

REPORT OF PROCEEDINGS BEFORE

STANDING COMMITTEE ON SOCIAL ISSUES

INQUIRY INTO COMMUNITY HOUSING

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At Sydney on Tuesday 12 February 2002

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The Committee met at 10.00 a.m.

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PRESENT

The Hon. Jan Burnswoods (Chair)

The Hon. Dr Arthur Chesterfield-Evans

The Hon. Amanda Fazio

The Hon. Doug Moppett

The Hon. Ian West

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ANDREW CAPPIE-WOOD, Director-General, Department of Housing, Sydney, sworn and examined,

CAROL MILLS, Deputy Director-General, Corporate Strategy, Department of Housing, Head Office, Liverpool, and

ALISON WANNAN, Acting Executive Directive, Office of Community Housing, Wentworth Street, Parramatta, affirmed and examined:

Mr CAPPIE-WOOD: I have received a summons and I am conversant with the terms of reference of the inquiry. In terms of the submission, I wish to go through a short printed document prior to any questions and hopefully during the course of the presentation there will be questions following from that. I seek leave for the department to reappear if there are any outstanding questions that need to be collaborated on during the course of the inquiry.

The Hon. DOUG MOPPETT: I seek leave to have the document admitted into evidence.

Leave granted.

Ms MILLS: I have received a summons and I am also conversant with the terms of reference of the inquiry.

Ms WANNAN: I have received a summons and I am conversant with the terms of reference.

CHAIR: The Committee sent you some questions about matters that we would like to discuss with you. Andrew, you would like to give an overview and enlarge upon the document you have submitted?

Mr CAPPIE-WOOD: Yes, it gives a bit of a flow to it and in the process may give some background to some of the questions that you have. I will go through it and then hand over to Carol and to Alison in due course. I would just give some broad elements of community housing. We define it in broad terms as representing subsidised rental housing provided by non-government organisations or local government, including churches and non-government groups as well. It is for low or very low income households. There is obviously a differentiation between that and other forms of other government provided housing that I will touch on briefly.

Obviously, there is community-managed housing that is not provided by government so the focus and comments we are looking at here are those funded under the Commonwealth-State Housing Agreement. In terms of the Office of Community Housing, which was the element within the Department of Housing that regulates and administers the community housing sector, that was formed in 1996 and is responsible for planning resource allocation, policy frameworks and the business plan and that in turn guides how the housing provision and governance will operate. It has the ongoing process of performance monitoring and improvement of individual providers and resourcing agencies. It assists in shaping the management of those assets in conjunction with providers, including the capital works program, in particular.

When we look at the totality of the housing system and where community housing fits within a broader government housing framework, the community housing sector manages 7 per cent of all social housing stock, that is just over 10,500 properties. To give you a feeling for how much of that is the total housing market, public and private, it is about 0.4 per cent of the total housing market. I will circulate this diagram, which gives an indication that 70 per cent of the housing market is owned and 22 per cent is private rental, 5.4 per cent or thereabouts is public housing and 0.4 per cent is community housing and 0.3 per cent that is Aboriginal managed housing and just on 2 per cent is "other", which is a marvellous combination of housing provided by mining companies, councils and a variety of other bits and pieces.

Within that, 10,500 properties in New South Wales are managed by this process. Public housing by comparison through direct management is 130,000 and Aboriginal housing, which is a

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combination of direct community managed and that which is managed on behalf of the Aboriginal Housing Office, which is a separate statutory authority, has close to 4,000 managed on its behalf by public housing.

The Hon. DOUG MOPPETT: Properties that are owned by the Aboriginal Land Council are separate to all this, are they? Would you regard them as privately owned?

Mr CAPPIE-WOOD: No, that is still considered to be within the total number of Aboriginal housing properties out of that 8,000—the difference between the 4,000, which is directly managed by public housing. It is a mixture of that and main council properties.

CHAIR: The Minister has specifically excluded Aboriginal housing, even when it is technically community housing, from our terms of reference because the issues are obviously different and various. Although it is excellent to have the figures the Committee will not be directly touching on that area.

Mr CAPPIE-WOOD: It is important to understand that in terms of the Department of Housing we are looking at a continuum of housing assistance from the crisis accommodation end through to help with home ownership and community housing forms part of that continuum housing assistance. Other forms of housing assistance are that we assist about 36,000 households annually with Renstart, which helps with establishing a bond or other forms of establishing people who are on low incomes in private rental accommodation. We also provide special assistance subsidies for people who have a disability or HIV-AIDS. We assist close to 2,000 households annually with rent assistance in the private rental market.

We have mortgage assistance through the home purchase assistance division of the organisation in which we help 337 private households to maintain their accommodation if they have difficulties paying their mortgages. We also have a home purchase information line, which assists 14,000 people with information on non-partial home purchase information. You can see that public housing is by far the largest part of that continuum. The thing that shapes the social housing support system generally is the nature of the funding flows. The biggest underpinning element of that is the Commonwealth-State Housing Agreement, which sees the Commonwealth and State governments entering regular agreements for future funding, usually on a four-year cycle. At this point in time the Commonwealth-State has an agreement as seeing the steady reduction in funds into the social housing system.

Since 1995-96 there has been, in 2001 real terms, across Australia a \$290 million reduction in funding going into the social housing system. In New South Wales that represents close to \$70 million in 2001 terms in that period of time. We are in a shrinking funding environment and that is placing pressure upon the whole system to make sure that it is as efficient and effective as possible. There are some legacies of previous Commonwealth-State Housing Agreements and these agreements go right back to the early 1940s. In the past the Commonwealth has insisted that the States borrow funds for the provision of public housing, which has accumulated a very large debt and the public housing system currently services that debt, which costs \$85 million a year. Most of that comes from tenant rents.

The Hon. IAN WEST: Is that just New South Wales?

Mr CAPPIE-WOOD: Yes. Across Australia the debt is close to \$2.5 billion. In New South Wales it is approximately \$1.2 billion in outstanding Commonwealth debt. There has been a push to try to build to meet demand and in the past that has meant insufficient attention has been applied to maintenance. This is the subject of a separate report by the Auditor-General, which indicated that the current backlog in the public housing system is approximately \$750 million. When you add to that the backlog in BCA 96, which is the fire regulations for the upgrade of multiunit dwellings to meet those fire requirements, that brings the backlog in asset liabilities in round terms to \$1 billion. There is some history that adds to some of the outcomes we see in the course of how community, public and other housing systems look and operate.

The Hon. DOUG MOPPETT: What is the extent of asset realisation and re-investment? Is it small or insignificant, or is it a significant part of maintenance of your stock?

Mr CAPPIE-WOOD: Asset realisation is a fundamental part, and an active asset management program is essential. Each year we sell stocks in the public housing system. There is some asset realisation but it is to a much lesser degree in community housing. But in public housing asset realisation is a very active part of the management program, and the moneys expended go into new housing provision. In community housing there is a large amount of privately-leased accommodation. Hence, it is about which houses are leased. Properties that are owned tend to be slightly newer, because of the recent growth in the community housing area, and where there have been stock transfers from public housing to community housing they have gone over with some upgrade. So, effectively, maintenance backlog has been reduced by that process, and you know it will be a better asset-to-need mix. So asset realisation in that area is less than it is in public housing.

One of the other important aspects of the community housing program is that we look to redevelop existing public housing stock that is old — say the old fibro homes on large blocks of land. Quite often we turn over some of those redevelopment sites to community housing. So this stock is new, providing a much more cost-effective way of utilising the value of the land and, in the process, providing targeted and well-designed accommodation. There is uncertainty in the total funding situation beyond 2002-03 in that there is no future Commonwealth-State Housing Agreement [CSHA]. We go through this on a perennial basis.

There are indications from the Federal Minister that there is likely to be a future CSHA, but we do not know the extent of the funding, the amount of time that that might be applied, or any conditions attached to it. The negotiation period is commencing for that. There is no clarity associated with this system. That means that quite often we are left without the ability to do long-term planning or to be able to enter into what I would consider to be cost-effective long-term relations with the private sector. I instance long-term head leasing or other forms of private sector investment where the payback period is longer than the period of the CSHA, because that is the only certainty for a subsidy stream. So the CSHA hangs over the entire housing system in terms of what it shapes.

CHAIR: When does the existing agreement expire?

Mr CAPPIE-WOOD: In June 2003. A critical situation is therefore faced by all State housing authorities in that reasonably short term, given the life of the asset and need to reconfigure that, the demand profiles, et cetera, and the efficiencies that we would like to drive for the private sector short term for funding is not terribly efficient. There is increasing demand for social housing. That reflects the general trend across Australia. I would have to say, however, that in New South Wales that is somewhat exacerbated by the high cost of residential accommodation and the fact that Sydney is a major attractor of people seeking work. That is somewhat reinforced by the Federal assistance programs, whereby anyone who moves to a location where there is a lower likelihood of a job loses some of his or her benefits. This means that they must trade off where they can go for cheaper housing against retaining social welfare benefits. That as a countervailing policy position with which we have some difficulty.

In terms of target groups, there is no doubt that in the entire social housing system—community housing and public housing alike—we are looking at more complex needs groups. That is a trend that has been happening ever since public and community housing started. The higher needs groups are those that cannot access private rental accommodation and are usually out of the workforce through disability, age, aged and frail, mentally ill, intellectually disabled, and the like. The representation of those groups in public and community housing is increasing. We are having to do that because, with reducing Commonwealth dollars, we are having to target the system in a more meaningful way.

Therefore, the complex needs groups, in their own right, attract a higher subsidy. That means that the revenues coming into the system—because the operation of the public and community housing system was always intended to be self-financing—always puts us on a knife edge in trying to achieve our goal. With higher complex needs groups, that quite often is tipped over into unsustainability for the system. So there is this constant juggling act between trying to be a self-sustaining process and meeting the needs of those higher subsidy groups. Also, with those higher subsidy groups and higher needs groups, there is a mismatch between existing stock and demand. This

has been a changing demographic over a long period of time, with smaller households, single-person households.

Forgive me for trying to drag a figure from my memory, but the 1970-71 annual report showed that 79 per cent of people coming into public housing were couples or couples with children. Today the proportion of applicants for public housing, particularly from couples with children, is only 7 per cent. So we see a very marked change there. There were also some policy changes. In 1970-71 singles, other than aged singles, were not allowed into public housing. These days, obviously, single-parent families are a very higher proportion of our client base—close to 40 per cent. So, from having nuclear families—three-bedroom accommodation, in large part—we are having to look at a very substantial stock reconfiguration in the process. That is the same for community, public and Aboriginal housing. I will now hand over to Carol, who will go through some of the context of community housing as it sits as a group.

Ms MILLS: Andrew has given a brushstroke of the larger system. As he said, community housing makes up about 6 per cent of the social housing system. The next section really describes the community housing that we manage through the Department of Housing in a little more detail. I will begin with some of the differences and similarities between community housing and the wider system. One of the differences between public and community housing is the ability for tenants of community housing to access Commonwealth rent assistance. As Andrew has indicated, a very large proportion of clients across the whole of the housing system are reliant on social security and Centrelink payments.

In New South Wales, we do not capture the full benefit of that rental assistance in the way that we calculate the rents for this Commonwealth assistance for probably two reasons. One is that, although we directly manage 10,000 units of community housing, there are a large number of other, informal arrangements with churches and other charitable organisations whereby a subsidised form of accommodation is provided, sometimes on a parish and local basis. It was the decision of the Commonwealth some time ago that people who lived in those subsidised accommodation units should be able to access rental assistance as if they were in regular private rental.

The second reason is that there was some cursory examination of whether community housing should continue to receive Commonwealth rent assistance. That was in the mid-1996 period, when the Commonwealth was looking at significant reforms to housing. At that time, in particular, the interest of Minister Jocelyn Newman was strongly about helping the community housing sector to grow into a more substantial player in the housing market. She recognised that the ability to garner extra rent revenue, through having Commonwealth rent assistance, should be perpetuated as a way of helping the sector grow. So it is the benefit to the sector nationally as a whole. But, also in line with reforms to the welfare system at a Commonwealth level, it is not something that we can project into the future as a long-term benefit. It is there at the moment, but we do not know where welfare reform might take that payment.

One of the other distinguishing characteristics of community housing — and this again is partly because of its size; it is a much smaller system than public housing; and partly because it is a relatively new player in the social housing system — is that, although previously we had the Housing Commission since the mid-1940s and public housing since that time, New South Wales has only had a community housing system of any significant size under a formal arrangement since the mid-1980s. As a result of that, we do not see in community housing the large housing estates that are very much the product of the 1960s and 1970s in public housing. The dispersed stock has a number of benefits in our ability to assimilate community housing into the community. As also was mentioned by Andrew, the system having operated only since the mid-1980s, the properties are not as old. Finally, the properties very often were bought in private markets, so they do not have the distinguishing non-market characteristics that many public housing properties do.

The Hon. IAN WEST: What percentage would be in that category?

Ms MILLS: I would think 70 per cent were bought in the private market. That is a figure off the top of my head, and I would not like to be quoted on that definitively. Up until the last four or five years the majority of the long-term community housing properties were purchased. As Andrew mentioned, we now do quite a large construction program on existing public housing stock sites which are then transferred to community management. We have always had quite a large construction

component in the crisis accommodation program because those are very much purpose-built refuges and so on. So they are not market-style houses. Also, as a result of the fact that these properties are not as old, and the fact that the sector has not been around as long, there is a much smaller issue of backlog maintenance for the community housing sector to deal with than there is in the balance of the social housing system.

Another distinguishing characteristic of community housing—and one that we are encouraging and growing right through the housing system, but one that has been a feature all along—is that a very strong tension in community housing is to be in a partnering arrangement, to draw on the strengths of the local community. There are, therefore, a lot of formal and informal relationships and links at the local level between the housing providers and other support providers in the community. As to limitations, a couple have already been touched upon. The CSHA obviously is the main source of funding for community housing of the type that we are talking about today. Andrew has already indicated that those funds are reducing and are uncertain beyond the middle of next year.

There is in community housing an additional issue. It is that the CSHA funds are used not just to maintain and grow the stock but also for infrastructure and resourcing. It was a deliberate decision of this Government in the early to mid-1990s to grow community housing quite significantly. As a result of that, we have made a quite significant investment not just in stock but in the upskilling of the sector. So significant funds have been allocated to the building of skills, providing resourcing ability, training programs, scholarships for education, and so on. Those are also Commonwealth-State Housing Agreement derived at the moment.

Another distinguishing feature of community housing which, in an uncertain funding environment is a liability, is that a very large proportion of the stock — almost half — is actually leased from the private rental market. Again, that comes back to the history of community housing. As it grew, particularly through the 1980s, it was seen as a temporary arrangement. It was seen as a period of waiting for long-term housing in public housing. Therefore the need to own and maintain properties on a long-term basis was much less than it was in the rest of the housing system. In fact, the objective was that for somebody in a high level of need and unable to be immediately assisted, having the ability to lease in the private market quite quickly meant that we could get housing help for that person, and that would act as a buffer for the time that they were waiting to get into public housing.

A very deliberate decision in the 1990s to grow the sector meant that we also looked at the fact that it was totally reliant on the private rental market. That also means that we pay, through the Commonwealth-State Housing Agreement, the gap between the rent collected from the client and the rent due to the private landlord. As long as that gap exists and there is not a revenue base for the community housing sector, the whole sector remains reliant on current funding. So part of the decision to grow the sector was also to increase the number of properties under ownership, so that it would build and retain its own rent base and asset base.

CHAIR: Is the leased stock located in, say, the more expensive parts of Sydney and New South Wales roughly in proportion, or is more stock leased at relatively lower rents from the private market, or is more of it at higher rents, or is it impossible to generalise?

Ms MILLS: We can give you the figures, but I will not quote them at the moment, other than to say that it is spread across New South Wales in proportion to need. We have a rent policy whereby we will pay up to the median rent in an area for a property, so that does mean that we pay a higher subsidy in inner-city locations. One of the objectives in redeveloping and taking properties that were formerly public housing sites is to provide access on a more affordable basis within the system to well locate stock. Most of our growth in the inner city in recent years, as costs have really escalated, has been targeted to apply to meet support needs, and you have an evidentiary base of why they need to be in a high-cost location.

In terms of our longer-term strategy, we are trying to balance where we add stock, where we lease stock and where we have either a short-term lease, which is a six to 12 months lease in the private market or a 10-year lease on a more sustained basis with a developer or small property owner. It is certainly an issue not only for our leasing but for adding to community housing and public housing stock. In most areas of Sydney now, it is far more expensive than in any other part of the country. So our CSHA is not only diminishing in terms of the actual funding, but what we can do with

that money is much less in New South Wales than elsewhere, and that certainly puts an extra strain on the system.

Another historical element of the community housing sector and one that impacts on its current profile and performance is that, as I said, it emerged very much as a stop-gap concept. The crisis housing system has always been delivered through the non-government sector; that is for three to six-month based accommodation. When it grew to medium term, up to 12 or 18 months, which was the objective while people were waiting for public housing, it was a submission-based system. Over history there were a number of different funding programs which had different characteristics and criteria, and many of them were focused on those groups that were less able to easily access public housing. But the result of that was that we had the growth of a very large number of organisations providing community housing, often with very small holdings.

Part of the strategy in the mid-1990s under the current government was to consolidate some of those properties into larger organisations in order to get greater economies of scale, greater professionalism and career opportunities and so on. But the result of that remains: that we have well in excess of a couple of hundred providers of long-term community housing and a similar number of providers of crisis accommodation, many of whom manage under 30 properties. Under our growth strategies since the mid-1990s, because we have been consolidating, 80 percent of the total long-term housing stock is now managed by only 18 organisations.

