Your approach has been to act early to try and prevent greater disadvantage, but it has not really focused on the end result if you do not—namely, homelessness. Can you add anything further by way of referring to homelessness and how it is impacting on both young and older people?

Ms PETERS: I am tempted to say that could be a discussion for another inquiry but this maybe not the right place to say it.

The Hon. JAN BARHAM: But it is embedded in this for that reason.

Ms PETERS: Ultimately what we are very aware of—and this comes through in our consultations with many people—is that there is no single reason for homelessness. It is as diverse as the number of people in the community. But what we are concerned about is that for many people who find themselves at risk of homelessness the lack of secure, affordable and suitable housing is a really practicable barrier that they have to overcome. So there is obviously that clear link. Mr Gardiner has been representing NCOSS on a reference group convened about specialist homeless services and a reform process there. So he may also have some comments about the direction of that reform process.

Mr GARDINER: The only other thing I would mention—and it probably goes back to the previous discussion about mental health assistance and things like that—is that it is very difficult to get people into social housing now, as you know. Unless you are priority housing approved you can have very long waits—more than 10 years. But at the same time as that—and a lot of effort is focused on that front-end thing—there are a lot of people's tenancies subsequently failing. So that is why we raise some of these other issues. If there is an issue about mental health support or some of these other issues then sometimes that is the feedback we are getting from housing providers, that people's tenancies are collapsing because some of these other support services are not available.

In some of these estates—I do not want to go too far into this but I think Family and Community Services in its submission acknowledged that by and large recorded crime statistics in particularly disadvantaged large public housing estates are higher than average—it is an issue about how you intervene so that people can be assisted to deal with the problems occurring in their lives. Everyone benefits if you can have

a more stable community and people's tenancies can be sustained. As Ms Peters said, there is no one single cause of these things and there is no one single solution but we need services available in a timely manner for people with gambling or drug and alcohol problems. We frequently get feedback that it is easy to identify the supports that people need but to get that support provided if, for example, you identify that someone has a drug and alcohol problem that is endangering their tenancy, and it is another thing entirely in particular locations to get timely assessment of persons in need of assistance. NCOSS is a broad body, not a housing-specific body, and we see that this broad future is needed to actually sustain some of those tenancies.

The Hon. JAN BARHAM: With some other Family and Community Services programs where people are disadvantaged—I am referring to where you have child protection issues that can lead to people going into care and the possibility of them being permanently taken away—if housing is not available for those people as a priority then that is a problem. The other end of the spectrum is hearing that young people in care who turn 18 are sometimes left homeless—perhaps they are doing their final year of high school or in the first year of university. Does NCOSS support the concept of giving priority to some of those young people?

Ms PETERS: Certainly in terms of planning for a young person exiting, for example, out-of-home care or other forms of guardianship, it is absolutely key and critical. There have been some projects that have looked at how this might occur in New South Wales, and certainly we are aware that housing is a critical factor. It is noted too that the majority of young people turning 18 still have stable housing because they continue to live within their family unit. For many of the young people we are talking about in out-of-home care suddenly that is an issue that they have to grapple with. Some young people will cope better than others.

Certainly services that deal both with young people exiting out-of-home care and those that provide accommodation for young people who are homeless indicate that there is a strong correlation and more work needs to be done to ensure that there is access to secure and suitable housing for young people leaving out-of-home care, but that is another subset of people whose housing is vulnerable. Certainly parents with mental health and drug and alcohol issues are also a group where we consistently hear that their tenancies fail because the services they need are not available. So there are numerous groups. Women and children escaping family violence is another group that is given some priority and again there are concerns around those areas.

The Hon. JAN BARHAM: You have both been doing this for a long time. Has there ever been a time when we have been able to better address those priority or urgent needs? Has it ever been the case that those factors have been considered by government and designated a priority placement so that those most vulnerable and urgent categories are recognised and addressed rather than going down a path where they end up being a cost to another agency or impact on them?

Mr GARDINER: There have certainly been a number of projects under the Homeless Action Plan—they are covered in the evaluation of the Homeless Action Plan. There certainly were a number of partnerships put in place for both women and men leaving prison, people leaving out-of-home care and juvenile justice being transitioned into pre-determined housing and support arrangements. The evaluations of those are online and available. By and large they are quite positive. Unfortunately, the issue you are raising about demonstrating costs offsets for other government agencies and whatever is a big methodological challenge that we have not really got compelling evidence about; the logical evidence is there.

The Hon. JAN BARHAM: Common sense tells you that it does save.

Mr GARDINER: Exactly.

The Hon. JAN BARHAM: And sometimes it is about saving a life.

Mr GARDINER: The international literature is very clear—namely, if you do not have some of those partnerships and pathways in place then the cost, particularly for the public health and correctional systems, can be very substantial. There are positive models of that but they are small numbers; the challenge is to increase those numbers.

The Hon. JAN BARHAM: I turn now to caravan parks. You mentioned that across the State there is pressure on caravan parks to upgrade or on-sell housing that for some people was post-retirement, last resort or gap-filling for emergency or crisis housing. Is that what you are hearing?

Mr GARDINER: There is some data I have noted in the Family and Community Services submission. I think the evidence in Sydney is that there are very few residential parks left. If you go back a couple of decades there were large numbers of residential parks in Western Sydney and so on. Obviously coming from the coastal area, the Hon. Jan Barham would know that particularly in the coastal zone—and there has been lots of feedback about this—what were traditional caravan parks are now on much more valuable land and people have converted them to other things or turned them into more holiday lettings and so on. So long-term use is not available. As we have noted, there is a protocol to deal with that. We have not heard too much lately about how that is going. There are requirements under that about some compensation for people being displaced.

The Hon. JAN BARHAM: Does that protocol extend to manufactured home estates as well? Have you had any experience of people in those manufactured home estates having to be moved on?

Mr GARDINER: I think they are much the same. In the end they are residential parks with either caravans, manufactured homes or things like that. There are different issues involved and different compensation arrangements as to whether you own the manufactured home or if you are renting the van on the site. It is not an area I would say, as we noted in our submission, that we actually keep track of. The data is not particular reliable. It has been a while. There is some data quoted. It is similar for boarding houses. I think New South Wales Fair Trading has registers in both cases. But I have not met anyone who believes that every residential park or every boarding house in the State is registered on the New South Wales Fair Trading register. People can just quote what the register shows but I am not sure whether that is the actual, real situation. I imagine that in a lot of cases the local council might have a more informed view. It would be hard to imagine the council being unaware of residential parks in their area.

CHAIR: What are your thoughts on the idea of disposing of old stock, rebuilding new stock and getting a better density on these sites? What is the view of the Council of Social Service of New South Wales on that?

Mr GARDINER: I guess it depends on what location and so on we are talking about. If we look back at the Federal stimulus package a few years back, there were over 6,000 new dwellings built in New South Wales with 100 per cent funding from the Commonwealth. Quite a number of those were in the middle-ring suburbs. In our view that was quite sensible. What happened was that three or four adjacent fibro cottages owned, which were built in a different era, were knocked down and a 20-unit seniors complex or whatever was built as a replacement. That was not without some "bushfires" in terms of some councils and residents having some concerns, but I think it was an appropriate use of resources.

As the Auditor-General's report says, there is a shortage of some of that sort of accommodation. So it can work. It depends of course, and this is one of the challenges, on the value of the land—like so many other things. So sales or redevelopment on the urban fringe or in some country towns that are in decline is not going to produce big returns. If you have stock close to the central business district of Sydney or Parramatta then you have different opportunities to lever things with your property holdings. We are aware that some have perhaps involved losing money.

CHAIR: So there is some merit to it, is that what you are saying?

Ms PETERS: Yes.

CHAIR: So it just has to be done in the right context?

Ms PETERS: We would also say, and this goes back to a point we make in the submission, is that the Auditor-General's report had three key recommendations—one of which was the social housing policy—around the State strategy, an asset portfolio strategy and a long-term strategy for managing public housing estates. We accept absolutely that there are dilemmas around this particular issue. If we have a better understanding of the framework and how those documents and frameworks fit together then I certainly think it is a matter that is open for discussion as to the best way forward. It is certainly not something we are totally opposed to.

CHAIR: You mentioned growth plans earlier. I know that our local council certainly did growth plans, as required by the State Government; and that was not a bad exercise to go through. It would be terrible if it ended up being a fruitless exercise. But I would have thought that retrofitting those growth plans with opportunities for social, public and affordable housing would not take much.

Local areas could adjust those growth plans. It is not so much about where they decide the areas of growth will be. We have to keep in mind whether it is coastal or inland—sea-change or tree-change—and whether it is about retirement. We have 75 per cent of our population living on the coast. The problem is that you cannot have a one size fits all approach. Nominating those growth plans and then implementing those numbers would be dangerous because it would be inflexible. If something changed then the dynamics of that little village, for instance, could change for numerous reasons. On top of those growth plans for social, public and affordable housing you have the complications of an ageing population and the rollout of the National Disability Insurance Scheme. How do you see that fitting into the growth plans? Should that be part of it?

Mr GARDINER: That is a very challenging question. Obviously the ageing of the population is the first thing that should be built into growth plans. When we get down to tin tacks about some of our concerns, I think there are something like 308,000 age pensioners nationally who are in private rental. Those sorts of figures horrify us and are one of the arguments for why we need affordable and public housing. It is one thing to think about working families who are struggling in the private rental market. But there are large numbers of age pensioners who are not homeowners and who are competing in the Sydney market. This is a good example of why in the end you cannot run away from having some targets. We need to look at some of these things. In terms of the National Disability Insurance Scheme and some of those linkages, I think we are at an early point in that and a lot of thought has to go into that still.

CHAIR: One of the submissions mentioned, when talking about the Auditor-General's report, that there is expressed demand, which we know is around 60,000 to 80,000, and then there is unexpressed demand, which is around 131,000. We have not even added in there the ageing population. We are talking having about five million extra people over the age of 65 by 2050. If we start to superimpose those sorts of numbers and see that we are at only 44 per cent capacity of where we really need to be then you realise that we are in big trouble, are we not?

Mr GARDINER: I think that is another area we could have a whole hearing about. The Council of Social Service of New South Wales has said for a very long time that, whilst we see more teamwork on certain issues, whatever government we are talking about and whatever particular administrative arrangements are in place, it is hard to be confident in New South Wales that land use planning and other forward planning are well linked. We just make that point. At the moment we see no link between, say, the forward planning that Family and Community Services might do about how they are going to roll out additional services in the future and the land use plans produced by the Department of Planning and Infrastructure.

CHAIR: And it gets even more complicated than that. Certainly in my local area where we did look at social housing the "not in my backyard" mob was aggressive. So that is another issue on top of those other issues. It will complicate local planning if you are going to the local people about access for social and public housing in particular. The "not in my backyard" mentality makes things even more complicated.