There has been very significant consolidation. But what that means in a regulatory risk management and funding sense is that we still have a very large number of small organisations, often only having leased properties in their portfolio, therefore no income stream other than that which we provide on an annual basis. And there are cost and performance issues that are reflected by those historical policies of funding. We moved away from submission-based funding in the 1990s; we moved to a growth strategy approach to funding, and we now have a performance-based approach to funding, so we are seeing further consolidation under our current arrangements.

Finally, a limitation of our current arrangements is that under the traditional model of submission-based funding, and because of the growth of community housing being really accelerated only in the last few years, we do not have a formal regulatory framework, it is not part of our legislative Housing Act at the moment. Each community housing provider is incorporated through the Department of Fair Trading as an individual entity. So there are significant issues about the ability of the Department of Housing, as the administrator, to regulate the sector in the way that other funded agencies are regulated. Although the community housing sector still has a large proportion of private and rented properties, the value of the properties now owned by the sector is now just over \$1 billion, so it is a significant government investment.

We see it as a high priority and one that we have been working on over the last few years, but also an increasing priority to make sure that performance management and regulatory mechanisms are sufficient to reflect the size of the sector. The next segment is just to give you a better profile. Again, in our submission and in our assumptions around the terms of reference, we are focusing very much on those properties that were formerly administered through the Office of Community Housing within the department, and there are about 10,500 of those as at today. As I have already spoken about, while a growing number are owned by government, we still have over 40 per cent which are leased.

About 90 per cent of those properties are now provided for long-term housing. The remaining 10 per cent are for people who are either in crisis housing, where we jointly fund the program with the Department of Community Services. Through the CSHA we fund the physical dwellings, and the Department of Community Services, through the SAP program, funds the staffing and the current costs for those properties. Increasingly under our strategies in that area, we are also growing transitional housing. So, rather than keeping people in crisis accommodation for unreasonable lengths of time, we are growing at the exit options for those people, where they can have a more stable living environment, more like a private community environment, with outreach support while they require it.

CHAIR: How does the number of people housed vary? Does it vary roughly in accordance with the number of properties for long-term and crisis accommodation?

Ms MILLS: We have about 2.1 people per household in the long-term system, which is about 20,000 people. In the crisis system, it is calculated somewhat differently. It is not calculated on bed spaces, but that is probably the closest way to describe it. Because it is short-term accommodation, we have many more people going through. So there are probably around 8,000 individual users of the system, but around 46,000 types of assistance are provided through the crisis system each year. So it is a more complicated way to describe it.

CHAIR: We would probably need to get some figures from you on that.

Ms MILLS: Yes. There is a national data collection system which is administered by the Department of Community Services, so we are reliant on their information for the data. That is all in the submission, and I have probably got the numbers slightly askew I think. But the point of that is that we obviously have a very high turnover in that system, and we measure those individuals who returned through the system that might have more than one time of assistance in a calendar year, as well as the number of times the services are used. Crisis accommodation being around 10 per cent, we thought it was useful for you to see how the remainder of the long-term system is broken up. With regard to housing associations, which have been the focus of our growth strategy in terms of consolidation in recent years, there are around 44 of those and they manage about 80 per cent of the stock.

We also have just over 350 properties under management by housing co-operatives, which are tenant-managed organisations and they make up about 4 per cent of the sector. We have had a focus, particularly in the last few years, on partnering arrangements with churches and local government where there is a joint financial contribution either to the capital cost of the property—for example, the church providing the land—or councils providing the land, or funds through section 94 contributions or affordable housing charges that some councils make. We have a small partnership program, but it is a growth area for us in community housing. The Commonwealth-State housing agreement funds not just the stock, the repairs and the upgrading but also the sector administration, and it also funds the administrative costs of the Office of Community Housing.

One of the terms of reference was about the effectiveness of community housing. We are probably better placed to answer that than we have been in the past. We now participate in the national community housing survey of client satisfaction. For the last four years there has also been a national data collection through the Productivity Commission of performance in community housing. So we have highlighted some of the key characteristics of effectiveness. It is very highly targeted, as is public housing, in terms of the very low-income people who have special needs. The very first customer satisfaction survey showed a very high level of satisfaction overall with community housing. If there was one area of dissatisfaction relatively, it was about maintenance, which is a common problem for all housing managers I think.

Community housing in New South Wales has a very good turnaround, in terms of vacant properties. That is important for us, not just because the properties generate revenue but because that means that when people are waiting to get into a house, if someone vacates it we can turn it over as quickly as possible. Our data also shows that our strategies about improving performance around the economies of scale are working and that our property and tenancy management costs are reducing significantly, and have been since the mid-1990s. Again, details of all of these will appear in our submission.

I have given a couple of examples of the benefits of the effectiveness and the difference between large and small providers. For those property portfolios that are under 30 properties, we fund the property management cost at around \$1,700 per annum. For those where the portfolio is now greater than 400 properties, those costs are down to approximately \$720 per annum. So you can see that real gains have been made from the current strategy of a smaller number of large organisations.

Also listed here are what we see as some of the benefits of large and small providers, as asked for in the terms of reference. Perhaps the strengths of the large providers are more obvious to us because we have been focusing very much on them, but we are definitely seeing an enhanced ability to manage more complex clients to have more professional relationships with other support providers. We have more formal partnerships coming through those. We have found that the larger providers are more able and willing to put their hand up for pilots and innovation in the system, and we are finding

that they are able to attract a more professional skill base to their boards. Again, having a very large number of providers, the boards of management take a significant responsibility, and so the skill of the boards is really fundamental to the success or otherwise of the community housing provider.

Small providers have a couple of particular characteristics that we think also warrant attention. The strong commitment to involve the community is one of those definite strengths, and that is particularly evident in the co-operative sector. We also have a number of successful partnerships in small providers targeted at particular need groups. I again give the example of co-operatives. We have a growing number of very successful housing co-operatives that target populations such as elderly Vietnamese people, where are actually drawing on the strengths of the local community to support that co-operative and therefore getting a number of additional benefits than just being a housing manager.

In the terms of reference you asked about other models that may be of interest to the Committee. This is a far from definitive list, but it may be of interest for you to have a feel for what happens in other States. In Queensland there is a very strong emphasis on rural housing, particularly an Aboriginal and Torres Strait Islander focus, which is of interest to us. There is also a stronger link with local government than we have in New South Wales, particularly in country Queensland. There is a new affordable housing company being proposed for Brisbane, which we believe offers a very interesting model of a larger scale non-government provider formed out of a partnership between government, the private sector and Brisbane City Council, which we will provide you with information about but which is an extremely interesting model about potential directions for community housing.

Another feature is that there are a number of managed boarding and lodging houses in Brisbane providing boarding house style accommodation in a non-profit environment, which is providing stable housing for people who otherwise would have difficulty getting affordable private rental in the inner city. As in New South Wales, Queensland has quite a large dependence on the leased program. In Victoria, there are a number of innovative local providers who have quite interesting combinations of supported client groups, interesting asset management capacities and plans, and partnerships with local government.

One in particular which we highlighted is the one in St Kilda. There is also a different model of co-operatives in Victoria than there is here in New South Wales. I will not go into the details, but it is more about common equity rather than a straight grant program, as we operate in New South Wales. In the crisis system there were very significant reforms to the system in Victoria about four or five years ago, where they moved from a similar model to the one we have, which is a very large number of small property portfolios, to a very small number of large property portfolios. They went from something like 350 to 18 through one single process. I am sure you will hear mixed reviews about that, but it is a very interesting model. It certainly provides some opportunity to look at other ways of providing assistance for people in crisis.

In South Australia the point of interest is that the administration of the community housing sector is done by a statutory authority. It is called SACHA and it is funded not through new CSHA funds, as we are in most other jurisdictions, but through dividends from the providers. So the funding model there is, rather than provide a grant or a direct grant through a house to a community provider, they effectively have a loans program and they repay a dividend on a regular basis. That contributes not only to the growth of the sector but also to its administration.

Another interesting feature in South Australia that we would encourage you to look at is that it has a separate entity for maintenance funding. This has been a significant issue for us in New South Wales where you have a number of really small providers that do not have much capacity to generate income to save for the maintenance. One of our lessons from long-term public housing is that if you do not allocate sufficient funds on an annual basis for maintenance you soon build a big liability. We have been looking at ways in which both the large and small can have access to appropriate maintenance. So it is a model in South Australia worth examining.

In Western Australia there are two elements that we think are relevant. There is quite a strong focus on disability, particularly in Perth, and there is a growth in combining loans grants and cash in Perth to find more ways of funding the housing than just the Commonwealth-State Housing

agreement. Finally, in the Australian Capital Territory we think it is worth looking at the Canberra Housing Company, which is an entity that was established about four years ago in Canberra not to be a property manager but to be a developer and then to allocate the properties for management to community providers. It is probably worth finally saying on those that New South Wales is the largest State not only in public housing but also in community housing. We probably have the most consolidated program of growth of any States as well so you will see significant differences in approach across jurisdictions part driven by scale and part driven by government objectives.

Ms WANNAN: I will just briefly move through some of the specific aspects of the terms of reference. A lot of these comments have been provided from a very high level—in our submission there will be much more detail—and provide an explanation. Just to give people an overview, we have different models of community housing in rural, regional and metropolitan New South Wales. What we mean for metropolitan New South Wales is clearly the greater Sydney area. Regional means Newcastle, bits of the Hunter Valley along with the Illawarra and Shoalhaven. It is the coastal fringe. Rural New South Wales within this includes the far north and south coasts and then obviously everything further inland across the great divide. We have figures that will be coming in our submission that look at the various performances of some of the providers according to those localities.

If we look at the models on the ground, they are quite different, which is a good thing because they should be responding to different need as it occurs across the State. In metropolitan Sydney, one feature we find at the moment, in terms of housing associations, is that we have considerably large numbers of large and medium geographical based providers so they have a locality. Some examples there are organisations—and you will start to hear about these organisations, I imagine, during the life of the inquiry—such as Canterbury, Bankstown, Hume and the eastern suburbs. We have variable performance from some of our smaller organisations in metropolitan Sydney. If we were to sum up in terms of our larger and medium-size performance in metropolitan Sydney, we do find by and large with the larger size organisations, there I am talking about housing associations. I am not moving to talk at this stage about co-operative or smaller partnerships with church-based organisations.

We have some gender specific providers—one for men and one for women. They have grown up around traditionally the homeless groups of people but have since diversified. The range of services, we have co-operatives for culturally and linguistically diverse communities. Some examples are a number of Indo-Chinese communities, a number of communities from either India or Sri Lanka and some Spanish-speaking communities as well. We have mixed-income models. That means we have people who earn very low, low and medium incomes—people who might be earning up to, say, about \$40,000. Citywest is an example of a community housing provider. It is not funded completely separately from everything else we are talking about today but it is an example of a mixed-income model. We have other providers both in regional New South Wales and in metropolitan Sydney providing that mixed-income model.

Roughly looking at the future in terms of models, in Sydney we are keen to see the development of a supported housing company which will focus particularly on the inner city. We want to see further consolidation of provision beyond the traditional boundaries of organisations. We want to see some resource sharing amongst co-operatives—and that has been agreed to—so we can get some co-operatives coming together and sharing. We want to see increased partnerships with public housing on estates, a greater role in affordable housing because of the high problem with housing costs in metropolitan Sydney, and then also working particularly in partnership models around specific target groups such as young people and older people and providing pathways for people who are homeless.

Looking at the regional centres, we have primarily large providers servicing high need areas. There we have transition issues arising from growth and the adequacy of corporate governance arrangements for a number of those providers—not all of them, I must emphasise. A number of them are characterised in terms of having outreach roles, servicing wider geographical areas. They might have their office in one location and then have outreach occurring from community halls or whatever in other towns. Larger providers in those areas are involved in partnerships in piloting new initiatives. We have lower management costs due to portfolio size, and we have providers that are characterised by having strong community linkages. In the future we are looking at people taking on greater roles in

terms of management across a range of government agencies, mixed-income models, and coming up with new models around particularly supported housing.

In rural New South Wales we have a large number of dispersed small providers. By small we mean managing between 30 to 50 properties. We have examples of some very good partnerships, examples being down in Bega and Narrabri—two very different parts of rural New South Wales, on the coast and inland. These providers are characterised by having strong local community support in those localities. In some we also recognise there is not the same support but that is like most things. We have a high level of local government involvement in parts of Western New South Wales so we see some of the small local councils being involved in managing housing. Recently we began to allocate additional housing to Aboriginal providers in western New South Wales for supported and crisis accommodation.

We have a small number of large providers. Most of those providers have performance issues that we are currently working with at the moment. We have a high dependency on leasing and operational funding in those areas as well. For the future, some of the issues we are looking at are to do with umbrella management arrangements and increasing capital stock to reduce reliance on leasehold properties. We have a rural social housing strategy coming out. We also need to focus on rural growth centres such as Griffith and Orange. We will be looking at restructuring and working with some of the underperforming providers and potential for further partnerships with church organisations in priority areas.

Links with support providers is largely organisations that receive money from other government agencies, being Health, DOCS, Juvenile Justice, and Ageing, Disability and Home Care. The link with support providers is one of the very strong characteristics of community housing. In terms of resource allocation, we are dedicating 15 per cent of all our additional capital properties for supported housing at the moment. We provide a management loading for supported tenancies when there is a formal agreement. So they are two deliberate resource allocation strategies about increasing the supply of supported housing.

We administer a number of joint agency projects with the Department of Ageing, Disability and Home Care, such as the Boarding House program; a Crisis Accommodation program with DOCS; floating care, which is a program for people with HIV AIDS, which happens for people with Health; and crisis and supported housing for the Centre for Mental Health. We have a range of different local partnerships which providers have developed themselves at the local level. Another characteristic of community housing relates to training and support. As we have mentioned, we have 400 providers involved in the community housing sector. It is necessary to provide training support to support that level of non-government involvement, and we do that through the community housing resourcing strategy.

The biggest component of the community housing resourcing strategy is that we fund through resourcing agencies the Federation of Housing Associations, The association for Resource Co-operative Housing and Churches Community Housing. We also provide some sectorwide infrastructure around things such as insurance, external appeals and training as it is listed there. I shall finish on policies and practices and understanding how that occurs where we are working with a sector that receives money and capital properties from the Government but is also responsible for setting its own policies. What we see is an arrangement where some of those policies are set by the State Government. Some examples are tenant related policies, such as the community housing rent policy, nominations' rights, external appeals policies and some tenant forums and tenant grants we are about to do. They are centrally defined policies.

Then we have policies around provider property management and resource allocation. That includes things like the allocation of funds under our long-term leasing program and how we define our guidelines under the resource allocation programs that happen. We also have guidelines around affordable housing. At the provider level, each of the providers is a separately incorporated organisation and it has its own individual policies around themes such as tenancy and property management, financial management and corporate governance. Largely those organisational policies come within a broader framework which is known as the national community housing standards—we will be providing you with a copy of those standards—where they identify a number of the areas.

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Those are just some of the very broad issues in terms of the administration of the community housing sector. Obviously there is much more detail coming in the submission.

Mr CAPPIE-WOOD: We apologise but we wanted to frame some degree of appreciation that the process of engagement with the non-government sector is one where we are trying to get the balance of allowing innovation, allowing those partnerships to form with the local communities, et cetera, and to be able to be nimble and active in those relationships and markets and balance that against obviously the value for money, shrinking dollars and hence the attention to the regulatory framework and trying to ensure that that balance is right. That does not only apply to community housing. The same balance is trying to be struck in public housing and elsewhere. But you can see there are some absolute benefits for this sector. It is about how to get those benefits within the environment that we see ourselves facing, which is a shrinking dollar.

CHAIR: When I was listening to the links with support providers section it reminded me of another inquiry we are doing where a major issue is co-ordination between different bureaucracies and different government departments and non-government organisations. I guess that is a huge issue for you in delivering the community housing objectives.

Ms WANNAN: Yes. It is interesting in those projects we identified there we have formal agreements that both the housing and the support providers signed. We are finding that very useful to work with people with very complex needs where people say, "I will do this and that". When those two things come together, hopefully it ends up with a better service for the people involved. That is something we have only begun doing over the past three years but it is gaining increasing acceptance because it helps people define their relative roles in providing a service.

CHAIR: Does that sort of approach operate in terms of relationships with other government departments and local government, or are you talking particularly about non-government?

Ms WANNAN: No. Under the boarding house program we have agreements with the Department of Ageing, Disability and Home Care about our contribution and their contribution under the crisis accommodation program and the intersection with DOCS around SAP. Again, that is defined. With Health we have the floating care initiative for people with HIV-AIDS. Again it is defined about what we do and what they do. Two of those projects have just been evaluated and we are happy to share those evaluations with you in terms of government agencies coming together to work: What are the strengths and then what are the lessons that we need to implement in the next stage of what we do?

CHAIR: Alison, you mentioned national community housing standards. Is there a particular Commonwealth body or section of a department that deals with community housing issues?

Ms WANNAN: Yes, it is part of Family and Community Services. A number of officers in that department have a brief to do with community housing.

CHAIR: Does that operate reasonably successfully from New South Wales' point of view? I assume that they were responsible for drawing up the national standards, for instance, in co-operation with others.

Ms WANNAN: Yes. It is interesting as the initiative began from a New South Wales perspective and then interest was generated across the country. The copyright is held jointly between the New South Wales and Commonwealth governments. It is a good example of two governments coming together to set some standards. It is an example of an initiative that came from New South Wales and was supplemented by work at the Commonwealth level.