The Hon. MATTHEW MASON-COX: Just to pick up on what you are saying, Mr Chair, the Auditor-General's report says that in order just to retain the supply level at the 44 per cent as calculated you would need another 2,500 dwellings per year. I note recommendation 1 that the New South Wales Government should have a plan for the creation of an additional 3,000 social housing dwellings. The cost of that would be something in the order of \$950 million a year for those 3,000 dwellings, depending on where they are of course. Where would we find the money for that?

Mr GARDINER: Firstly, I would note that we are less ambitious, as you would understand, than the Auditor-General. We do not see the point of asking for an extra 2,500 social housing dwellings a year for the next several years because we just do not think that is going to happen. We have put forward the figure of 3,000, as you say. At a cost of around \$300,000 per new dwelling the total cost would be around \$900 million. We have said in the fine print that something like \$200 million of that would come from the State. We would be hopeful that the Commonwealth would be able to meet its share. Our national counterpart, the Australian Council of Social Service, is advocating for a social housing growth plan because this is an issue right across the country. If there were such money available then I guess we would see a split between the Commonwealth and the states.

The Hon. MATTHEW MASON-COX: As you would be aware, the Commonwealth is now going through a commission of audit process. How do you think your ideas stack up in a restrained fiscal climate?

Mr GARDINER: As I said, we have set our numbers at what we think is an achievable figure. But it is a continuing challenge that we have to keep putting before people.

Ms PETERS: As Mr Gardiner has said before, this is an area where we have done some very small-scale work within New South Wales about the long-term savings to Government of providing housing and the services required in an efficient way. We would run the same arguments, quite frankly, with the Commonwealth through their commission of audit process. We understand that process will be unveiled on Federal budget night. We will see then how successful the arguments, made by our national counterpart and many other people, have been about the notion that sometimes you have to invest in order to save money long-term. It is a longstanding principle that the Council of Social Service of New South Wales has advocated for many years.

The Hon. MATTHEW MASON-COX: In recommendation 4 you suggest that the New South Wales Government should fund and establish a new program to provide housing mental health support packages for existing social housing tenants with an identified serious mental health condition. How many people fall into that category? What is the cost per person and likely total cost of that package?

Mr GARDINER: I think we have to say upfront that, out of the current tenant community, it is not possible to put an accurate figure on that. It has not been assessed. We have had conversations with community housing providers and senior people from Housing NSW. I think Minister Goward would not mind us mentioning that we have had conversations with her about this. No-one is disputing that this is an issue. We used the words "severe mental health issues" deliberately so that we are talking about someone ultimately subject to proper assessment. A client service officer employed by Housing NSW or a tenancy manager from a community housing provider can have a hunch or get complaints from neighbours that someone might have a serious mental health issue, but they are not qualified to actually make a diagnosis of that. So we are talking about a situation as happens with the Housing and Accommodation Support Initiative.

The Hon. MATTHEW MASON-COX: I presume this is part of your pre-budget submission?

Mr GARDINER: Yes.

The Hon. MATTHEW MASON-COX: Did you give a figure in that pre-budget submission?

Mr GARDINER: We gave a figure for how many packages. We would like to start the program slowly and build up from there.

The Hon. MATTHEW MASON-COX: So what was the cost?

Mr GARDINER: The cost, which we went through before, is based on the average cost per client under the existing Housing and Accommodation Support Initiative.

The Hon. MATTHEW MASON-COX: Which is based on what you have put to the New South Wales Government?

Mr GARDINER: Yes.

The Hon. MATTHEW MASON-COX: Which is how much?

Ms PETERS: It is \$1.8 million per annum in total for 200 packages. I am afraid I cannot do the maths quickly enough for you.

Mr GARDINER: There is no standard there. For example, the Housing and Accommodation Support Initiative classifies people as having low, intermediate, moderate and severe needs. So some people need to be visited for X number of hours per fortnight and others might need just one hour of contact and support.

The Hon. MATTHEW MASON-COX: So that would be something that would obviously evolve over time?

Mr GARDINER: Yes.

The Hon. MATTHEW MASON-COX: I notice that recommendation 6 is that "the NSW Government include social housing as a form of social infrastructure and hypothecate the proceeds of Waratah Bonds". How much would you like from Waratah Bonds?

The Hon. SOPHIE COTSIS: How much have you got to give?

Mr GARDINER: About \$5 billion, but how much would you like?

The Hon. MATTHEW MASON-COX: This is again just linked in to providing the 3,000 homes over the four-year budget.

Ms PETERS: Yes, we certainly see and our submission makes the point that to date—and, again, this has been a long-term issue where social housing is not given the same status as other infrastructure expenditure; there is a whole host of reasons for that—in terms of some of the infrastructure originally proposed for Waratah Bonds the Commonwealth has indicated its preparedness to invest in that infrastructure as well, therefore freeing up additional money. This is an area where we think in a fiscally constrained environment it is something that the Government could usefully look at. We note also that this would allow investment in something that is needed to reduce the costs in other parts of government as we do this, and certainly it is something we think could be usefully investigated by government to address.

We understand, because this is part of our pre-budget submission and we have had discussions with a number of Ministers and, indeed, government agencies about this, that it would require a change of legislation because it is not contemplated within the scheme at the moment. But, again, it is something we think may well be worth looking at to try and provide the capital that would resolve what is for us a quite serious undersupply.

The Hon. MATTHEW MASON-COX: Can I ask you, the capital in recommendation 9 for a community housing social investment fund is that additional capital again or is that capital that is earmarked for other investments?

Mr GARDINER: That would be additional.