CHAIR: Is it then drawn on by all the other States?

Ms WANNAN: Yes, that is right.

CHAIR: I think you have probably dealt in one way or another with most of our questions, which were designed to elicit the sort of information that have given us.

The Hon. DOUG MOPPETT: Forgive me for confessing some ignorance about this subject, but in light of submissions to other inquiries and my personal experience of representations from constituents and so on, I had always thought that the Department of Housing was very much circumscribed to be an asset manager. You respond to cases that are passed on from the Department of Community Services, Health, Mental Health and so on. You look at your stock lists and assign someone to evict crook tenants and act as a private property owner managing property. However, in light of your description today, you seem to be involved much more in developing policies and identifying demand in your own right. Have I inferred correctly from your remarks?

Mr CAPPIE-WOOD: Yes. Are you referring to the public housing or the community housing elements?

The Hon. DOUG MOPPETT: The total department. I must admit I was unfamiliar with how community housing operates.

Mr CAPPIE-WOOD: Various administrative changes have taken place over time. As it stands now, the department is made up of a number of elements, and public housing is by far the largest chunk. There is also community housing and home purchase assistance. We play an increasing community renewal role as a result of the legacy of some of our estates. There is a cultural change in the organisation about ensuring that we contribute towards the operation of successful communities. We recognise that we can put a lot back into those communities. I see it as going well beyond the landlord role.

The core is providing accommodation but, like community housing, the rest of the housing system is responding to attempts to meet more localised needs and sensitivities and engaging with a wider range of community and government partners to achieve outcomes not only for the individual but increasingly for communities. In many instances—this is not the case with community housing—where there are high concentrations of public housing, that sheer concentration aspect of people in higher needs groups means that we must pay much closer attention to social and asset outcomes. We cannot see ourselves only as an asset organisation. We must look at total housing needs as well as the broader concept of societal or community needs beyond the individual.

The Hon. DOUG MOPPETT: At a basic level, in the area of community housing you deal directly with clients—organisations are trying to promote something within their communities. However, the larger part of your business involves references from other organisations that say, "We have this person; what can you do", and you respond to that request as best you can.

Mr CAPPIE-WOOD: Yes.

The Hon. DOUG MOPPETT: However, in community housing you deal directly with people who come up with proposals to help people in St George, Coonamble and elsewhere. They ask you to come up with some imaginative scheme that will get people into some form of housing.

Mr CAPPIE-WOOD: People put their names down for community housing, public housing and other forms of housing assistance.

The Hon. DOUG MOPPETT: With you directly?

Mr CAPPIE-WOOD: In community housing they put their names down with each community housing provider. In public housing there are individual waiting lists that agglomerate into one. We are talking between community and public housing to try to see whether a housing register can operate across all parties and identify those people with priority needs whom we must house almost immediately because of their circumstances—homelessness, domestic break-up and so on—and those who can wait a little longer. We are trying to introduce a degree of seamlessness. While the relationship regarding community housing is with community housing providers, in public housing it is with the public housing system, which has a direct government relationship.

The Hon. DOUG MOPPETT: I noticed that in background material provided to us it is suggested that clients are relatively unconscious of whether they are dealing with a community

housing organisation or you directly. They are simply clients seeking accommodation and are grateful to receive it; they are not terribly conscious of the subtlety of administrative structures.

Mr CAPPIE-WOOD: Some people, say in co-operatives or other forms of committee housing, certainly prefer to have much closer ties between the community and the organisation. That is fostered positively in many instances. However, you are correct: in other circumstances, people simply want accommodation and it is almost immaterial as to how that happens or who provides it. In terms of issues such as common housing registers or other forms of seamlessness of access to government assistance to home ownership in times of crisis, people want help; they do not necessarily want to go to every last door.

That does not mean that we want to turn the system into some homogenous, grey sludge; we are looking for something that is much more responsive locally. The perfect housing system is one that covers the entire breadth of community and home ownership in a government policy and funding sense but that would deliver benefits at the local level—this is us seeking the philosopher's stone and the Holy Grail rolled into one—and advantages of scale in terms of efficiency and effectiveness. You want the responsiveness of locally focused organisations so that you can form local partnerships and have a better feeling for the local community and the local market. We are constantly trying to reach that nirvana.

The Hon. AMANDA FAZIO: You said that larger service providers often attract higher quality board members. Our terms of reference relates to the training and support system for community housing providers. Do you think there is any role to play in assisting boards as well as those employed by community housing associations to deal with clients and housing stock?

Ms WANNAN: The Federation of Housing Associations has a training program that assists boards as part of its annual work. In this financial year, our organisation will put together some work on corporate governance for boards. We will outline from a housing perspective the responsibilities and decisions that governance of a housing company involves. It is about moving from the normal requirements that any incorporated organisation has as part of our responsibilities to the Department of Fair Trading or the Australian Securities and Investments Commission or whatever, which is one level of getting the boards right. We have recognised that there is a gap. That is why we are producing a manual focussing not just on how to operate a not-for-profit board—there are many of those around—but on what it means to manage a particularly large organisation with sizeable funds and what this means in terms of business planning, performance indicators, good financial ratios and financial statements and other more sophisticated levels of analysis. We are doing that in recognition of the fact that we have a gap at present.

Ms MILLS: I have another comment about boards. There is something of a philosophical issue about the degree to which tenants should be actively involved in boards. I know that Shelter New South Wales will discuss the issue in its submission. Particularly in smaller organisations, tenants were actively involved in boards. As the range of skills required grows, we have found some tension about the level of representation directly on boards and whether members who are not tenants can represent tenants' interests. The skilling and future direction work must take account of those sorts of issues.

There are certainly models overseas that retain quotas for tenant representation, but they tend to be more mixed-income models rather than targeted housing. That is one of the issues we must resolve. Our co-operatives are the only part of the social housing system, rather than affordable housing, where high income earners are part of the model at present. One objective set a number of years ago was to get a mixed skills base in order to allow people with particular skills to be treasurers and property managers, for instance, rather than simply those people who need housing urgently. I think this will be an issue in the inquiry.

The Hon. IAN WEST: On page 5 of your submission you refer to the increasing demand for social housing. Do you have any other measurements that define the marketplace and the extent of the market in more detail than simply stating that there are 96,000 applicants?

Mr CAPPIE-WOOD: Yes, we do. Obviously there are questions about what is seen to be housing stress. This is where people spend more than 30 per cent of their income on housing—there is

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a cap so we are not talking about people in Vaucluse spending more than 30 per cent of their income on housing. In terms of housing stress, we are talking about those people on below medium income who spend more than 30 per cent of their income on housing. There are many more of those people—we will get you the exact numbers—than are represented on the public housing waiting list. That is distributed according to local markets.

Another issue is the underlying cost of accommodation, particularly in metropolitan New South Wales. This is the largest jobs growth area and people are attracted to the Sydney metropolitan area to seek employment. Thus there is an associated high cost structure, which creates housing stress almost automatically. We can give you a breakdown of those figures in the submission. It is relative to the local market and is quite sensitive to the cost of accommodation in metropolitan subregional centres and rural locations.

CHAIR: Doug talked a little about access and who goes into what. In terms of the local community focus of community housing associations in the sector, to what extent do people become tenants because they already have links with the locality or the association—whatever its focus and background might be—or is it the case that there is a vacancy and someone decides that it must be filled even though a person has no connection whatsoever to the locality? We have talked about access but what about where problems arise in exit?

Mr CAPPIE-WOOD: In terms of people accessing, there is clearly eligibility criteria which relate to income and need. The knowledge about how people find their way into community housing system is one that is of concern to us because we want to improve upon the knowledge of that additional area, that capacity to put your name on a community housing waiting list as opposed to a public housing waiting list or other forms of housing assistance and we can assist the community housing sector to become known more broadly than it is at this point in time.

Some of it is word of mouth or advertising in local papers so that people are aware that there is a local waiting list that they might be able to access. Some of it, but not enough of it, is the public housing system making it known that there are other housing providers with which people might wish to place their name. It is by a range of methods that people find their way to a particular housing provider. It might be reference through support agencies, for instance, that would be aware of this, it might be from other government agencies or the rest of a housing system itself.

CHAIR: Some of it is a bit of a lucky dip?

Mr CAPPIE-WOOD: Some of it is a bit of a lucky dip in terms of if you know someone who knows someone who can say "Why don't you put your name down here where the wait terms might be less than if you put your name down on a similar public housing waiting list". That is about having knowledge of that system and how you begin to get a seamless approach at least of access and appreciation of what the choices are within the total housing system. That is not only choices of management and where housing opportunities might be but what other forms of assistance might also be available. We need to continually focus on that work.

Ms WANNAN: Where properties are part of one of these formal supported arrangements between a support provider, the eligibility criteria then is obviously on the general income but you are a member of that target group to speak like that. For instance, the St George housing provider has a number of properties designated for people with mental illness and that is then worked out with the local mental health team as a subset of whoever is already financially eligible to enter the system. That is because the local mental health team has a direct relationship to support those designated properties. Some of our best providers have a number of those arrangements with a multiple range of agencies. Roughly about one in five people on the social housing waiting list have put down their names also on a community housing waiting list. Of the 96,000, at the moment 21,000 people have indicated their willingness to live in community housing as a preference when they tick a form when they apply for public housing.

CHAIR: Is a tick for community housing a broad preference and not subdivided into different categories or regions?

Mr CAPPIE-WOOD: That is right.

CHAIR: To use your example, it is likely that if people with mental health issues are located in all different parts of Sydney, the ones most likely to get into a vacancy in the St George Community Housing Association will be someone who is in the St George area because they are known to the mental health team?

Ms WANNAN: That is right.

CHAIR: That has the advantage of keeping a local and community link but perhaps also people in other areas may be more or less likely to get a vacancy?

Ms WANNAN: Partnerships is one of the challenges we keep trying to promote. We find it interesting in rural New South Wales that for people with mental illness a number of providers have come together with some very good responses. Then we look at other towns where we do not find that happening and wonder what we have to do to encourage those linkages to occur so that we can get better supports. At the moment if we look at patterns where we have got good links and where we do not have good links, we cannot reach easy conclusions. We think it might be one assumption or another assumption or whatever and we have to do further work on whether its around specific targeting, promotion or developing people to have contacts or whatever.

The Hon. AMANDA FAZIO: You said that when people apply to go on the social housing waiting list they can tick as an option to be housed in a community housing project. What then occurs? Is there a formal co-ordination to advise a local community housing provider that that person is interested? How is that applicant linked with a community housing provider?

Ms WANNAN: Two things would happen. At the moment, hopefully people will be told about the local community providers in their local area and to visit them. Secondly, as part of our new supply program 80 per cent of additional capital properties that are coming on are linked to what is called nomination rights. There is an allocation plan worked out between the local community housing provider and public housing. What happens in those instances is that there might be a property with, say, 12 units and public housing goes through its priority housing list and identifies if it is looking at the bedroom configuration and whether it has been built for older people or people with disability or those obvious parameters.

They would then sort the people that might be eligible and then there is a discussion about an allocation plan where the local public housing team gets together with the community housing provider and agreement is reached about who would be offered housing in this new development. That happens in two ways. One is informal but certainly where there is a part of a redevelopment program there is a very formal process that goes on around nominating people with the exceptions being where it is a supported housing provider such as with Probation and Parole support, mental illness or whatever.

CHAIR: I mentioned exiting as distinct from access, but what happens if the housings of person in a community housing sector breaks down and they need for whatever reason to move from that into the broader public housing sector? How are they handled?

Ms WANNAN: Looking at the crisis end of our program, people who were homeless will often live in specific crisis accommodation or exit housing for anywhere between six months or eighteen months. Those people will then have people work with them and they might move into public housing as priority housing applicants, into community housing or into the private rental market. In terms of exiting the crisis and transitional component of community housing those are the three ways. We know absolutely from our data that people are more likely to move into public housing and community housing than the private rental market.

The other thing that happens in relation to long-term tenancies, is we have exactly the same aim in community housing as in public housing around sustainability. It is about making tenancies work. The same legislative framework in terms of evictions and those sorts of things apply equally to community housing and public housing and the Residential Tenancies Tribunal is involved in determining that or making assessments. We also have the Housing Appeals Committee that you will meet later and hear about their role in hearing decisions. We expect people to be able to work out how

to make tenancies work. Sometimes where that is due to nuisance and annoyance where there are issues around drug dealing et cetera, that then goes before the tenancies tribunal if people are looking at being evicted and they want to take issue with that decision.

In terms of swapping between the systems, it is considered that once you are in community housing you are adequately housed and unless you have exceptional circumstances that would be seen as suitable housing. We have got an anomaly at the moment in our administrative arrangements around housing in leasehold properties versus capital properties, but that is an issue about which there are continuing discussions between the two parts of the social housing system.

CHAIR: What is the anomaly?

Ms WANNAN: The perception that living in a capital property is more secure than living in a leasehold property because it is a reality that leases change. If you live in a capital property you know that that is your home whereas a leasehold property is certainly your home but it is a home that might change over time.

The Hon. IAN WEST: You indicated that 90 per cent of the 10,500 properties managed are long term. What do you define as long term?

Mr CAPPIE-WOOD: Long term is effectively 10 years in perpetuity. There is no prescribed limit to the lease period. To that extent it is for the duration of the person wishing to remain in that accommodation, that is, if it is not exit housing or other transitional housing. If it is long-term housing it effectively mirrors the same arrangements as public housing which is lifetime tenant.

The Hon. IAN WEST: Is there a minimum requirement to arrive at 90 per cent? Has the 90 per cent come from people who have been there for more than 12 months?

Ms MILLS: That refers to the category of housing. We have the same approach across the whole social housing system. If you are income eligible—and we apply the income limit consistently across—then you are eligible for social housing tenure. For those properties, it means not so much about the individuals, but they have been allocated for the purpose of being made available for long-term housing. When you come into the community or public housing sectors as a long-term person you have security of tenure in that system which means we have an obligation to continue housing you, subject to you meeting tenancy rules and requirements. It does not mean you have ownership of that individual dwelling. It means you have an ongoing right to a dwelling in the system.

The Hon. IAN WEST: There was mention of the evidentiary reasons for people unable to stay in high-cost areas. What are the evidentiary reasons?

Mr CAPPIE-WOOD: Say, if it is access to specific medical accommodation, support networks or supports. Often people need support where their relations and other support networks will be but they have to demonstrate a locational need in a fairly explicit way. They cannot just say "I would like the one at Bondi with the sea views." They have to say that they need it because next door to that is this support service that is fundamental to their health and wellbeing.

The Hon. IAN WEST: How elastic would the costs be?

Mr CAPPIE-WOOD: I do not think we have that one at Bondi with the sea views.

The Hon. IAN WEST: I refer to the 10,500 properties managed, in the submissions to the Federal Government for the monies referred to on page five, if there has been a reduction of \$70 million in 2001. In an attempt to limit that reduction in funding and to ensure that future funding occurs, because of the uncertainty surrounding the expiry of the agreement June 2003, will those submissions contain some expectation about the need for properties in excess of 10,522?

Mr CAPPIE-WOOD: In discussions on the Commonwealth-State Housing Agreement, the forum that relates to other States and Territories, and discussions with the Commonwealth Government we constantly remind them about what the total housing demand is and the intended earlier obligations associated with the formation of that agreement back in the 1940s and 1950s. We

have been told by the Commonwealth that that is not an area that it considers to be reasonable any more, so far as the expectations of the States and territories that there would be adequate funding to meet those needs are concerned; and that we should work within prevailing funding circumstances—in other words, a reducing funding environment.

Every indication from the current Minister, and from previous Ministers, is that this environment is not about to change rapidly or radically; that we are likely to have continued future reduction in funding. All it means is a continuing tightening of the system and a continuing focus on people with highest need—which, in its own way, drives the total system into insolvency. It has to, therefore, rely upon consolidated revenues and other forms of assistance, whereas it has not had to do so in the past. It was specifically designed to be self-financing. That is why the Commonwealth gave all this debt to the States. It insisted that the system could support that, because most of the people back in the 1960s and 1970s were in employment. Hence, there was very little subsidised rental. Only 5 per cent of the total rental charge represented a subsidised rental.

These days well over 55 per cent of the total, if you like market, rent is subsidised and over 90 per cent of the tenants in the system are on rentals subsidies. That indicates a huge shift. What happens is the underlying lag that this system has, and the recognition that having huge debt insisted is crippling it. I am talking about the system, not just community housing. The whole system is skewed because of that particular relationship. That has caused large maintenance backlogs whilst money was being spent trying to repay a debt. Thank goodness, since 1988 it has been grant funded as opposed to money being lent to the States to buy or build fairly fundamental issues such as affordable housing.

Ms MILLS: Could I add one comment. Under the current agreements, with two exceptions, it is entirely up to the States to propose how they distribute the money within the system—whether they distribute money to community housing, public housing, new houses, repairs et cetera. Those two exceptions are Aboriginal housing, for which there is a tied amount which States must allocate to Aboriginal housing. The same applies for crisis accommodation, the properties that we have in partnership with the Department of Community Services. There is in the Commonwealth-State Housing Agreement a nominal amount that the Commonwealth would like to see spent on community housing each year, but in New South Wales we far exceed that amount. That is, once again, a State-driven approach. One of the reasons you see such differences between jurisdictions is because it is within the State's boundaries to determine which way they want to have their housing management arranged.

CHAIR: How do the other States stand with relation to whether they meet or exceed that community housing target?

Ms MILLS: It is not a very large target, so most States meet it. Again, there are differences of approach about the degree to which we have a priority to grow the community housing sector and the kind of profile that we are talking about. Our sector has doubled in size in the last six years and there is no comparable growth rate to that of other jurisdictions. On the other hand, in regard to the crisis system every State has a set amount it must allocate so that we have a similar growth pattern.

Ms WANNAN: The cost of acquiring crisis accommodation properties particularly in Sydney is so much higher than in the rest of the country. When you compare our figures with those of the rest of the country the other States' figures are much lower. That relates to the actual costs we are paying to acquire additional properties.

The Hon. IAN WEST: On what criteria does the Federal Government allocate funding to the States? How does it divvy up the amount?

Mr CAPPIE-WOOD: Unfortunately, it is not on the basis of need; it is per capita. This has no bearing upon the relative different housing markets or how far a dollar will go. Effectively the housing dollar goes twice as far in Perth as it goes in Sydney, yet that State's per capita amount is the same. One of the other major unbalancing major elements in the entire housing funding system is that we have the Commonwealth-State Housing Agreement [CSHA], which involves grants to the State and Territory governments. However, as Carol mentioned earlier, the Federal Government provides direct assistance to low-income private renters in the form of Federal rental assistance. That has been

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growing very rapidly. It is almost a balancing exercise. They cut money out of the CSHA and put money into Federal rental assistance.

But that is working against New South Wales, the reason being that it is a one-size-fits-all Federal benefit that is applied to exactly the same level regardless of whether or you are in Hobart or in Sydney. It is of very little benefit to people in Sydney, but it makes housing absolutely affordable in Hobart. The lack of real refinement in this system is causing some major disjunctions. This, unfortunately, is the framing that we talk about in respect of community, public and other housing assistance. There are some broad trends here which are, quite frankly, crazy. I can understand why, because the redistribution of moneys on a needs basis, or a market-level basis, between the States would be very difficult to negotiate.

CHAIR: I have been looking at the questions we put to you. We have probably covered most of them. In questions numbers four and five we were seeking a bit of detail about the community housing resourcing strategy and partnerships in community housing. Perhaps they are aspects that are covered in the detailed submission. The other group of questions, 10, 11 and 12, relate more to what you have told us about accountability, training, reporting mechanisms, standards and regulatory frameworks. Perhaps we can assume that we are going to get a bit more detail about some of those. We might conclude with the question we like to ask every witness. What would you like to see come out of this inquiry?

Mr CAPPIE-WOOD: We have been a talking about that, because I believe it is a very good question. If I can go from the broad down to the specific, I would like to see support for the total social housing system. The critical role it plays is in providing for a decent home, and thus providing for social cohesion. The fundamental relationship which is therefore how you build good health outcomes, good educational outcomes and you can build on the capacity for people to get jobs. Support for community housing is an important player in an integrated housing system. I would like to see support for the current directions on efficiency and effectiveness in the provision of community housing; and, in particular, support for further improvements in the regulatory framework. Also, I would seek support for maximising partnerships with agencies and non-government agencies, in that the specific co-ordination issues to ensure that there is a seamless approach between government and non-government in the provision of housing and housing. Lastly, a forlorn plea to the Federal Government for tax breaks for affordable housing.

(The witnesses withdrew)

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KARINE ELIZABETH SHELLSHEAR, Executive Officer, Association to Resource Cooperative Housing, 94 Oxford Street, Darlington, and

PAUL GODFREY VAN REYK, Private Consultant, 253 Trafalgar Street, Petersham, affirmed and examined:

CHAIR: Did you receive a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act 1901?

Ms SHELLSHEAR: Yes.

Mr VAN REYK: Yes.

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

Ms SHELLSHEAR: Yes, I am.

Mr VAN REYK: Yes.

CHAIR: Do you have a written submission?

Ms SHELLSHEAR: We are in the process of finishing our submission, which will hopefully be completed by the due date.

CHAIR: Do you wish to make a brief statement before Committee members ask questions?

Ms SHELLSHEAR: We would just like to express our appreciation for your involvement of the sector in this process and your concern for community housing. It is very much appreciated, particularly by the people who are tenants within our sector.

CHAIR: Would you briefly explain the role of the association, how long it has been established and how it works?

Ms SHELLSHEAR: I have some material that might be of assistance.

The Hon. IAN WEST: I seek leave to have the documents tabled.

Leave granted.

Ms SHELLSHEAR: The association is one of three bodies. There are churches, peak housing associations and peak co-operatives and ours is the oldest peak body, established since 1989 and is specifically for tenant members of housing co-operatives. Our members themselves are co-operatives. We have 46 co-operative members within our organisation. Our role is multifaceted. We act as a representative body. We represent our members and advocate on their behalf. We also assist in the development of housing co-operatives. We are a catalyst body for the development of co-operatives and we also provide extensive training to enable our members to manage their own housing. That training corresponds to the national housing standards and most of the accountability requirements, and it goes well beyond that. There is a sample at the front of our current six-month training session, which gives you an idea of what we can run within a given period.

A main focus is on consolidating the sector by way of providing strong ongoing management support. A key factor to be taken into account is that all the people that we deal with are tenants. The kind of sector that we are looking at is a tenant managed sector so that we spend a long time looking at processes of empowerment and processes of understanding what management entails. Our co-operatives are accountable under the Co-operatives Act, the Fair Trading Act and the Tenancies Act and to the Office of Community Housing in terms of accountability requirements and guidelines. There is quite a wide range of accountabilities that people in housing need and are trying to grapple with.

The Hon. DOUG MOPPETT: Does that mean that you join the co-operatives and have a share in the co-operatives when you become a tenant? Up until then you apply to join the co-operatives and can only join it when a vacancy becomes available?

Ms SHELLSHEAR: Yes, that is correct. The structure of our organisation is that we are run by a board of elected members who are tenant members. Apart from myself—and my position is a board position as well—every other director on the ARCH board is a tenant representative as well as a representative of the social housing provision.

CHAIR: Do you cover all the co-operatives in housing?

Ms SHELLSHEAR: There are a few co-operatives that are not members for various reasons but we cover the large majority. We also have what is called a State Council, which is formed of elected representatives from regions and they provide an advisory role to the board. They advise on planning issues, sector issues and policy issues in terms of what their regions see as the most key points at a particular time. The board is the legally constituted organisation and the directors are the ones responsible for making final decisions.

Our vision that has come from the consultation with the sector is to develop sustainable communities through the growth and strengthening of a tenant-led co-operative housing movement in New South Wales. Six people work for ARCH. Only three of those are education resource workers so one of the difficulties and concerns we have is that we have three education resource workers to service 46 co-operatives in all the regions of the State as well as develop new co-operatives and provide a fairly comprehensive training program and provide resources such as this one, which I will leave with you, relating to tenancy and money management.

I have been through the sorts of services that we provide but it might be of value to talk a little about our membership and what that constitutes. Importantly, it seems that we very much form a niche for non-English-speaking co-operatives in that 38 per cent of our membership comes from non-English-speaking members, so we have a broad range of co-operatives from Arabic, Samoan, Tongan, Vietnamese and Laotian, a very broad range of inner-city co-operatives from the non-English-speaking backgrounds. There are a number of reasons for that. That is partly because in other parts of the social housing system it is difficult for people to retain their cultural links, support and language networks and roots and to operate within a supportive housing environment so the co-operative sector forms a very clear niche market for people from non-English-speaking backgrounds. That is mostly the case in the metropolitan region; it is not the case in the country regions and I can see that the Hon. Doug Moppett is familiar with some of the country co-operatives, which are mostly family and sole parent co-operatives, often in isolation, not living in clusters together as they are most frequently in inner city areas.

Mr VAN REYK: One of the benefits recorded in a lot of research that we quote in our submission around co-operative housing is that it functions really well for groups of people who congregate and decide to co-operate because of similarities of background or circumstances. There is a great deal of benefit quoted in the literature for co-operatives that are formed around people with a disability, singles or people with particular cultural backgrounds because there is a degree of support for their tenancies and for each other that is sometimes lacking in other forms of public housing. One of the major questions relates to linkages between co-operatives and other support services. It is interesting to recognise that one of the benefits of co-operatives is that those support mechanisms are within the co-operatives themselves so the need to access services outside is quite often less for these groups of people in co-operative housing.

CHAIR: It is particularly interesting to hear that a high percentage are from a non-English speaking background because a finding in other inquiries being held by this Committee is that those people are underrepresented.

Ms SHELLSHEAR: Yes.

CHAIR: How has that percentage, which is roughly equivalent to the population, been achieved? Is it through groups getting together or through associations like yours making contact and encouraging people?

Ms SHELLSHEAR: Because it is a small program with limited funding available, we do not heavily promote ourselves otherwise we would be inundated and unable to respond to the demand, so it is mostly by word of mouth. It is also through organisations such as the Ethnic Community Council, which manages fairly equitable distribution of information. We get a huge variety of people from different cultures very interested in this program, a lot of people from South American background who have been referred by the Starts organisation and also Tongan and Samoan communities, islander communities and Vietnamese communities linked to the Fairfield Community Health Centre in Cabramatta.

It is by way of linkages with key support bodies within the community or by word of mouth that they become familiar. I think the other factors are 9 per cent are from an Aboriginal and Torres Strait Islander background and 10 percent of our members have identified that they have disabilities. That is actually about the same as the rest of the community housing sector but what is interesting is that of the high proportion of people identified with disabilities, 72 per cent have physical disabilities. We have two co-operatives that are completely self-managed. They were referred to by support agencies and have developed into independent self-managing co-operatives.

That is very significant in the kind of channel that co-operative housing has provided for people with specific needs. At 18 per cent, compared to 15 per cent, it is a little above the rest of the community housing sector. Some 48 per cent are singles. That is significantly higher than for the rest of the community housing sector. Some 80 per cent are not in arrears. I put that because it is significantly higher than elsewhere. And 16 per cent are paying market rent, and that is also significantly higher than elsewhere. There is also less turnover. Those last three factors are largely attributable to the social mix, the capacity for cross-subsidising and the kind of stability that is maintained when there is a balance of social mix and different skills.

Mr VAN REYK: One of the figures in there, but not pointed to, is that quite a high proportion of people self-identify as having a psychiatric or mental illness. Again, it seems to be true, particularly for some of the inner-city co-operatives, that in those they find a supportive environment. That is absent for a sole tenant in a community housing project or in a boarding-house situation or some other kind of independent living.

The Hon. IAN WEST: That 14 per cent is a percentage of what figure?

Ms SHELLSHEAR: It is 14 per cent of the 10 per cent.

The Hon. IAN WEST: What is the other 14 per cent—with 72 per cent and 14 per cent making 86 per cent?

Ms SHELLSHEAR: There are some with intellectual disabilities. There is a small number with different disabilities that did not show a significant trend. I picked the two most significant, which are the physical disabilities and psychiatric disability. The figure for those with a psychiatric disability is interesting because I think in the rest of the community housing sector it is 28 per cent of that 10 per cent who have psychiatric disabilities. But that is where you have formal linkages with crisis organisations and very proactive linkages with organisations that are referring. What is interesting here is that, without those proactive strategies, we have 14 per cent, on an informal basis, with psychiatric disabilities. That is self-identifying. So it is by voluntary disclosure that there is an indication of 14 per cent, which is indicative that it is probably higher.

CHAIR: How many tenants are we talking about?

Ms SHELLSHEAR: It is difficult to tell. We know that there are 419 dwelling units.

CHAIR: And you have a high percentage of singles.

Ms SHELLSHEAR: Yes. We also have very large families, though, amongst some of the ethnic communities. We are looking at at least a thousand, but probability within the vicinity of 1,500. We know that in the last set of responses to the Office of Community Housing there were 907 respondents, which is probably a percentage of the total number.

CHAIR: That throws a bit more light on the percentages that you have given to the Committee.

Ms SHELLSHEAR: The co-operative sector is small. The organisations are small, anything between five dwelling units and up to 53 dwelling units. So we are talking about a small sector.

Mr VAN REYK: But one that we would like you to recommend grows.

CHAIR: We are up to the role of co-operatives within the broader social housing community.

Ms SHELLSHEAR: It is probably worth having a look at the role of co-ops within broader social housing because one of the Committee's questions was about linkages with support agencies. One of our findings is that co-ops, in their own right, play a very strong role as a support body. We have documented a few points on page 6. Our understanding is that co-ops themselves are playing a key support role for tenants in crisis. Although co-ops are not seen as crisis organisations, they play a very informal role in picking up on crises within the population of tenant members. There are tenants who are undergoing various crises, and it is the co-op that plays a substantial supportive role, rather than outside organisations. Our anecdotal evidence points to significant support being provided by other members during illnesses, psychiatric breakdowns, addictions or other forms of dysfunction. Co-op members are playing an important nurturing role in enabling individuals to resume a normal life.

The sense we get is that co-ops often will take the place of other community services, with frequent instances of members cooking or cleaning for someone who is ill, offering childcare, shopping, transport, visiting in hospital or raising donations. A key advantage is that members have maintained their independence, and avoided crisis centres, hospitals, nursing homes and institutions because the co-operative community becomes a key support environment—with clear economic spin-offs to both government and the community.

We have examples of co-operatives where people with physical disabilities run their own housing, and are empowered by that process. These were established by support agencies. There are other similar examples with youth agencies that established co-ops. Elderly and ethnic co-ops were also established by specific support agencies. Linkages also exist with external agencies, including housing associations, domestic violence centres, community health centres, church institutions, hospitals and other formal institutions like drug and alcohol services. They also exist informally with members' relatives, care providers, doctors, case workers, partners and friends. That is particularly so when people have specific needs, with informal networks being established in order to support someone with a particular need.

One of our workers, who is also a member of a co-op, would give evidence that when someone is having a breakdown or operating in a way that is dysfunctional you cannot simply get rid of the problem. The co-op has to work out ways of dealing with how to adjust, how to support, how to make the best of incorporating that person into their community. So, probably, one of the key aspects of co-operative housing is this community development aspect, in that people are adjusting to making their communities sustainable in the long term but are also supportive of the members within those co-operative. If that adjustment is not made, those communities can become nightmare places.

CHAIR: Do most co-ops have units that are in close physical proximity, or does that vary across the 46 co-operatives?

Ms SHELLSHEAR: It varies across the sector. It is probably 50 per cent that are in close proximity.

CHAIR: Such as one building with a number of units in it, or houses close together?

Ms SHELLSHEAR: Yes.

CHAIR: I noticed that you referred somewhere to warehouse conversions.

Ms SHELLSHEAR: There are co-ops established in warehouse conversions, or where the warehouse has been demolished and a property has been built with a number of dwelling units on it. Those co-ops acquire very different skills compared with other co-ops that live at a distance from each other. They have the added complexity of learning to live with each other as a small neighbourhood community or a small hamlet.

Mr VAN REYK: Karine was talking about the place of co-ops in the whole of the social housing framework. I thought I would briefly run through some of the research findings of the kinds of benefits that people get from being in co-operative housing. I would like to make it clear that when we talk about co-operative housing we are talking about it in terms of social housing, which is bigger than the notion of simply affordable housing. Social housing has the notion that there are other things that people achieve through this form of housing apart from simply being able to afford their housing. Those are some of the things that I want to talk about.

There is clear evidence, from both overseas and locally, that people in co-operative housing are more likely to maintain their buildings and dwellings. The general standard of co-operative housing maintained by tenants is higher than for comparable public housing or community housing. Co-operatives, by their nature, are targeted at low-income households, but, as has been demonstrated, they are quite good at attracting and holding marginalised tenant groups. There is really clear evidence that co-operative housing tenants are highly connected to their local communities. These are people who, by virtue of being in the co-operative, make connections outside the co-operative and into the neighbourhood. In fact, quite often they are people who lead community development in their neighbourhood. They would be people who, as a co-operative, would take on other issues in the neighbourhood.

There is clear evidence that the co-operative improves tenants' life circumstances. There is good evidence that quite often co-op members help each other skill up for employment opportunities, or to pursue further education, and support each other in doing so by making sure that the co-op operates in a way that enables that to happen. We have a fabulous example of a young bully who came to one of the inner-city co-ops from a very disturbed background. The co-op supported him to undertake some studies in art. That boy now is starting to secure public art prizes. He would not have had that opportunity had he not been in that co-operative, which basically was supportive. It is sort of an artists co-op anyway. But it was a great life-changing experience for that lad. There are other stories in the research about people who have significantly developed their personal life skills through a co-operative.

There is clear evidence that security of the premises is stronger in a co-operative. People tend to take more care of each other's premises, and are on the alert in a Neighbourhood Watch sort of way. There is clear evidence of less damage, certainly of less crime. All surveys indicate that tenants are more satisfied with the sort of accommodation that they have and with the way in which they live their lives. Obviously, there are very high levels of co-operative members' participation in management. So, whereas other housing estates or other forms of community housing have historically battled to have tenants actually involved on management structures, because co-operatives are built around tenants participation, one gets that sense of tenant ownership and participation. You also get things like quicker response times on maintenance, simply because again the co-operative often has skills that can assist members to get maintenance done, rather than have to buy it in from outside. So one has a whole range of other benefits. Co-operatives are not simply about somebody having a roof over their head. There is a very sustained level of a range of social skills and social outcomes.

CHAIR: You have told us a lot about strengths, but what about the weaknesses?

Mr VAN REYK: We are very happy to be open about weaknesses.