The Hon. MATTHEW MASON-COX: How much are we talking about for that?

Mr GARDINER: I think we have asked for \$30 million.

The Hon. MATTHEW MASON-COX: Thirty million? Is that all?

Mr GARDINER: Yes—as a one-off. What we say there is that because of the growth of community housing, and we also have other people in our sector like churches and aged-care providers who have got land and property and so on, that with some capital from the Government, some access to land and some borrowings by the providers themselves we believe in a competitive tender process you could extract some housing from \$30 million. We would not say, "\$30 million—you 100 per cent give the capital"; we are saying that people could tender and then they could say, "If you gave us some share of that \$30 million we would borrow from our bank some extra or we could use some property"—sorry, I think it is \$20 million.

The Hon. MATTHEW MASON-COX: What is \$10 million between friends?

Mr GARDINER: We would be very confident that you could get a lot more for that relatively modest amount of money that could go to many of our members and they would be very keen to participate in such a program.

CHAIR: That comes to the end of our time. Thank you so much for your submission and for representing the organisation you do. It is very important that we heard from you. If you have taken questions on notice you have 21 days to get answers back. If you have any further enquiries please contact the secretariat and they will be more than happy to assist. Thank you both for your time today and we wish you well with social and affordable housing.

Ms PETERS: Likewise, we wish the Committee well with your deliberations.

(The witnesses withdrew)

JO HAYLEN, Mayor, Marrickville Council, and

LOUISE MENDAY, Affordable Housing Officer, Marrickville Council, affirmed and examined:

CHAIR: Welcome to the inquiry. Do you have an opening statement?

Ms HAYLEN: I do. Thank you for the opportunity to present to the committee today. Marrickville faces some particular challenges in making sure that our residents have access to appropriate and affordable housing. Marrickville is a rapidly gentrifying area in the inner city, yet has one of the highest estimated levels of homelessness in Sydney and the highest number of boarding houses. Our traditional diversity is diminishing and escalating housing prices are putting intolerable pressure on the disadvantaged and lower-income members of the community, many of whom are becoming displaced.

Marrickville celebrates its diversity. In fact, this weekend we have our Portuguese Festival, which celebrates one of those communities. Incidentally, those Portuguese were displaced from Paddington in the 1970s when it became gentrified. The shortage of affordable housing in Marrickville is causing family networks and communities to split, with younger and older people being forced to move away from their family networks. They are no longer able to be with their older relatives, which I think you all recognise is a critical part of some of the internal networks and, indeed, that government relies on to be a part of strengthening our community. Those residents now of course are forced to make longer commutes; it puts pressure on their relationships, on our infrastructure, it reduces our productivity and it adds to Sydney's traffic congestion.

Increasingly, lower paid and key workers, such as nurses, police, shop assistants and childcare workers—all of whom are critical for a functioning and prosperous community—cannot afford to live in Marrickville. Similarly, students cannot afford to live near the university campuses that are right nearby. Older people, particularly from our ethnic communities, that have lived here for many years, can no longer afford to find suitable or affordable accommodation. Affordable housing contributions we believe are an essential lever to establishing a critical mass of affordable housing in inner-city areas like Marrickville. These should be required where land is rezoned for a higher use or higher density and where there is significant public investment in infrastructure. Marrickville requested such provisions in our recent LEP 2011, but it was refused. This is despite significant areas of the LGA being upzoned around existing public transport corridors including the new inner-west light rail corridor.

Voluntary planning agreements [VPAs] and the affordable housing SEPP have failed to produce real benefits in Marrickville. Any public benefit from the huge uplift in land value will be lost unless a contribution system is introduced. Marrickville Council supports the amendments of the Planning Bill 2013 that the Legislative Council has requested in relation to affordable housing contributions. To enable the equitable distribution of affordable housing throughout New South Wales, housing contributions need to be a standard instrument. These contributions need to be supported by housing targets based on rigorous research.

Further divestment of public housing would also help. This would enable community housing providers to establish an asset portfolio, it would support a perpetuating business model and provide the tenants the support that they need. We believe community housing providers are best placed to provide affordable housing tenants support and, indeed, property management. What we have seen is that they are good business managers. When they have had support from the nation building plan or the National Rental Affordability Scheme [NRAS] the outcomes in our area have been particularly successful.

The high cost of land in the inner city compared to outer suburbs means it is more difficult, of course, to develop affordable housing here. I hope that, along with continued Federal and State government funding, affordable housing contributions will help councils like ours, in partnership with community housing providers, maintain and provide additional affordable housing in our area. This, I hope, will mean that our community and family networks get to stay together and particularly support the marginalised and isolated members of our community.

The Hon. RICK COLLESS: Thank you, Councillor Haylen, for that overview. You outlined in your opening statement about who cannot afford to live in Marrickville—teachers, nurses, students, et cetera. Who then is living in Marrickville?

Ms HAYLEN: There are a range of people on different incomes living across Marrickville, but what I am outlining is that there are increased pressures on people on those lower incomes—our key workers: nurses, police people, for example, who are struggling with increased property prices. A two-bedroom house in Marrickville now, unrenovated or renovated, is close to \$1 million. Yes, it is within seven kilometres of the city but perhaps that is the point.

The Hon. RICK COLLESS: But that applies to Redfern and Erskineville.

Ms HAYLEN: That is probably the vision that I am putting here today, and one that Marrickville strongly believes, that we want to keep our urban centres diverse in a place where a range of people can afford to live. Otherwise, as I outlined, we are going to see increased pressures on our infrastructure. The streets of the inner west are already gridlocked during the week and the same on Saturday as people crisscross to visit family and drop off kids for sport and all that kind of thing. We will only see those pressures increase if people cannot live where their family has grown up, and that is what we are seeing in Marrickville.