Ms SHELLSHEAR: One of the key factors of becoming a co-op tenant is willingness to participate and the ability to take on management skills and contribute voluntary time. Ideally, when that works, the co-op functions extremely well. When there is a lack of participation, you get a co-op

that is not sustaining itself and is looking elsewhere for assistance to pick up on resources. I am sure that many members of the Committee, through your roles, would be aware of some of the difficulties and struggles that some of the smaller co-ops in the sector are suffering.

With the smaller co-ops one of the great difficulties is being able to access sufficient skills, knowledge and know-how about a changing environment of accountability. There is now a requirement to respond to the national accounting framework in terms of finances, to be collecting data in a way that is required by government, to be responding to tenancies under the tenancy laws, and the complexity that that involves, and to be conforming to a whole set of performance requirements that often are seen as above and beyond the reasons that members originally entered into co-operatives.

The notion of quiet enjoyment can often be impinged on by the burden of responsibilities that are entailed in managing the co-op. ARCH as an organisation is very much trying to lessen that burden and equip people with appropriate skills so they can manoeuvre swiftly through the system with appropriate resources. One of our main problems is distance. We are based in the city. We might have co-ops that are isolated out in the country and need constant or ongoing resourcing to pick them up and have them functioning well.

We provide a standard set of policies and procedures to assist co-ops in the accreditation process. These are largely sets of pro formas, for example, on privacy, as to what is expected in an appeals process, what is expected in all the areas of management, and looking at model policies and model procedures and how to apply them. Looking at this document, you can see that the complexity of management can become very great and that not all members will be able to jump the hoops, particularly where we have a large number who are from non-English speaking backgrounds.

One of the key issues that we are pointing to, particularly from the research we have done, is the need for more support structures, the need for more on-the-ground infrastructure that will provide a lot more than a peak organisation such as our own can provide—that is, a hands-on systems analysis, looking at how people manage on the ground, and being able to adapt the co-op to a changing environment. We believe that a secondary co-op structure would greatly facilitate that process. A secondary co-op structure is very common in Europe and the United Kingdom, even in other States, where there is a broader access point of resourcing for the co-ops that are on the ground.

Mr VAN REYK: I will give you a couple of examples. I did some research for ARCH looking at the kinds of issues facing co-ops in management. For example, a seniors co-op—by definition, a co-operative of people who are ageing—is going to find it increasingly difficult for themselves to do the kind of maintenance that a more mixed co-op might do. At the same time, quite often they cannot afford to get maintenance people from outside. The cost of getting someone to come and give a quote alone, let alone do the work, is prohibitive, given that they are all on low incomes and they do not have the capital that they can use to do that sort of stuff. They could really benefit from having a secondary co-op that has access to people who can do reasonable jobs quickly at a reasonable rate—if you like, a secondary co-op that is a quick maintenance job.

Another example is a group of people with some degree of intellectual disability, who have every right to form a co-op. Wading through that manual is an extraordinary feat for somebody who is totally on top of financial affairs, let alone asking some people who have difficulty trying to grasp those kinds of documents for a start. Again, were there the capacity for a secondary co-op where they had someone who could manage that for them, you would be more likely to have them free to do what they tend to make their co-op work without struggling across a whole range of those kinds of limitations. They are the kinds of things that get in the way of people making the most effective use they can and enjoying the amenity that the Co-op provides.

One of the other issues that we canvassed in our submission is that when the co-op program was first established in New South Wales there was a clear intent that, over time, co-operative members would get some equity in their co-ops. That has never happened. Therefore, you have people who have joined the program with the expectation that somewhere down the track they would get something for the sweat and work they put into the organisation: perhaps the capacity to actually own their own house. We now have people who say, 10 to 15 years down the track, "I am worse off now because I cannot afford a house. Whereas, had I known that this was going to be the situation 10 or 15

years ago, I might not have chosen to go into a co-op; I might have looked at some other way of getting my house." So they are hamstrung in that way. People enjoy participating but would like to get something tangible from that. If they have no stake in the housing to which they provide that management, they get disheartened, and they naturally start to ask, "Will I continue participating?"

Ms SHELLSHEAR: When the program first began in about 1987 there was a proposal for common equity. That meant that the co-op would have some level of ownership. Because we are dealing with people on low incomes, the co-op would be unlikely ever to have full ownership. We were looking at in the vicinity of 20 per cent or 30 per cent of ownership and a grant of 15 per cent. The kind of equity that that would provide was looking at co-ops having title. And people were prepared to pay a slightly higher amount, 27 per cent, and that was to cover all the outgoings. The surplus was to be used to raise a private mortgage that would act as a contribution and also leave the funds to be able to expand the sector.

That contribution for them, even though they would never completely own it, translated into a sense of belonging, a sense of something that was theirs, a sense of being able to look after something, a long-term security and a long-term provision that they would not be kicked out of. It was the kind of security that the private market would never offer on such a low income. They saw that their contribution was the capacity to collectively raise those funds and also to contribute to the labour and, through the labour, the voluntary time and the voluntary effort. Once those incentives have been removed, it basically means that people are managing stock without knowledge of what the long-term outcome will be. They are currently given a five-by-five-year leasing arrangement and the long-term is looking less secure.

CHAIR: Why is the long term looking less secure?

Ms SHELLSHEAR: Because there is no definitive formalisation of what will happen after the five-by-five-year lease. The original intention in the drawing up of the five-by-five-year lease was that by that time we would have the system in place that would allow co-ops to translate their effort and their contributions of surplus into a level of equity, those who wanted to. There is still a number who say, "Why do we want equity? We are pensioners. We are always going to be here. We are secure." It is potentially those groups that are doing part-time work, have some level of income, have been able to cross-subsidise to people on low incomes, and have therefore contributed not only in terms of their rental income but also in terms of the skills they bring to the co-op in terms of the support they bring to other members.

They are the ones who are bringing benefits to the co-op. But they are not getting the reciprocation of a long-term benefit. Because they are the ones who are better off, their situation is looking less secure than those who are in high need. And yet, their situation is not high enough to be able to negotiate within the market. So they are really in a catch-22 situation of feeling insecure in a situation that has not delivered the equity that was intended in the first place, but not being able to manoeuvre within the private market for a home of their own because they have also aged in that time.

CHAIR: When you say "feeling insecure", in practice has there been any insecurity?

Ms SHELLSHEAR: The five-by-five-year lease is creating insecurity.

CHAIR: What is it up to—15 years for some people?

Ms SHELLSHEAR: No. It has only been about 10 years.

CHAIR: There is a feeling of insecurity, but is there a reality of insecurity for any particular co-ops?

Ms SHELLSHEAR: I think the reality of security would be firmed up if there were an indication that this is long-term housing and that after the five-by-five-year lease there is going to be a long-term commitment to that situation. The five-by-five-year leases transfer every area of management, looking after the properties, maintenance, payment of rates, payment of insurances—every single outgoing is transferred to the co-op, which means that all the rental income basically goes towards looking after that environment in terms of its social complexity, but also looking after the

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physical environment as an asset, jumping the hoops of performance requirements to be seen to be competent in a social housing sector.

CHAIR: The other side of that is accountability and the mechanisms that exist from the Government's point of view to ensure accountability.

Ms SHELLSHEAR: Exactly. I think what people are saying is, "What happened to two-way accountability? Where is the two-way accountability in this?"

The Hon. AMANDA FAZIO: If people had been afforded the opportunity to build up some equity within a co-op and they wanted to leave and purchase a home outright or mortgage another property, how would that impact upon the co-op? Would that create instability, or would people then have to buy their way into that co-op to replace the equity that was taken out?

Ms SHELLSHEAR: There was no individual equity at all. People were satisfied with the concept of collective equity. That means that the co-operative itself has the equity, not the individual.

Mr VAN REYK: There are a number of equity models you can have as well. We canvassed at least four of those equity models in the submission. A program that started way back then, which had these notions of equity and was playing around with them, locked it out of equity and into a very narrow, single model for all co-ops in New South Wales. It is clear from the kinds of populations that we have that the single model, even currently, does not fit. You cannot compare the reason why a group of Tongans would choose to enter into a co-operative arrangement with the reason why a group of people with physical disability might. They are substantially different ideas, and they are going to relate to each other quite differently.

What we advocate in our submission is that for that kind of flexibility within the co-op model itself, you need to look at a range of ways that people can get the kind of equity that they wish to have. As we said, not everyone wants to have equity anyway. The other problem with the equity aspect, as Karine said, is that we currently have a real incapacity to grow the sector because it is so tied up with the properties that we can get from the Department of Housing. The co-ops have no capacity to independently grow. Their waiting lists are getting larger because people are seeing it as a viable alternative and are interested in it, but at this stage there is no capacity to meet the need fast enough.

The Hon. DOUG MOPPETT: I can understand what you are saying: that any equity that was developed would be vested in the co-operative. But that, in normal co-operative terms, would mean that the shares in the co-operative would acquire a value. So if you were retired from the co-operative, you could sell your share in the co-operative to the incoming person and say, "But, hang on, I have been in it for 20 years and you are now coming in to enjoy all these wonderful benefits and equity in the co-operative. I want some money for it."

Ms SHELLSHEAR: In South Australia there was exploration of the manoeuvring of shares to new people coming in and people exiting. It is a very complex area, and we are not even one step along the way. It is a long way down the track, but what we are looking at is the principle of the capacity to have at least some form of equity held by the client, so that there is that sense of belonging, that sense of caring for this building over the long term and caring for the people within that building, which gives a sense of pride and a sense of ownership.

CHAIR: You mentioned the waiting list. What happens at the moment when a vacancy occurs in a co-operative? How does the system work? How does a new person come into a co-operative?

Ms SHELLSHEAR: All the co-operatives have their own waiting lists.

CHAIR: And they draw from the people on the general social housing waiting list?

Ms SHELLSHEAR: They can be cross-referred from the Department of Housing, which they are in some instances. Because they were set up to be locally responsive organisations, it is often people within that local area who will respond to the waiting list. Quite often they are picking up on people within their area with a housing need. Also, because many of our co-operatives positively

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discriminate to specific needs targets, then they would be looking to match, for example, a Tamil co-operative would be looking for people—to positively discriminate—from the Tamil background or an elderly co-operative would be looking for elderly people.

CHAIR: Is that decision totally within the hands of the co-operative? What sort of reporting mechanisms or anything else exist? I suppose there is sometimes a risk that a co-operative will go its own way and make its own decisions and perhaps positively discriminate not in a way that we might all accept or support.

Ms SHELLSHEAR: It is a decision that is made internally by the co-operative but it is subject to an agreement with the Office of Community Housing because the housing has been provided for a particular purpose. It is also wrapped into the constitution of the co-operative as an organisation; when it incorporates it has as its objective that it will house either single mothers, people from a Tamil background, elderly people or Vietnamese communities, et cetera so that is actually incorporated. If it were to suddenly decide, "We are elderly but we will house young people, because my grandchild is in need", then they would be transgressing some of the legal constitutions that frame the organisation.

CHAIR: Is there flexibility to deliberately admit people who can pay higher rents to get a mix and so on?

Ms SHELLSHEAR: I think there is that flexibility. In particular, if you know that the running costs of the building will not be covered by 100 per cent of people on low incomes, then there is a capacity for targeting people on a higher income so that you can cover your outgoings.

Mr VAN REYK: However, there is a cap on the proportion of your—

Ms SHELLSHEAR: Yes.

CHAIR: The proportion of tenants.

Ms SHELLSHEAR: That is right. Up to 35 per cent do not have to be public housing eligible so you can have up to 35 per cent who are not.

CHAIR: Do you know whether most co-operatives operate at about that percentage, or is that a very distant gap that is not relevant in practice?

Ms SHELLSHEAR: The statistics seem to be indicating that we are capturing people on the three lowest percentiles of housing income but also about 12 per cent are above \$500 a week. That is not a huge per cent. There are a number that are not indicated but the trend is that we are seeing 12 per cent above \$500 a week and the picture we are getting is that the kind of work people are engaged in is mostly shift work and I think about 18 per cent are paying market rent.

The Hon. IAN WEST: Sixteen per cent.

Ms SHELLSHEAR: Sixteen per cent, thank you.

CHAIR: When you say "shift work" do you mean casual or intermittent? You do not mean full-time shift work.

Ms SHELLSHEAR: Some people are doing part-time work on a full-time basis and other people are doing shift work which is intermittent, with intermittent salaries. One week it might be one amount; the next week it might be another amount.

Mr VAN REYK: There is no doubt that you would not see on average that 65: 35 mix operating out there. It is still true that the bulk of people will be those who are eligible for public housing.

CHAIR: Would it be true to say that the co-operative housing sector are people who are on average earning more or who are in a somewhat better financial situation than people in other forms of social housing?

Ms SHELLSHEAR: It would not be fair to say that on average but it would be fair to say that a small per cent are certainly on higher incomes than the rest of the social housing sector. About 12 per cent are on above \$500 a week and that is a lot less than public housing, which is more like 5 per cent.

CHAIR: Perhaps we might address your comments on the adequacy of the regulatory framework, successful models elsewhere that you think we might look at and what you want to see come out of this inquiry.

Ms SHELLSHEAR: In terms of the regulatory framework, we are only just starting to see and work with government in terms of putting in place frameworks that will bring about greater accountability. One of the key problems for our sector is that people do not know what is required of them. We can give them wads of information but they want to know what government wants, what government expects of them. That is one of the most difficult situations to translate easily and communicate effectively to people who are essentially tenant members.

CHAIR: Is there a tension between that philosophy and the need for more professional management?

Ms SHELLSHEAR: Absolutely.

Mr VAN REYK: There is a tension but I do not think we should paint a picture of co-operatives being people who are not interested in accountability.

CHAIR: No, I certainly did not mean to suggest that.

Mr VAN REYK: No but discussions about accountability can sometimes sound like we do not want any, and I do not think that that is what any of the tenants would say. It is about the appropriateness of the accountability and it is that notion of partnership. When I was listening to the people from the department and the office they kept using the word "partnership" and indeed asked you to support the notion of a partnership with the non-government sector. The issue for us continually and in any part of the non-government sector is that the word "partnership" is used very loosely by government. The partnering goes only one way. We are expected to partner with a partner who does not actually partner back.

The Hon. IAN WEST: A silent partner.

Mr VAN REYK: Yes. I think the issue is that no-one is interested in accountability or monitoring. Of course, as a co-operative you do not want to be unaccountable for yourselves and for your funds. You do not want to be in a situation where suddenly you find yourself in financial straits. That would be ludicrous. It is just not in your interest. But it is a question of what a partner who is asking for these things comes back with. Part of what we are saying is that on the one hand they ask for a lot but they kind of sell out the original idea, the original dream or the original possibility and do not come to the party in terms of understanding what you might want out of the partner relationship. I guess something we would like to see in terms of a vision for the future is redressing that imbalance in the partnership and saying, "If it is to be a real partnership let us talk about what co-operatives have been after for some time" and how we can negotiate that.

Ms SHELLSHEAR: And within that balance co-operatives are really asking, "Tell us where the boundaries are. Tell us when something goes wrong. Who will come in and help us? Who has the authority to say that this is right and wrong?" Quite often when something goes very wrong within the co-operative the lines of authority are blurred. The capacity to intervene and act is very blurred as to who does that, when does it happen, how does it happen, who do we get help from when our own resources are limited. That is probably one of the biggest issues. When we are looking at a future regulatory system we would like to see in place preventive strategies that support the co-operatives before it ever reaches a point of crisis, and we would like clear definitions as to who takes

responsibility in these situations, where the co-operative's responsibility begins and ends and where the government's responsibility begins and intervenes in an appropriate way that supports rather than reprimands an organisation that is trying desperately to do the right thing.

In terms of our scope and our capacity, we would like very much to be able to assist but we are very small; we cannot be across the whole State. We do not have the authorities as well to be able to intervene, move in, assist unless the co-operative wants us to. What would be useful is to have a good partnership relationship with government that communicates where the weaknesses are. Often, we do not know where the weaknesses lie within the sector because the monitoring happens with number crunching within a building; it does not happen in terms of communicating the weaknesses.

The Hon. IAN WEST: Do you see a difference between a more active partnership role by the government, not a silent partner? What difference do you see between what you envisage government's role in the partnership to be and the secondary co-operative? Are they one and the same?

Ms SHELLSHEAR: No. First, co-operatives expect government to play a proactive role. They want it to be big brother. They want it to say what is expected of them, where the boundaries are and what will happen when it goes wrong. But in the process of performing they need assistance to identify, get those systems in place, et cetera. For example, many of our Tongan communities consist of mothers with nine children, seven children. They look at you through a complete haze as to what it is they are being required to do and how they can compete with organisations that have paid workers. We are looking at the capacity for an alliance between, say, other Tongan bodies which can utilise a secondary organisation that would simply come in, do the bookkeeping, do the accountability requirements as required by government and the co-operative does not have to worry but it does not lose control over the decision making. Then it becomes accountable to government and that fixes government's requirement as well.

Mr VAN REYK: I think that is the essential thing. When you look at other community housing associations and so on they have full-time paid staff, bookkeepers, all that kind of capacity, which the co-operatives we are looking at simply do not have. Co-operatives would not want that, but they want to be able to access expertise that is independent of government because they want that independent arbiter. One problem for the current process is that the Office of Community Housing is located within the Department of Housing and you do not have a level playing field. You have an office that, as the Ombudsman's report several years ago stated, should have been separate to allow a level playing field in community housing and not being able to play that role. They would like some independent structures of support the increase that levelness but give them the capacity also to sustain themselves.