Ms MENDAY: If I could just add that the census is showing that there is a turnover in the population and the population coming in are young professional couples or young professional singles and people without children and on higher wages who can afford those prices in Marrickville.

The Hon. RICK COLLESS: If these are young professional people, individuals or couples, who are moving in there, are they bringing a higher disposable income with them as well?

Ms MENDAY: They would be, yes, they are on higher incomes.

The Hon. RICK COLLESS: So your community would be, business-wise particularly, benefiting from that?

Ms MENDAY: I could not answer that question because a lot of the business in Marrickville—as the Mayor has pointed out, it is a diverse area and a lot of that business reflects the diversity. It does not necessarily reflect the needs of the people who are coming into the area. I cannot answer specifically but it could put businesses out of business in Marrickville and force them out as well as displaced tenants. It is a difficult question to answer.

The Hon. GREG PEARCE: Given that you do not have an affordable housing SEPP provision in your LEP, what is your role? Advocacy or something, is it?

Ms MENDAY: Marrickville has an affordable housing strategy—it has had since 2009—and that is what they base their request on for LEP contributions. My role is to review that, and one of the things I will be looking at is targets specifically based on Marrickville's needs and the local community and I will be consulting with the community on what those needs are and what priorities the council should pursue. We have established a committee and I support the committee and the committee is feeding into that review. It is a bit of both: it is doing the research and it is also the advocacy.

Ms HAYLEN: Can I add that Louise may undersell the part-time role that she plays as well. In supporting that committee we have seen that our community housing providers are willing and ready. They are looking for sites in the inner city because they know that is where we have a need. There are genuine challenges with land prices going through the roof. They want to come and talk to us; they want to work with cooperative councils. They have seen that we want to try to move the levers to make that happen for them as well.

The Hon. RICK COLLESS: Going back 30 or 40 years the Marrickville community essentially would have had terraced houses and individual dwellings rather than blocks of units? Is that a fair comment?

Ms HAYLEN: There is a real mix of housing in Marrickville.

The Hon. RICK COLLESS: Now?

Ms HAYLEN: That is right.

The Hon. RICK COLLESS: Going back 30 or 40 years essentially there would have been individual dwellings?

Ms MENDAY: Historically it has always been very mixed. In Petersham and Lewisham there are some fantastic mansions which were turned into boarding houses and which have now been turned back into mansions. It has always been a very mixed area. We have pockets of disadvantage and we have pockets of the community that are advantaged.

The Hon. RICK COLLESS: I live out of Sydney but when I am in Sydney I stay in my unit in Sydney Park Village, Erskineville, which was an old industrial area. But there is a lot of consolidation of those sorts of areas in the inner west. Is that happening in Marrickville as well? Is there a consolidation of those older style buildings and industrial areas that are now being built into multiunit complexes?

Ms HAYLEN: We are seeing in particular industrial lands under pressure from development and obviously there is ongoing pressure on the council to rezone some of those areas. We have taken that approach in some sections but not all. We believe that there need to be employment lands and there need to be areas where people continue to work. While textile manufacturing has left Marrickville there are other types of food manufacturing and other things like some boutique breweries that are moving into Marrickville. We maintain that that industrial space needs to stay. But yes, our council is committed to urban density particularly around transport hubs which is why we are saying we do not want to lose this opportunity right now. We will be giving significant uplift. We are moving into some areas with one-storey and two-storey terraced houses and we are saying, "This is right near a train station. There can be six storeys here." That is a difficult transition but we do not want to miss that opportunity. There should be a contribution to affordable housing while that change takes place.

CHAIR: Who owns the housing along the railway line? Is that private housing?

Ms HAYLEN: Predominantly private housing, yes.

The Hon. MATTHEW MASON-COX: You mentioned in your local environmental plan that you have an affordable housing contribution. Would you take the Committee through how that works?

Ms MENDAY: We have requested one and we were refused. Some people call it inclusionary zoning.

The Hon. MATTHEW MASON-COX: What did you request?

Ms MENDAY: It is similar to Green Square, Ultimo, Pyrmont. Willoughby has a similar control. A percentage of the residential development is devoted to affordable housing, whether that be by putting housing on the site, making a contribution in lieu or contributing some land to the council that they can build on.

The Hon. MATTHEW MASON-COX: You asked for that as part of your local environmental plan but that was rejected?

Ms MENDAY: We asked for that, yes.

The Hon. MATTHEW MASON-COX: What exactly did you ask for?

Ms MENDAY: For the provisions; they are well-known provisions.

The Hon. MATTHEW MASON-COX: What was it?

Ms MENDAY: They are fairly standard in any development and sometimes there is a parameter around the size if it is over 20 units or 2,000 square metres or something. There are some parameters where you establish this site has to pay the contribution. The contribution is specified in the local environmental plan so it might be 3 per cent or 4 per cent.

The Hon. MATTHEW MASON-COX: The impact of that is that it drives up the price of the development?

Ms MENDAY: Not necessarily. It is a cost that you would factor into the purchase cost of the land.

CORRECTED

The Hon. MATTHEW MASON-COX: Of course, it drives up the cost of the development to make it less affordable for other people. Is that correct?

Ms MENDAY: No, not necessarily.

The Hon. MATTHEW MASON-COX: We do not live in a crazy world. It is how these things work.