The Hon. AMANDA FAZIO: You were talking before about new crisis situations that co-operatives have got into and how that was not helped by blurred areas of responsibility and knowing when the government could come in and assist. As you have not yet launched a formal submission with the Committee I would find it useful to understand your request for a two-way partnership if you could include in your submission a case study of a co-operative that had been in crisis so that we can see exactly what you are talking about. That would make it a lot easier for us to understand.

CHAIR: Could you give us some ideas or models of the kinds of partnerships you admire that perhaps operate in another State or overseas? We obviously want to look at various different models and it would be useful if you gave us not only an example of a crisis, as Amanda suggested, but a structure that you think might avoid that crisis occurring in the first place.

Ms SHELLSHEAR: Yes, we are working towards that.

Mr VAN REYK: Absolutely.

CHAIR: We look forward to receiving your submission. If we need further information or we want to visit a co-op we hope that we can talk to you and perhaps get some further information and advice.

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Mr VAN REYK: We look forward to your visiting a couple of co-ops and seeing how they work on the ground.

CHAIR: Thank you for appearing before the Committee today. The Committee agrees to accept the various tabled documents.

(The witness withdrew)

(Luncheon adjournment)

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LYNDEN ANNE ESDAILE, Executive Chairperson, Housing Appeals Committee, Level 4, 9 Dean Street, Burwood, and

KAREN LOUISE ANTONY, Program Development Officer, Housing Appeals Committee, Level 4, 9 Dean Street, Burwood, affirmed and examined:

CHAIR: Have you made a submission to the Committee?

Ms ESDAILE: Yes, we have.

CHAIR: Do you want it to be included as part of your evidence?

Ms ESDAILE: Yes. It is a brief submission.

CHAIR: Are you familiar with the questions that we thought we would use at least as a framework?

Ms ESDAILE: Yes.

CHAIR: Would you like to begin by telling us why you are here?

Ms ESDAILE: Yes. We felt it was important for us to appear before the Committee because the inquiry's terms of reference are relevant to our involvement with community housing. Our main focus is on providing a process of review to clients of housing providers. Until recently that has been the Department of Housing, so we provide an appeals and review process for clients—both applicants and tenants—of the department. Since December 2000 we have embarked upon a pilot program, in conjunction with the sector, to operate the appeals process for community housing applicants and tenants for long-term community housing providers.

I suppose we are appearing as experts not on community housing but on the appeals and accountability processes for community housing and in order to highlight what we see as our developing role in that area and some of the key principles of procedural fairness that are relevant to your terms of reference relating to matters of accountability, decision making, appropriate governance and those sorts of things. We put forward our submission in that context, and we are happy to answer questions about that role.

At the beginning of our submission we point out that, like all tribunals, we aim to provide a fair, just, economical and informal review mechanism for clients of social housing providers who consider that a decision made by that housing provider was incorrect. We also encourage the achievement of consistent, well-documented, accountable and transparent policies and assessment procedures. They are the two prongs of our work to date with housing clients, primarily with the Department of Housing but increasingly with community housing.

CHAIR: Our first question is fairly general and asks you to explain the role of your organisation and to clarify for us the distinction between your organisation and the Residential Tribunal.

Ms ESDAILE: I have explained the main aims of the Housing Appeals Committee. Our role has been to provide an opportunity for clients of the Department of Housing who are unhappy with a decision of the department that does not come under the Residential Tenancies Act to have that decision reviewed. On the whole, those decisions are to do with things not related specifically to a tenancy as such. The Residential Tenancies Act deals with matters such as the rent paid, the termination of a tenancy or things that are written in the lease. I suppose that we deal with the rest, which are issues primarily to do with being on the waiting list—about 65 percent of our appellants at present our applicants for public or community housing, not necessarily tenants of that housing. The applicant issues that we deal with relate mainly to wanting priority for or access to immediate housing or some other special service from the Department of Housing that is not in the form of housing, such as a particular type of rental subsidy.

For tenants, we deal with issues of transfer of tenancy, appropriateness of properties—people who want to be allocated certain types of properties, such as ground level properties, because of medical disabilities—or modifications to housing to do with disability. We deal with those issues that did not come under the lease that are to do with the department's being a social housing provider. The difference is that we do not deal with complaints—although these things are sometimes mixed up if someone is unhappy. It is about being unhappy about a decision. People might be unhappy that the department leased a property across the road to a women's refuge and they might want to complain about that, but that is not an issue to be appealed. Appeals are about issues relating to the client that affect them directly. For example, it could be to do with their getting priority or not getting priority; it is not to do with somebody else getting priority or complaining about the policies of the department or the way that it operates the waiting list or such like. However, it can be about fairness in the operation of those things if it affects a person particularly.

CHAIR: It sounds like a difficult line to draw.

Ms ESDAILE: Yes, it is and it is not. If we can relate it back to a decision that affects that person specifically it unravels to make sense from that point of view.

CHAIR: You say that you are conducting a pilot in relation to community housing. Are the issues and the appealable matters similar?

Ms ESDAILE: They are very similar issues, and we have tried to keep it within the framework of the existing process that we operate. With community housing, it has been a slow process of developing the best way to operate an appeals system. This pilot has been set up in consultation with the office of community housing, the federation and the Association of Resource Co-operative Housing. Effectively, the Minister asked us to do this, although we were already involved in the process. We work directly to the Minister for Housing; we are not a separate tribunal with separate legislation. We have been established by the Minister because the Commonwealth-State housing agreement expects States to have an independent review process.

I must say that New South Wales has the best of them—but of course I would say that. We have the most developed process, although South Australia has been operating longer. However, at this stage no-one in any State operates both the Department of Housing and community housing bodies as an appeals process. We are not drawing on experience of other agencies in doing this so we are proceeding cautiously and trying to work out the issues. One advantage we have, as the Minister sometimes says, is that there is no legislation guiding what we do. Therefore, we are not constrained: we can be responsive to particular issues and try to adjust our guidelines and terms of reference to deal with them. We will try to do that.

We are conducting the pilot so that, while setting it up, we can think about the implications of trying to get a system operating that is both meaningful to tenants and applicants of community housing and fulfils the aims of providing them with a review opportunity and improving services overall and the general standards of decision making and policy. That is our process and our aim in trying to establish a way of starting with community housing, but it may be that we will have to develop some individual processes over time.

CHAIR: In terms of the community housing organisations, you say that you have an advantage in that there is no legislative framework. Is it essentially a voluntary operation? Does an association have to co-operate with you or accept your judgment?

Ms ESDAILE: That is the crux of the problem, I suppose. As to the pilot, it was our idea that people should enter it only voluntarily rather than suddenly introducing a process whereby all community housing providers—there are a lot of them—are subject to an external appeals process. We have found that you must have a very good, trusting relationship with the housing provider. This is crucial to a successful appeals process in housing, partly because we have only recommendatory powers—I will return to that issue later. Those providers must see that you are adding value or they will not be involved.

We have learnt from that process that in starting the pilot with community housing it is important to have willing participants. If they are not willing participants they will not tell their clients about the appeals process and administer it in a way that makes it possible or easy for a client to appeal. As an alternative, we have made it a voluntary process through the pilot. We hope that at the end of the pilot a number of organisations will be able to tell their peers that it did not hurt, did not scare the horses and is a valuable process that is worth doing. Even if it becomes compulsory at the end of the pilot, it will have been tested in a more neutral environment. That was the basis on which we started the pilot which goes until June this year.

Ms ANTONY: In relation to the voluntary nomination, part of the process with the Housing Appeals Committee is that they have to go through a first-level appeals process before you can come to us and they need to have policies and procedures. By making it voluntary we are asking organisations "Do you have internal policies? Do you have an internal appeals system to make you eligible to participate in the project?" In relation to the voluntary nomination people actually have to have a set of criteria to be able to participate and that was part of it.

Ms ESDAILE: Very importantly, it is that first-level internal review process before it goes to external review. It is not a matter of an individual officer in a community housing organisation or a regional office of the department making a decision and then it flips out to what is quite a complex process of going through a review system. It is more a two-layer system and you would hope that the bulk of any obvious problems would be picked up at that first level of internal review.

CHAIR: Is it true to say that your pilot and the kind of principles on which you operate it in a sense encourage community housing associations to have these kinds of internal review processes? Did most of them already have them or is it a bit of a carrot and stick?

Ms ESDAILE: I cannot answer the question about whether most of them already have them because in a sense we have only dealt with the ones we have dealt with. Sometimes it is an evolving process. There are other agencies providing that encouragement, such as the Office of Community Housing and support agencies to have this whole infrastructure. Most organisations find that it is not until a process like that is really put under scrutiny that you really have to go back and get it right. We have been working, for example, with the Department of Housing for seven years and in the early days we found policy gaps and things that were inconsistent. We found matters and we said to the department that it was not possible to work out the right answer about one of their policies because it was not clear or decisive enough. It is not until somebody else reviews a decision within a policy that you actually get the policy tested, as with all legislation and whatever else is done.

CHAIR: It is not until a dispute or whatever breaks out within the community housing association that they have much experience in their process?

Ms ESDAILE: That is right. The first-level process is their first chance to get that right. When somebody appeals, you might think you have a finished set of policies but large organisations such as the Department of Housing had gaps. A lot of organisations, to answer your question, are going through the process of continually refining and developing that process of having both thorough policies and procedures and an internal review process. Depending on their size and sophistication that will be at various stages within that. From what I understand those expectations are also built into part of the accreditation process and other things especially with the larger community housing organisations. I see that we have a very important role in those organisations being able to then see the value of having done that work, of continuing to refine them and to keep meaningful that policy and those procedures and the value of them encouraging people to appeal within the process.

The Hon. DOUG MOPPETT: Would you give examples of the nature and extent of the appeals brought before you and the resolutions you are able to achieve?

Ms ESDAILE: We have not done many community housing appeals to be frank. We have only dealt with two appeals with community housing. However, rather than give you an example that is just about community housing—because they will deal with a number—I will give you a recent example of somebody who appealed to both the Department of Housing and community housing. A single refugee immigrant lady who was in her 40s had separated from her husband who had vanished. She was left renting a two-bedroom unit which they had previously been able to afford because he had

been working but suddenly she was in quite severe housing crisis. The rent was almost all of her single person's benefit so she approached the Department of Housing and asked for immediate housing.

She had been to a couple of real estate agents but could not find anything that she could afford. She is only earning \$200 per week so she panicked about how not to go out backwards. She stopped paying her rent and was about to be evicted. She went to the Department of Housing that assessed her for priority housing. The criteria for priority housing is whether she is in urgent housing need and whether she can afford to rent in the private rental market to meet that need. With the number of people who are on a housing waiting list that is the way they operate. At the same time this lady also went to a community housing organisation in her area and asked them if they could provide her with immediate housing. There were two different policies and two different systems operating but she basically wanted the same outcome, subsidised housing, pretty quickly.

She was reviewed by the Department of Housing that rejected her for priority but offered to give her some bond and relocation money and some advice about where she could go to find cheaper rental. That was the first decision of the department. The community housing agency has a different process. They do not have an emergency, immediate housing process like the department but their process is that they do not put everybody on the waiting list. They only put people on they can house who are high priority people within a couple of years. In her case they would not have housed her straight away but she would have had a quicker turn around to get out of her housing problems. They decided she was not in high enough need to go on their priority list and rejected her application to go on to their list.

She was left with being on the waiting list of the Department of Housing, not with priority, and she got an offer with bond and relocation assistance and the community housing agency has not offered her anything. She appealed both of those decisions. She said the community housing agency operates a points system for deciding whether the person comes within their criteria of meeting their needs and the Department of Housing operates a system of criteria where they decided where you look at the cost of private rental and all those sorts of things. We looked at both those decisions and we made a decision for the sake of the client not to put her through two different interview processes because as far as she was concerned she was looking for the same outcome. A lot of people do not really make a clear distinction between the Department of Housing and community housing.

We interviewed her at the same time about each matter but we were able to deal with them one after the other. We dealt with them as first of all looking at whether she fitted into the criteria of the Department of Housing and whether they had made a fair decision. We then looked at the points system and the policies of the community housing agency and whether they had made a fair decision in deciding that she did not fit into their criteria. As often happens, it is never that straightforward because when she came to the committee she had already left her property and another crisis had arisen because she had moved out and was sleeping on the steps of the mosque. Having heard this matter, we then intervened by ringing the local office of the Department of Housing and got them to assist her in an emergency way. In fact, they were able to help her into a private rental straight away. There was a process where she needed a special deal which the department was able to deal with the real estate agent and solve the problem.

In effect, while we looked at both of those things and went through the whole process of review her life had moved on. We were able to facilitate a solution but that was a kind of accidental byproduct of us having her there sitting in the room and we are saying "Let us see if we can sort this out". Ultimately the decisions we made were to write a report and we reviewed the decision and sent it to the Department of Housing and said what we had reviewed. We reviewed the community housing provider and said that we had reviewed it. We provided, as well as the decision, comment on the policies or procedures that they followed. It is a kind of a way to try to help them improve their processes. In fact, we subsequently had a meeting with that community housing provider that is looking at reviewing its policies. We offered to provide comment as they are doing that, not that we saw that there was necessarily a problem with the policy but their own process of going through this had led them to see that there were some things they needed to document better and fill in about the way that their policies worked.

CHAIR: Do you mean their access policy or their processes?

Ms ESDAILE: Their processes and their policy about how they allocate different points. I suppose it is a policy if they say they give a higher points value to people with large families than no children. They are policy questions which individual housing providers have. We very much have the role of reviewing the decision within the policy. One of the complexities of us dealing with community housing is while we can learn policies of the Department of Housing, and have done during the past seven years, with community housing it means reviewing it on the spot at the same time as you are reviewing the decision.

CHAIR: Because they have the right to have different policies:

Ms ESDAILE: That is right. Everybody said it would be difficult but it is not actually so difficult. Their principles are similar and it is just a matter of testing if they made their decision within the criteria, did they go through a fair process, was the person interviewed properly with an interpreter or did they not understand what was going on?

The Hon. DOUG MOPPETT: At the end of the day was your decision that at the time their decision was correct?

Ms ESDAILE: Yes, we decided at the time their decision was correct.

CHAIR: Both the department and the community housing provider?

Ms ESDAILE: Yes, both the department and the community housing provider. It is also possible that we could have thought that both the department and the housing provider should have made a different decision. You asked about our powers, we can only recommend to a client, whether it is a community housing organisation or the Department of Housing, that they change the decision. We are not established under legislation. To some extent the nature of the decisions that you are dealing with are very complex. Sometimes you are not able to deliver the perfect solution. What you are doing is getting someone onto a particular type of waiting list and the solution is whether ultimately that person gets a three bedroom unit in Kogarah or a two-bedroom house somewhere else.

The Hon. IAN WEST: Who do you describe as "the client"?

Ms ESDAILE: We would see the client as the clients of the housing providers. I did in fact use the wrong term there—the housing providers that we deal with, whose clients we deal with. I suppose the only sense in which they are clients is that we provide them with advice. They can choose to take or not take that advice.

CHAIR: Are your decisions, the reports you write and so on, preserved and built up into a set of precedents and guidelines?

Ms ESDAILE: They are not a precedent. We have a couple of systems for trying to capture that. One is that we do a quite detailed report at the end of each hearing. That goes to both the client and the department. They both get the same report. That is quite empowering for the client because they get the whole story and that allows them to know what went on, what was looked at. They can take that to other places if they want to. It can help them when they go back to the department later on, if they need to. The other thing is that, even if we have rejected an application, we provide policy comment to the department, in this case—to date. I say to date because we are not up to doing it for community housing providers in general as yet.

We provide quarterly policy and procedural reports to the Department of Housing in which we draw out issues that have arisen from the matters we have seen, whether they be consistency issues between regions or procedural issues about staff training and understanding certain things, all policy matters where you think there is a gap in the policy, unclear wording or possibly contradictory matters in the policy. I meet with the State Executive and the director-general of the department regularly and provide that feedback. Those reports also go to the Minister so that the Minister is able to get an overview of the issues that we are raising with the department. In addition to that we provide statistical analysis of the matters that we deal with and reports about what happens as those matters coming go between us.

While we have recommendatory powers, ultimately we have the capacity to take a matter to the Minister if we feel that the department had unreasonably dug its heels in about a matter. Sometimes a person's situation is so volatile that by the time we have made the recommendation their situation has moved on. Sometimes the client does not really accept what you have recommended. You might think you have recommended something that is of benefit to them but they may not. Say, they were applying because they thought they needed priority housing of a three-bedroom unit in Cronulla and you felt that anywhere in the Sutherland shire would be reasonable for them to be allocated. You might have agreed in part with their need for priority, but not with the specific locational requests. They ultimately may not accept that and you may end up with a non-outcome for the client. Where we have recommendatory powers will it relies on us having a good relationship, which does not necessarily mean you do not get tough, but having enough communication to be able to have a debate about have issued with either the regional director or the director-general if you need to.

The Hon. AMANDA FAZIO: During this trial period you deal with appeals about community housing. You said that so far you have had two appeals, is that so?

Ms ANTONY: We have had seven appeals come in. appeals come in.. Five of those were eligible for review by the committee. One was resolved by the housing provider before it went to hearing. We requested the documents from the housing provider and they reviewed it again before it came to us. As a result of that further review, they approved the person for the services that person was requesting. In another case the client withdrew the appeal prior to the committee's hearing. There are three active appeals that are eligible for review. Two have been heard in one is pending at the moment.

The Hon. AMANDA FAZIO: How did you let the tenant of community housing or person on the waiting list for community housing know that they had access to this appeals process?

Ms ESDAILE: The first thing is that we very much in courage to the organisation making the decision to tell their clients, if I are nominated to tell their clients that they can appeal. I notice that Mr West was looking at the community housing brochure. We said a whole lot of those to the housing providers and they distribute them. We also produced a poster, which deals with that issue of applicants, because they may not find out. We have asked to the housing providers to put the post arriving near offices. It basically says is, "Unhappy with the decision of your housing provider?"—this is what you do. "You can meet us and we will advise you directly." we have not tested how many housing providers have put up the poster. Some of them do not like the word, "unhappy".

We did a similar poster with the same wording for Department of Housing clients and they put them up. It is one of those issues about playing wording. Issues like "appeal" and "complaint" do not mean anything. You are not trying to get complaints, you are asking whether they are unhappy with the decision. That is what we focus on, whether they are not happy with the decision, not whether they are unhappy because the person wore a red dress.

The Hon. IAN WEST: That is why was confused about your word "client". In the case study that you talked about earlier, the person on the mosque steps they ended up before your voluntary inquiry have an advocate?

Ms ESDAILE: She could have had an advocate. It is up to them whether or not they have an advocate. We certainly allow people to do so. We do not encourage people to get a lawyer because they do not need lawyers. It is not a legal process; it is quite informal process of interview by the committee, either in person or by telephone. We deal with about 70 per cent to 75 per cent of our applicants by telephone hearing, rather than face-to-face—although that is creeping up. There is more and more demand for face-to-face hearing.

The Hon. IAN WEST: I am visualising this person lying on the steps of the mosque and getting a vision and saying, "I will ring Housing."

Ms ANTONY: To give you some information on the procedures that go along with this, once the Department of Housing, for instance, or a community housing organisation to a first-level

appeal, in most of the letters they send to the client when they make that decision, they provide information about the next step that they can go to. They will receive an application form to lodge a second-level appeal. We encourage community housing providers enclosed our application when they make a decision that is not in favour of the client.

Ms ESDAILE: They virtually have to write nothing. They can ring our 1800 number and Karren will write it down for them, although we would prefer that they came in and signed it. Otherwise we will send it to them and they can sign it. They only have to say, "I am unhappy with the decision." We then ask the community housing provider or the department for the file. They send us all of the papers and information on the decision and all the material that they had dealt with. We then set up an interview with the client without committee. The committee will consist of two or three people. I or one of the other deputy chairs will preside and there will be one or two other committee members. We operate around quite a small round table and try to keep it informal. If people want to bring a friend, relative or advocate that is all right.

CHAIR: I think what the Hon. Ian West is suggesting is that this woman needed a considerable out of help to know what to do. How did she make her way through the system, as to be that her English language skills were not good.

The Hon. IAN WEST: How did this person come to hear about process?

Ms ESDAILE: She just followed the process. I imagine she had somebody, perhaps that mosque, a welfare officer or someone, or a friend that she had talked it through with and decided to appeal the decision because she was desperate. She said, "I have to keep going." People do not necessarily make a distinction and say, "I have to go to a higher body." even if they go back to the department and say, "You cannot do this to me. I still will need that thing." the department can say, "We made the original decision and have had the first-level appeal. We will send it on your behalf to the Housing Appeals Committee, if you would like us to do that."

Quite a few of our appeals come from the counters of the Department of Housing or from the migrant resource centre. Members of Parliament are a huge referral agency to us. There are also welfare support agencies, neighbourhood centres and all sorts of people who might encourage the person to take that next step. This particular lady had written in and done that. We have been in contact with her and she just turned up for her hearing. We gave her a time, date and place and she came to the hearing. She came on her own and was quite confident and able, especially in an informal environment. I think that he is that you make it the sort of environment where they feel people are there to listen to them. We spent probably about an hour dealing with each case. We really do give people a pretty substantial opportunity to be listened to.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: In future do you see yourselves as becoming more formalised, after the pilot? You are doing something similar to the Residential Tribunal, which, presumably, sorts out rents and occupancy disputes. What you see yourselves those merging with them?

Ms ANTONY: The committee does not have jurisdiction over anything that the Residential Tribunal does.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: You have separate functions. You decide whether they get housing and the tribunal decides whether they get booted out. To that extent it is clients, either tenants or would-be tenants, versus providers. You are probably not trying to use an adversarial model—

Ms ESDAILE: No, we are not.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: —but, presumably, the Residential Tribunal by definition has an adversarial model.

Ms ESDAILE: In a sense, although they do a lot of conciliation. We work closely with the residential tribunal because we were to ensure that we do not step on each other's toes. But they very much operate in a legislated framework, which is to do with consumer protection legislation. Recently

it has merged with some other tribunals—Fair Trading, Consumer Claims and Rental Tribunal or something.

I suppose somebody may decide further down the track to have legislation that covers what we do, broaden it and create an environment where it could be put in under the same kind of hat but we are dealing much more with judgments about people's needs, social issues, not legal issues or legal rights about property and those sorts of things. A lot of it is about assessment of the severity of people's needs. I am a social worker. We have psychologists and although we have some lawyers, they tend to be lawyers who are community legal centre type lawyers who understand the needs of people with complex mental health, disability and other needs. Between 60 to 70 per cent of our applicants are from non-English-speaking backgrounds and half of all of those use an interpreter, so they tend to be recent arrival, non-English speaking background people.

Our annual overview report shows the language groups we deal with and many of the people are either refugees or humanitarian entrants or people who have come as part of fairly recent immigration moves to Australia so you have people with fairly complex needs. Refugees are often suffering from a whole range of physical, mental, post-traumatic and acute financial conditions. Those are the sorts of things we assess and that is exactly the business the residential tribunal does not want to be in.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: I am not saying they are the same but in a sense you are working on a model and then presumably you want a legislative framework for that model in that a number of tribunals without similar functions have been lumped together under consumer protection tribunals. It would be odd if every time there was a slightly different function a different tribunal was set up. I put that to you as a scenario and ask for your response.

Ms ESDAILE: One of the issues is whether we become more formalised. Ironically, this comes up more as an issue with community housing than with the Department of Housing because if you make a recommendation to the department and it does not accept the recommendation—and this is the key area where you need legislative power because you cannot have a delegation without a legislative base of some sort—the department has the capacity to go to the Minister and the Minister can say to the director-general, "Do it."

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: So you have an appeal mechanism with a judge?

Ms ESDAILE: Yes, or alternatively the department can go to the Minister and say, "They have gone feral. They are making some bizarre decisions and we have to keep knocking them back. We don't know what to do." Presumably, the Minister would sack me and get someone else. You have a process where that can happen centrally. With community housing it is much more complex because an important issue is the separation of the appeal process from the funding process. With the appeal process in terms of individual decisions and ways of dealing with clients and their rights is that you are not going off to the Minister to think on the individual community housing organisation, just the same as you are not going off to the Minister to think on an individual housing officer within the Department of Housing. You are dealing with it systemically, if you like.

If that community housing organisation decides not to accept the recommendation, apart from going to the board of the organisation and pleading with it, there is not much that we as an organisation could do about that. Interestingly though, some of the community housing organisations that have nominated with us have already thought about that and come up with a solution, that is, their boards have decided independently to accept our recommendation as decisions and that is very interesting. We did not ask them to do that.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Presumably, that is better than dealing with it legislatively?

Ms ESDAILE: That is right. It is a very good way of dealing with it. It is actually something we have suggested to the Department of Housing that it should do—simply accept our recommendations as decisions but, funnily enough, the department is resistant to that. However, it is an interesting and grown up approach by community housing providers. Because we are open to

debate, if they came back and said, "What you did was a disaster. It will set a huge precedent as it unravels", we could then have a discussion.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Presumably, there is an opportunity cost in that if you took the lady off the steps of the mosque and there was a lady with two kids on the steps of another mosque, somebody in the department is weighing up that and you, seeing one case, may not necessarily be in the ideal position. You tend to advocate for the problem here rather than weigh it against the problem there?

Ms ESDAILE: Sure. What is relative need is something on which you build up experience over a long time. All the people we see are in dire circumstances so you measure dire against really horribly dire.

CHAIR: Are you saying that there are advantages to the informal, non-legislative structure that you have at the moment that may outweigh the more formal one?

Ms ESDAILE: I certainly would not want to get into a more formal hearing process. One of the crucial elements we have been able to offer to clients is a non-threatening and responsive process for a lot of people because in two-thirds of the cases we agree with the housing provider's decision. Frequently for the person to feel it has been of any value to them it is about them actually having a say, a day in court, getting it out to an independent body that can look at whether or not it is all fair. They still may not like our decision but we get very few complaints. Maybe people are just exhausted by the time they are finished with us, that is a possibility, but I talked to the Minister about this recently and he said, "It is amazing that you don't get many complaints about what you do."

I do not think what we do in itself is exceptional but it is because we are able to give people the space, time and opportunity to really lay it out, balance it all and we give them a detailed report of our considerations. To answer your question about the legislative thing, in terms of the formality, I would not like to see it get more formal in process. I do think that ultimately having some kind of ability in some areas—and that would have to be limited because there are so many subjective matters—to be able to say, "This is a decision that should be just put in place" is quite crucial to the whole thing not just becoming circular because the client can get incredibly confused and caught up if they are told by us that we have recommended a change of decision but the housing provider says it will not do it. Their hopes are then dashed and that is not a good thing to do to people in poor circumstances, so having some corralled acceptance of what we are saying is the determinative is something that could be looked at in the longer term.

CHAIR: Is that where you see the review heading?

Ms ESDAILE: Yes, without that being too complex a matter in terms of having to define it. For example, the Department of Housing does not actually make any of its decisions under legislation. You do not want to have to start legislating decisions in order to legislate the review process. The best contrast is the Social Security Appeals Tribunal, and we operate a very similar model to that. The difference is that the Social Security Appeals Tribunal operates within legislative decisions that are part of a framework of regulations. Indeed, it only had recommendatory powers for the first 10 or 12 years of its operation. It is not something that I am busting a boiler over. I think we should just get on with doing the job and see whether it turns out to be a problem.

The Hon. AMANDA FAZIO: Has there been any difficulty with community housing providers that have been appealed against because they have a much smaller housing stock where the appellant may be arguing about a vacancy that has been filled by another client of that housing provider? It is different because the Department of Housing has a huge amount of housing stock.

Ms ESDAILE: We still get people ringing us up because the department gave away the house that they wanted. It has not come up in appeals but it has come up in discussion with housing providers because there is a lot of angst in the community about that, particularly in small towns where people know who is on the list and they believe they should have got a house ahead of somebody else. I do not know the answer to this yet but when we are doing the review of the pilot we will have to look at the extent to which applicant issues for community housing providers can be meaningfully dealt with by us. I think about this in the shower occasionally trying to work it out.

It is not the same and one must ask whether it will be of benefit to the client to review applicant issues or not. To go back to the comment of the Hon. Ian West about clients, the way that we generally decide on whether something is worth doing is whether there is anything in it for the tenant or applicant if we do it or is it more trouble, more bureaucracy, and not of any benefit to them? We are not into doing meaningless processes. That will be the test. It is just a bit early to tell because we have not had many appeals.

CHAIR: On the question of accountability of community providers, it may be too soon for you, given the small number of appeals, to comment on procedural fairness and consistency of record-keeping systems and so on, but on the other hand, given the scale of some of them and the difficulty of asking for complicated standards, you may wish to make some comment?

Ms ESDAILE: I have been pleased with the responsiveness of the community housing providers we have dealt with. It is too early for us to comment, in any broad way, about the level to which they are providing good procedural fairness and consistent decision making, and whether their policies are good. As I said at the beginning it will get better and better once those decisions are tested by a review process, which lifts one's game a bit. It is the difference between people arguing about a policy and arguing within a policy. A lot of organisations, not just community organisations but governments down, will spend their time worrying about what a policy should be but not necessarily how it will work. You have to test it to see whether it actually works in practice and that is what we have become experts at. So we are very much able to provide that kind of advice.

On the next question, how to ensure best practice in community housing providers, we are very keen to work with the Office of Community Housing, the Federation of Housing Associations and other support agencies to provide whatever input we can about getting in place policies and procedures that are the best possible within reasonable use of resources, and also to build up some capacity across the sector for them to share that experience. For example, we would be able to use case studies once we have enough of those and people cannot be identified. Those case studies can be put back to the sector, which might think, "We might have got caught on that one too, so we had better deal with that issue."

With the Department of Housing, we have been able to pick up one, three, five or 10 case studies and say, "This actually picks up a bit of a problem. Can we help you try to sort that out?" That has been one of the things that has led the department to think in terms of a partnership with us, and they are prepared to work within the partnership arrangement. Although I am sure they are quite irritated by some of the recommendations that we make, they grin and bear it because they know that we are not meddling in their decisions, we are trying to help build a better system overall.

In terms of community housing, we felt it was really important that the Committee knew we were here, where we fitted in and that it is early days. What we would like to see come out of the inquiry is support for the notion of an independent review process for clients of community housing providers so that they have access to the same kinds of procedural fairness that clients of public housing providers have. We would see that as being primarily about long-term community housing providers. There are some other mechanisms for short-term community housing providers, such as the Community Services Commission, particularly with some types of housing, but we are keen to be part of a total process not only of helping clients to have that right of review but also ultimately helping clients by having a better system and better policy in the long run.

CHAIR: But you do not see yourself performing a very useful role in crisis housing, for instance?

Ms ESDAIL: I cannot see that. It is something we looked at quite a bit in the process of developing the pilot. There were a whole lot of reasons, which are too complex for me to go into now, that made that too vexed a question, particularly for shared housing and those sorts of things, because the kinds of issues being dealt with in respect of one person seldom are separable from others to do with the household or house parent. They are administrative and support issues, but they are not necessarily housing issues. Although we are dealing with high-need clients, we are dealing with them about their housing. That is a quite important matter. If we are trying to put an edge to what we do so that we do not flop out over everything, we very much focus on housing. If clients think that there is

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not enough childcare equipment in a playground, that is not something they should take up with us. They can take up that issue directly with the department, or lobby the Minister.

CHAIR: When you close yourself off from that area, you are not talking about the timescale of crisis housing, you are talking about all the other kinds of support features that go with it?

Ms ESDAIL: Yes. As to the timescale issues, by the time you had gone through the appeals process, they would be gone.

CHAIR: How long does your process normally take? From what you are saying, it seems to be relatively quick compared with those of either tribunals.

Ms ESDAIL: We try to be quick. We are really buckling under the pressure of a whole lot of extra appeals. When a person appeals we ask the department for the file and we try to schedule the appeal hearing within four to six weeks, and then try to get a report done within two weeks of that. But, in saying that, I should indicate that we had a 30 per cent increase in appeal numbers last year, and this year we will have an increase in appeals of at least 30 per cent and possibly up to 50 per cent. Last year we had for 33 appeals and we conducted 76 meetings and heard 370 appeals. Since July last year we have received 354 appeals, and we have conducted 67 meetings and heard 315 appeals. So, by the end of June this year, we will have had around 600 appeals.

CHAIR: Do you know the reason for the increase?

Ms ESDAIL: It is largely to do with the housing crisis, and some things are to do with the way that the department has changed its policies.

Ms ANTONY: We also underwent a communication strategy in conjunction with the Department of Housing. That also has generated interest. We have targeted clients, and they have become more aware and have been putting pressure on the Department of Housing to provide them with a good appeals system.

Ms ESDAIL: A lot of the time we deal with the intermediary organisations, such as migrant resource centres, so the poster about being unhappy about a decision has gone to those organisations as well as to the department.

The Hon. DOUG MOPPETT: I looked ahead into your annual report and at some of the information that you have just given us, but one of the pie charts showing where your complaints came from seemed to refer to divisions of metropolitan areas, and there seemed to be little country involvement.

Ms ESDAIL: That comes back to the thinking that the main problem is the housing crisis, because the bulk of our appellants are applicants for housing. The people really suffering in the private rental market are in Sydney. We get most of our appeals from Sydney, Newcastle and Wollongong and along the coast. Wherever there are high rent levels, that is where we will get most appeals from. Because of the way that the Department of Housing developed, country areas have more Department of Housing stock per head of population than do city areas.

Country people have much shorter waiting list times and are much more likely to get a transfer and things like that because there is not so much pressure on the housing stock. We find that many of the issues in the country are about housing management, rather than waiting list management. That is more the Residential Tribunal's business, as Dr Chesterfield-Evans said. But we feel that community housing will come up more in the country because there is such a strong spread of community housing providers throughout country and city areas.

(The witnesses withdrew.)

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ELERI SHARON MORGAN-THOMAS, Executive Director, New South Wales Federation of Housing Associations, 3/17 Randall Street, Surrey Hills,

KELVYN GRENFELL ENRIGHT, Chief Executive Officer of Newmaca Community Housing Company Ltd, 450 Hunter Street, Newcastle, and President, New South Wales Federation of Housing Associations, and

PATRICIA MARTIN, Deputy President, New South Wales Federation of Housing Associations, affirmed and examined:

CHAIR: Mr Enright, in what capacity are you appearing before the Committee?

Mr ENRIGHT: As President of the New South Wales Federation of Housing Associations.

CHAIR: Did you receive a summons issued by me?

Mr ENRIGHT: Yes.

CHAIR: And you are conversant with the terms of reference of the inquiry?

Mr ENRIGHT: Yes.

CHAIR: You have not made a formal submission to the Committee.

Mr ENRIGHT: No. We will supply that to you later this week. I understand there were some issues on which the Committee would seek a response and preliminary view from us.