Ms MENDAY: If it is in the local environmental plan it is a certainty and it is up-front. It is there before the developer buys the land. It is a cost they can factor into what they pay.

The Hon. MATTHEW MASON-COX: Please do not deny the obvious. What it does is increase the price for everybody else.

The Hon. JAN BARHAM: How?

The Hon. PETER PRIMROSE: How?

The Hon. MATTHEW MASON-COX: You are providing subsidised housing.

The Hon. PETER PRIMROSE: That is not how real estate works.

The Hon. MATTHEW MASON-COX: It is self-evident. You guys come from a centralised state, I understand that. I am just trying to get a straight answer to a straight question.

Ms MENDAY: It is a cost just like contamination or building site costs.

CHAIR: Order!

The Hon. MATTHEW MASON-COX: What evidence do you have of social dislocation and split families in relation to Marrickville as a result of affordable housing not being prevalent?

Ms MENDAY: We have the census data as a basis. We have some anecdotal evidence that is coming from our communities through our community development workers, through the councillors, and we are about to test that with our community. As I said, we are reviewing our strategy and we will be testing some of that anecdotal evidence with surveys that we intend to be statistically relevant.

CHAIR: In my time as mayor the former Government was concerned about section 94 fees driving up the cost of development, thus making it unsustainable. It was not accurate right across the State but it was a blanket statement that was used to drive the opportunity to get rid of portions of section 94 because it was slowing down the development process which encouraged developers to develop. There was a note that section 94 was a factor in slowing down development across the State. Minister Sartor started to attack local councils about how much they were asking. Another reason why he did that was that a number of councils were building up their section 94 funds and not using them, but that was not the case across all councils. Different councils experienced different situations. Some councils were diligent with their section 94 funds and others needed to accumulate a substantial amount of section 94 funds to deal with the infrastructure for which they were putting the funds aside. It was a complicated process that was given a blanket tag across New South Wales. Is there any Crown land or council-owned land in Marrickville?

Ms HAYLEN: We do have Crown land but that is not in the areas we are talking about for significant uplift. That would be more like our sporting fields and those kinds of areas, down on the river and near the airport.

CHAIR: Does council own any stock land with houses on it?

Ms HAYLEN: No, council has very little assets. They are all community run halls and centres but we do not have housing stock.

CHAIR: Do any of those halls contain asbestos and need to be replaced? They could form the bottom level of a multistorey complex with affordable housing above it?

Ms HAYLEN: We have looked at some options, including our car parks to see whether the air space above the car parks would be an option. We have one proposal at the moment out for EOI. We are looking at all options to try to get affordable housing into Marrickville. But with our halls and things like that we are tight on space as it is. There are no opportunities in that area.

The Hon. JAN BARHAM: I acknowledge and declare that when I am Sydney I stay in Marrickville. I have a long association with the area and I think its diversity is fabulous. Marrickville council is doing good work. Have your applications to the Department of Planning been through a process of community consultation? Did you have community support? Earlier I had to take an urgent call and I was not present in the room. You have identified some sort of floor space ratio, or incentives or bonuses for developers if they took on board providing affordable public or social housing. Did you set a time limit of 10 years? Was it in perpetuity? Would the developer or the community housing provider get the return? Will you provide details about how that works? Obviously you have a strategy but I have not had an opportunity to read it.

Ms MENDAY: The strategy, which was subject to public consultation, embodies the action to have the contribution imbedded in our local environmental plan. So that has been the subject of community consultation.

The Hon. JAN BARHAM: And support in that you took note of the community consultation?

Ms MENDAY: Yes. The draft LEP also would have been subject to community consultation. There have been a number of occasions when that concept has been put to the community and it has gained support.

The Hon. JAN BARHAM: What type of provision is it? Does it extend the benefit to those in need of housing and to a developer by virtue of having a higher density?

Ms MENDAY: This is not talking about negotiating a bonus. When we up-zone we give high density in the LEP so automatically we would want a contribution to relate to that. The preference of Marrickville is for the benefit to be in perpetuity. It might not always be on the same site but that quantum of benefit would have to remain in Marrickville somewhere. That recognises that property owners need or want to sell their property at various stages for various reasons. But as long as we maintain that quantum of benefit we would look at some flexibility.

The Hon. JAN BARHAM: Who manages that proportion of housing?

Ms MENDAY: We have not got that far yet because we do not have any housing. We are desperate.

The Hon. JAN BARHAM: My council used the Randwick council example.

Ms MENDAY: Part of my role would be to develop a policy around that once we eventually get some housing. At the moment the indications are that it would go to a registered community housing provider.

The Hon. JAN BARHAM: Today it was surprising to hear from local government which knows more than anyone else about need and about the willingness of a community to support social initiatives and look after those people they know are struggling in their community, or who want more diversity or have a social conscience. When a local community has followed the processes defined by the State Government under the Department of Planning and it submits an application it is then told no. You said that you had done all those prescribed things and you were refused the right to deliver that social outcome?

Ms HAYLEN: That is correct and that is the challenge that we face now.

The Hon. JAN BARHAM: What is next? What else can you do? Unfortunately Mr McIntyre from the Department of Planning is unaware of the history but he proposed that the provisions available are voluntary planning agreements with developers. Does your affordable housing strategy go down that path? Have you called for interest or done any of those things?

Ms MENDAY: The opportunities are very limited. As the word says, it is voluntary and the developer has to come in with a proposal. Marrickville has one proposal to my knowledge where the developer has offered affordable housing through the VPA process. On another, the brownfield site that we referred to before that is being redeveloped, an old industrial site, it was departmental or ministerial consent. We asked for some

affordable housing on that. It is a development of more than 350 units adjacent to one of the railway stations on the light rail. So the land is worth a lot.

The Hon. JAN BARHAM: How many did you get?

Ms MENDAY: In the conditions of consent we got 3 per cent of the residential floor space capped at 75 per cent of the median rent for 10 years.

The Hon. JAN BARHAM: So it is a bonus for them in 10 years time?

Ms MENDAY: It is not a significant benefit for Marrickville.

Ms HAYLEN: We would like to see long-term outcomes that we can guarantee. I understand, as you would know, the role of councillors. The loudest residential voice unfortunately often wins. When there is a debate between particular benefits under a VPA—public domain works, the undergrounding of power lines, the development of a local park, the particular type of paving they use on the street—all those compete for the small amount of contribution that the developer is willing to make. Marrickville council does not want to be in that situation. We want to get good outcomes from those contributions and our section 94s, but we also want to say that we need an ongoing fund to work in partnership with community housing providers to have those houses in Marrickville forever.

The Hon. JAN BARHAM: What about homelessness? I have seen homeless people in Marrickville. Is homelessness part of your strategy?

Ms MENDAY: Yes. When we say we have a high level of homelessness, in the last census that was up around 900. That includes people sleeping rough, people in boarding houses, overcrowding and people sleeping on couches. There is a significant issue there.

The Hon. JAN BARHAM: You have identified genuine need, you have done the work that is required and then you have consulted with the community to find ways to alleviate the problem, but you are restricted by the State Government not allowing those things to happen?

Ms MENDAY: Yes.

CHAIR: Can I ask if the recent planning bill will help, hurt or hinder?

Ms MENDAY: In our submission on the planning bill—

CHAIR: I got 10,000 submissions.

Ms MENDAY: —Marrickville did raise a point that we would like to see the affordable housing contributions included in the new legislation. I think what was put to council, and council endorsed, is that if you do not have a solid policy set in legislation then there is no consistency and there is no certainty about how you are going to address this issue.

CHAIR: Can I correct the record. I did not get 10,000 submissions, I got thousands of them.

The Hon. JAN BARHAM: You were exaggerating.

The Hon. SOPHIE COTSIS: I thought you would have read all 10,000.

CHAIR: That is exactly what I am not saying. There were thousands and thousands of emails, never mind submissions. We do feel your pain. This is why we are having the inquiry. I do believe that in local government law there has to be an opportunity for local government to be innovative and a little more strategically corporatised in one of its arms so that it can grab something, develop it and do the wheeling and dealing for the benefit of the community, not the developer. That is what the problem is. It always seems to swing that you get an adverse result and every one tags that it cannot be done. In your situation it seems to me that council needs to be given an opportunity to be innovative by corporatising an avenue to address these issues. Would that be a fair comment?

Ms HAYLEN: That is exactly correct.

CHAIR: There is too much red tape?

Ms HAYLEN: And we stand ready when that lever is available to us because we have excellent relationships with community housing providers and we have a community that supports the need for action. We talk to them regularly. I believe Marrickville council spends a lot of effective time consulting. We spend more in our council on our community programs than any other council. It is a highly engaged community that wants us to act. We need that lever to do it.

The Hon. JAN BARHAM: Well done.

The Hon. SOPHIE COTSIS: Thank you for coming today. When we are talking about Marrickville it is really important to see local government involvement in this inquiry. I am impressed with the number of submissions that I have seen from local government both in rural and regional communities as well as from the inner west, city and Western Sydney. There is a real burst from your communities because of the lack of affordable housing at that entry level. It is not just Marrickville as a suburb, we are talking about Dulwich Hill, Enmore and Lilli Pilli where it is hard in terms of entry level buying a property. This is where we need to ensure that there is affordable public social housing because it is light industrial so there is opportunity for employment and schools that are close by.

Ms HAYLEN: For example, Marrickville is right next to the airport. There is a range of skills needed: high levels of training and low levels of training. Thousands of people work at the airport every day. It makes sense for them to be able to live in a local government area like Marrickville where they do not have to congest our roads or place extra pressure on our public transport system. Ikea is at Tempe in our local government area as well.

The Hon. JAN BARHAM: It has the biggest Bunnings in the world.

Ms HAYLEN: There you go. There are lots of big employers that have a range of different employees and we believe it is important that they have the opportunity to live close to work. I talked about nurses and the Royal Prince Alfred hospital is located in our local government area. There are lots and lots of schools—public, private, big schools—and it is critical that teachers be able to live near their place of work.

The Hon. SOPHIE COTSIS: Have you been speaking to the Government? Is there a Government committee or task force that the inner west councils are involved with? This is important information at the local level to share with the chair and deputy chair. You have come from local government. As the Shadow Minister for Local Government I understand the expertise and knowledge that comes from you at that local level.

Ms HAYLEN: These are the kind of messages that we are hearing from our neighbouring councils as well. Our involvement includes the metropolitan mayors as well as Southern Sydney Regional Organisation of Councils, for example, that has an excellent policy and is sharing this information and seeing what strategies work.

The Hon. SOPHIE COTSIS: I wanted to find out a little more about the specialist homes and services. You have spoken about 800 to 900 homeless people in the Marrickville local government area and the difficulties in accessing housing just generally in the inner city. You are aware of the Government's view of moving funding into Western Sydney and other areas. What is your view on that?

Ms MENDAY: I have to admit this is not my area of expertise. I have spoken to my colleagues about it. There are some very specialised services in Marrickville for Aboriginal women, youth and various cultural communities who provide specifically for that community. We do also have a lot of youth crisis accommodation in Marrickville. While those other housing providers accommodate local people a lot of youth come to Marrickville from outer suburbs. I think Marrickville's issue is that they come here for a reason and they do not want to go back to the suburbs for a reason and they should continue to be provided for in Marrickville because there are other services there that support them in Marrickville. They are meeting like people. They come to Marrickville because maybe they will not be so obvious in the community and they will meet other people like themselves who have left home young for various reasons. For this reason community development people at Marrickville think that those services should continue to be funded within Marrickville and other inner city areas.

The Hon. SOPHIE COTSIS: If that funding is taken away my particular concern is for the specialised niche services that assist victims of domestic violence with their children and also people of ethnic backgrounds, which only specialist services can deal with. Would it add pressure on your council if that funding is withdrawn?

Ms MENDAY: I think so. There is a definite need and if the funding is withdrawn, the support is withdrawn, then the accommodation disappears and that will only add to the homelessness in Marrickville and place further pressure on places that accommodate homeless people such as the supported accommodation or the boarding houses. It will have a flow-on effect. People are there for a reason. They are not necessarily going to go to a refuge in the western suburbs or the southern suburbs if their support networks, family or friendships are in the inner city. They need to be there and maintain that support. In terms of council services it is not just about supporting homelessness but all the flow-on effects of that such as crime, violence or youth and children on the streets. All those programs that council currently runs in relation to that would have more pressure on them?

Ms HAYLEN: There is no way that council has the capacity to replicate the broad range of services that are provided by service providers of all types across our area. We, in fact, rely on the information that is provided to us; for example, in the ethnic communities there is almost a club, or multiple clubs, for almost every language spoken in Australia. At present Marrickville council works very closely with those organisations to ensure that the support mechanisms are integrated. There is no way on earth that we could replicate those services

The Hon. SOPHIE COTSIS: That is my concern. That it adds a cost burden on to your council that you cannot accommodate because you have to prioritise your other services. My concern is that there will be an increase in homelessness because those services will not be operational after July of this year?

Ms MENDAY: Yes.

The Hon. SOPHIE COTSIS: What are those services? Are they talking about locally, what are they saying to you?

Ms MENDAY: Council is involved. The way that the services are run in Marrickville is that there is a lot of interagency collaboration and working together. For example Marrickville is coordinating a breakfast program for young Aboriginal children in south Marrickville. That is an interagency program supported by the local general practitioner network and the South Sydney Rabbitohs football club. Things like that. There are more and more people needing those services and that is a very targeted project. There are more and more people needing services like that and it is going to be difficult. That is a very intense project. You have people turning up to provide breakfast for the children, train them, give them some education on healthy eating and healthy activity and driving them to school. It is a labour intensive service and if pressure is put on things like that then they just will not happen.

The Hon. JAN BARHAM: I have a quick question about your reference to the Grattan Institute report. You have highlighted some of the issues but you have not picked up on the one where they talk about longer minimum rent leases. I have heard from people in Marrickville that one of the problems is that you can only get a six month lease, so people have to move. They never feel secure and comfortable with access to work and kids being able to stay at the same school. If you only have six months it is really hard to settle. Is that something that is true? Am I getting a good reflection of what is happening in the community?

Ms MENDAY: I have not actually looked into that but now you have raised it I will. It makes sense because the rents are increasing so rapidly that if you cannot afford it in six months they will turn it over and get someone else in.

The Hon. JAN BARHAM: It appears to people that there are a lot of properties being bought for quick turnover, people trying to make a buck and so they only give short-term leases?

Ms MENDAY: Yes.

The Hon. JAN BARHAM: Did the Grattan Institute report reach your council? Does your elected body support those provisions?

CORRECTED

Ms MENDAY: No. Where we are at in the process is reviewing the strategy and I have done a discussion paper and raised all these issues as things that need to be discussed. They are on the table right now and over the next few months there will be discussion and more workshopping with the councils and the community.

The Hon. JAN BARHAM: Well done, thank you.

The Hon. SOPHIE COTSIS: I wanted to take you to page 8 of your submission about financial institutions. You talk about the affordable housing financing in South Australia and Western Australia. Can you elaborate about this model?

Ms MENDAY: There is a government backed financial institution, I do not know a great deal about it. What I understand is that in South Australia Housing SA are putting some of their properties up for sale and the government guarantees the funding. The applicant will get a loan for maybe half the value of the property. The government will share that value in common equity for a certain term while the purchaser builds up their finances, then they can eventually buy it. The other model, which is running overseas, is that people establish companies just to broker funds for affordable housing institutions and in Great Britain they are tapping into super funds, which we do not do here.

The Australian Housing and Urban Research Institute has done a lot of work on this and they are about to have a workshop in Melbourne to present their research. These funding organisations did generate an incredible amount of funding just by happening into a source of funding, guaranteeing a return to the funder and vetting the projects of the housing providers to ensure that they have a strong business model and ensuring that the whole process is solid.

CHAIR: I thank you on behalf of the Committee for giving up your time to give us a snapshot of your district. Having come from that background, like one of my colleagues, there is nothing worse than being mayor and not having an answer for something you care deeply about. It does require some creativity and innovation, but as you well know that comes from above, not below. We do take your comments on board and look at it seriously and hope that the report will reflect an answer that can be moved on for the good of your constituents, but particularly those disadvantaged and vulnerable. Thank you for your time.

(The witnesses withdrew)

(The Committee adjourned at 5.31 p.m.)