CHAIR: Sometimes witnesses start by making a statement before Committee members ask questions.

Mr ENRIGHT: We have prepared a response on the PowerPoint, and the three of us will talk to it. The three of us will share the response to particular pages and give you a general picture of ourselves and our respective roles.

CHAIR: Ms Martin and Ms Morgan-Thomas, have you received a summons and are you familiar with the terms of reference of the Committee?

Ms MARTIN: Yes.

Ms MORGAN-THOMAS: Yes. Firstly, I would like to provide the Committee with a manual of various documents.

Motion by the Hon. Dr Arthur Chesterfield-Evans agreed to:

That the documents be tabled.

Mr ENRIGHT: The presentation we are about to provide is structured around the PowerPoint document, and the three of us will talk to different pages of the document. To give you some idea about the three of us and our respective roles, I am the president of the association. My current position is with Newmacq Community Housing. Prior to that, I was the executive chair of Ainslie Village, which is a supported accommodation hostel for 340, primarily manned in Canberra for about 10 years. Pat Martin is the deputy president. She has been the chair of Hume Community Housing, which is the largest of the associations within the federation, for six years. Pat has been involved in community housing almost from the beginning.

Eleri Morgan-Thomas is the executive director. In addition, she is the vice president of ACOSS in a voluntary capacity, and she is also—and I think it has some relevance to the presentation—a member of the Affordable Housing National Research Consortium. The federation was established in 1993. Community housing had started a decade earlier, but the federation started in

1993. It leads the way in supporting community-based housing associations to deliver high-quality, professional housing services to tenants, for the community, tenants and applicants.

We have a view of what our mission is, and the next three slides will cover that. We strongly believe that clients and local communities—and it is both, not just one or the other—are the top priority of community housing associations. Through our membership, we aim to assist people to solve their housing difficulties by providing quality, low-cost and affordable housing solutions of various sorts, and we try to be responsive to local needs and issues, and not simply provide a statewide response. Finally, we encourage tenant involvement in the running of the organisation and in the delivery of service, and we feel that we achieve the highest standards for accountability, efficiency and community service.

Ms MARTIN: The federation is a registered training organisation. We provide training for workers, executive officers and voluntary board members. We resource housing associations, to assist them to achieve excellence in management, through publications such as the one we have shown you, *Housing Matters*. Probably through the ones that Eleri has sent to you, you will notice that *Housing Matters* addresses the pertinent matters that are happening for housing associations, and this is where they would get the news on government policies. The federation also produces good practice leaflets in all areas of management, which are available to housing associations for information and support.

The federation represents at the cutting-edge policy issues that matter to housing associations and their communities. We focus on housing associations. However, through the reputation we have gained in training and services, we are also being accessed by others to find out training services useful to their operations. The federation has 116 members and is still growing. That membership consists of 44 housing associations that have full membership, 13 community housing providers that also have full membership, 51 supported accommodation associations that have affiliate membership, and eight associates, including some from interstate.

Growth in membership is in the affiliates category. This is mainly because of the training and services we provide—I guess the word has got out about our efficiency in that area—so it is drawing to our membership affiliate members. Community tenancy schemes were established in 1983 by a government initiative. At that time there were 60 community tenancy schemes established. Each of them had between 21 and 35 housing units to manage. However, in 2002 we now have 45 housing associations, which manage between 30 and 650 housing units each, the average size being 220 units or properties.

Ms MORGAN-THOMAS: I will tell you a little about where they are and how big they are. We have used the Office of Community Housing's allocations of what is metropolitan, regional and rural. I am not sure what level of detail they gave you this morning. However, there are 18 metropolitan housing associations. They range in size from about 50 units to close to 700 units. There is a cluster down the bottom, not many in the middle and a larger number at the top. The main funding program is the community housing leasing program [CHLP]. That is the one that the Office of Community Housing collects most of its data on. Metropolitan housing associations have an average of 227 properties of that stock, but they manage a total stock of about 350 properties each. There is a huge range there, but there are a lot of properties that the Office of Community Housing does not have data on.

The nine regional housing associations are located outside of Sydney, in Newcastle, Wollongong, Nowra, the Central Coast, the North Coast, the mid North Coast, and a couple of inland associations in Orange-Bathurst and Wagga Wagga-Griffith. Those regional housing associations have, on average, 321 stock each and about 298 of those are funded through the Office of Community Housing. Clearly, in metropolitan organisations it is easier to bring in outside sources and to manage more programs; it is much more likely that you are going to pick up additional houses there.

Rural associations are often located in small towns. Some of them have a Department of Housing presence, and some of them do not. There are 18 rural housing associations. They are pretty much the same as they were when they were first funded; they have not grown much in size from 1983. They have an average property holding of about 40-odd properties each. We think that there are about 10,000 properties that housing associations manage. We are still a little unclear on that because the Office of Community Housing does not collect all that data because it does not manage all those

programs. However, from a large survey that we are just finalising the analysis of, we believe that there are about 10,000 properties under the management of the 45 housing associations.

Those 45 housing associations include Citywest housing, which is very different from the 44 mainstream housing associations that were funded by the Building Better Cities program in the early 1990s, which was aimed at redeveloping Pyrmont-Ultimo. I thought I would show you a comparison between the size of New South Wales housing associations and three State housing authorities. As I said, New South Wales housing associations manage about 10,000 properties. In comparison, the Northern Territory State Housing Authority, which is similar to our Department of Housing, manages about 7,500 properties. So we are managing more than the Northern Territory State Housing Authority, almost as much as the Australian Capital Territory, which manages just over 11,000. The smallest State, apart from the two territories, is Tasmania, which manages about 13,000 properties.

If you look at housing associations and their portfolios compared with the New South Wales Department of Housing, we are quite small. We have about 120,000 properties, so we are managing maybe eight per cent of that. But when you look at New South Wales compared with the smaller States, we manage a substantial portfolio of properties. Who is housed in housing associations? It is very similar to public housing: it is targeted to people on low incomes. Most housing associations allocate on the basis of need. They will do a needs assessment, rather than put people on waiting lists. As with public housing, if your needs are higher you are much more likely to get housed quickly. It is not quite the way the priority housing system works in public housing, but it is some way between priority housing and a waiting list.

Seventy-three per cent of households have incomes under \$400 per week. Eighty-five per cent of tenants are on a pension or benefit, so it is very similar to the profile of public housing. Thirty-one per cent of tenants are born overseas. Not surprisingly, they are clustered in Newcastle, Wollongong and Sydney. Five per cent of households are indigenous or have identified as being indigenous, and 38 per cent are sole parents. So it is quite similar to the make-up, to the needs basis of public housing, as you might expect.

I thought I would tell you a little about tenant satisfaction. A couple of months ago we got the results of the first national community housing tenant satisfaction survey. The green one is very satisfied and the orange one is satisfied. For community housing in New South Wales you can see that we have quite high levels of very satisfied and satisfied, and 6 per cent of people who are dissatisfied. Compared to community housing nationally, we have higher levels of very satisfied, slightly lower on satisfied—that compensates—and lower levels of dissatisfaction. That is significant because we are the largest community housing sector in the country. If there is a correlation between being really small, locally based organisations and satisfaction, you got more dissatisfied as you got bigger.

In fact, we have managed to build a sector that is managing a reasonable number of stock but still delivering high levels of tenant satisfaction. I think we compare very well nationally. Compare that to public housing in New South Wales and I am afraid you cannot see that—you will have to look at your overhead. Much lower levels of dissatisfaction, 6 per cent, compared to 16 per cent in public housing. Much higher levels of very satisfied, 47 per cent compared to 25 per cent, and satisfied a bit lower. Overall, we got much higher very satisfied and satisfied tenants in community housing in New South Wales and much lower levels of dissatisfaction. We are very pleased with those results.

The only area that we need to draw attention is somewhere that we have done slightly worse than the national community housing average and that is around maintenance. We think that is because half of our stock is leased on the private rental market it is much harder to manage the maintenance of the private rental properties because that is the responsibility of the owner. The national community housing survey did not distinguish between capital properties and leasehold properties. We have a lot less control over the maintenance of the stuff we rent on the private market. We think that is what it is and we are just getting some confirmation back from housing associations that have done their own surveys about that.

Ms MARTIN: Because of their local structure, involving voluntary boards of management, local knowledge and the networking with other community services, housing associations are well positioned to be able to identify and also respond to the housing needs in their community. They aim to be accountable through their tenants' participation in the board of management by consulting their

tenants and consulting the other people or organisations in the community that they network with and also through staff services. Usually this becomes very clear as to whether you are being accountable or not, particularly in smaller communities, I would imagine. They have locally responsive mechanisms and they are also accountable to government regulatory and reporting requirements. So there is a high level of accountability within the community and the government.

Housing associations have needed to be innovative so that they can respond to the varied needs in the community. They have readily embraced challenges and changes, and there have been a lot of these over the past maybe five years. They have readily embraced things like the GST and the things that affect the effective management of the organisations. They are entrepreneurial as much as their community allows and socially responsible landlords providing successful tenancies to their applicants and their tenants.

Ms MORGAN-THOMAS: I will talk a little about the current directions in community housing and what is driving the current policy. There are some existing strategies in place. There is the Department of Housing's corporate strategy. That is an agreement with the Commonwealth under the Commonwealth-State Housing agreement. There is a community housing strategy. The current one dates back to 1996. There have been a couple of attempts to review that strategy but nothing actually published so as far as we are concerned we are operating on what is now a six-year-old strategy. While there are a lot of things in the strategy that are still relevant about directions, the targets and things are way out of date because there has been massive change in the sector since then.

For the past two years there have been no advisory mechanisms relating to community housing. There is a community housing advisory committee that met for the first time in November and has not met since. So there has not been much input from community housing into existing strategies for community housing. You will be aware from the Department of Housing's presentation this morning that there are a lot of pressures on their funding through the Commonwealth-State Housing agreement. The funds available for housing have been decreasing over the past six years. There is less and less money for public housing and as public housing becomes more targeted the revenue they get from rents has gone down. We have very similar pressures in community housing because we are reliant on the same funding sources. We recognise the constraints that public housing is under and also that community housing is under.

We note that there are changes in government priorities in most OECD countries, and that is a move, rightly or wrongly, towards small government, less involvement of government in the direct delivery of social services. Certainly, that is something that has happened in the employment services area. We note an interest from the Commonwealth, from the previous two Commonwealth housing Ministers, Brian Howe from the ALP and Jocelyn Newman from the Liberal Party, and the current Minister, Senator Vanstone, in community housing as a way of resolving some of the problems with large-scale public housing systems. We recognise that changing government priority which relates to social services.

I am sure that Mr Cappie-Wood said this morning that they are concerned about their ability to respond to some of the pressures they are facing, partly because of funding and partly because of the nature of their system. We also note a focus on accountability from government. If they are outsourcing some of the responsibility for the delivery of services, government is clearly concerned about the accountability mechanisms that come back to it. Our interest is in how housing associations can prove that they are accountable and how we can practicably be accountable to government and to communities. So we note those things as current directions that are impacting on community housing at the moment.

We have put a lot of time and resources into the submission that we will give to you on Friday. We have done some extensive research and consultation with housing associations. Earlier, I mentioned that we have done a survey of housing associations, asking them for information that the department of housing does not collect through the Office of Community Housing or any other mechanism and things that we knew anecdotally but needed some hard data. There is quite a lot of new data in that, much of which will turn up in our submission. We are still in the process of finalising the analysis of that.

Our submission responds directly to the terms of reference so we have organised the information under each of the terms of reference. I hope that is helpful to you. It means that we have been a little repetitive and there are quite a few cross-references and things like that but we will give it to you on CD with hyperlinks and things like that, as well as hard copies. We took a draft of the submission to a meeting of housing associations on Friday—they all meet twice a year—and they have gone through it in great detail and given us great comments on it. I am fairly comfortable that what we have is an endorsed submission that represents the views of housing associations in New South Wales.

Mr ENRIGHT: What I would like to do now is give you a brief picture of the vision that we have for the sector and it has eight elements. Basically, what we will try to say is what we want to be able to deliver both to our communities and to our tenants. First, we would like to be a substantive alternative provider and not simply something at the margin. Secondly, we would like to provide diversity of local response, even more than we are doing at present. We would like to provide affordable, secure housing, and there are times when that is difficult. We would like to deliver high-quality services to tenants and to communities. We would like also to build community and tenant capacity. That is capacity in the wider sense of the word both in a general sense and in terms of individuals and households.

We would like to improve, and see an improvement, in our viability and that is under three counts: economic viability, social viability and structural viability. On all of those there is a degree of uncertainty at present. We would certainly like to improve, and have improved, from both the government side and ours, accountability both to government, to tenants and to our local communities. We would like to innovate and be responsive. We feel that on all of those eight points we are achieving in part but we deeply hope that this inquiry will aid and assist us in the long term to achieve this broad vision.

Ms MORGAN-THOMAS: You asked what we thought the role of this inquiry should be so we have put a couple of things up there. Clearly, you will be considering the effectiveness of community housing. That comes through in the terms of reference much more than in many other terms of reference for social service things which I often see are focused on efficiency. We have addressed efficiency in our submission but we think that the consideration of effectiveness is important. I draw your attention to be Minister's press release, which is in the newsletter we gave you, where he said his intention, when he referred this inquiry to the Standing Committee on Social Issues, was to secure the future of community housing in New South Wales. If the inquiry can do that we will be very happy.

Mr ENRIGHT: We are being quite altruistic on that.

Ms MORGAN-THOMAS: There are some things that we hope you find. We hope you will find that community housing can be a substantial alternative provider so that we are not just fiddling about on the margins. That is about being quite a substantial provider. We hope you will find that housing associations are a growth model of choice. I use the word "a" advisedly and not "the" growth model of choice because I think there are probably others as well. We would encourage you to think that housing associations are one of those models. We hope you will find that housing associations have the capacity to expand and to meet need. At the moment many housing associations have very long waiting lists so they feel they are unable to meet need in their community because they do not have the capacity.

In terms of the role of housing associations within a broader social housing system, housing associations are very clear that they are generalists. They have a core base as generalist housing providers but they have the capacity to specialise in one or more areas, and that will depend on at what level the local issues are. We hope you find that that is the case. We hope that you recommend that housing associations have access to title. The lack of access to title is an important barrier for housing associations at the moment. I know that this morning the Department of Housing mentioned that we manage more than \$1 billion worth of stock. I want to make clear that that stock is owned by a land and housing corporation or private landlords; it is not stock that we control title. It is difficult to do asset management if you do not control title.

Importantly, housing associations could have the capacity to go out and get private sector finance and expand the ability of community housing to meet needs if we had access to title, if we were able to use that as working capital. We hope you will also find that new enabling regulation is required. We need a comprehensive system of enabling regulation for community housing. Housing associations strongly believe the regulation must enable us to do more—to be innovative—rather than having constraining legislation. It is important to get many accountability things right but the regulation must be enabling. We also hope the Committee will find that whatever regulator we end up with will be independent. There should be some clear distinctions between regulation, funding management and administration.

Mr ENRIGHT: In conclusion—at least in terms of the formal part of our presentation—I reiterate that we welcome this inquiry as a coherent opportunity to articulate our view of what we would like to see in future. The submission that the Committee will receive on Friday will provide a lot more detail. It represents a considerable staff and community organisational effort and is quite a substantial document—more than 150 pages—in which we have tried to deal with each of the points of the terms of reference.

The submission also makes more formal what I understand you have been told informally: the resources of the federation are available to the inquiry, both in terms of our library, which is quite extensive, and our various databases—with the one proviso that some of that information is confidential to individuals and so on. We would also vigorously invite you to visit some of the associations: have a look and a sniff around what we do and how we do it. Because of our local characteristics, there is not one box to fit all. Each of us has developed various ways of responding to local needs—whether they are ethnic, Aboriginal, disability issues and so on. We welcome your questions and trust that we can provide—if not now, at least at our next appearance—the details you need. Thank you.

CHAIR: Thank you—not only for that presentation but for your teasing comments about your great submission.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: A magnus opus.

Mr ENRIGHT: From the point of view of the associations, rather than that of Eleri and the federation staff, it was a major exercise simply contributing, reading it, getting a handle on the issues, participating at the various earlier sessions and then sitting down and debating the points to ensure that there was a coherent endorsement of the issues.

CHAIR: We hope it has been a productive exercise for the associations as well as for us.

Mr ENRIGHT: It was. Eleri made the comment—not on Friday but at an earlier meeting—that it will finish up being quite a benchmark document for us, stating where we are at and how we are achieving things at the moment as well as giving a sense of where we feel we should go in the near future.

Ms MARTIN: It is probably the first time that we have had all the relevant information in one document. It has been a very worthwhile exercise.

CHAIR: That is good. We hope that the best of our inquiries involve a two-way process: it is valuable both for us and for the organisation or sectors involved.

Mr ENRIGHT: In the informal comments after the Friday meeting of the associations it was very interesting the degree to which people—other CEOs and members—said how useful they had found this process.

The Hon. DOUG MOPPETT: It was interesting to hear the evidence of the representatives of the co-operatives, who were also confident of the role they were playing and drew our attention to it. However, I think they were a little more circumspect about their expanding horizon compared with your presentation, in which you have been extremely entrepreneurial and forward-thinking about your role. In light of this 25-year revolution in attitude to public administration, how do you react to the perception that, if regulations could be tightened and accountability fixed, there would be wholesale

moves to put public housing out to expressions of interest so that associations could take over the difficult business of dealing face to face with tenants, which the government wants to shed? I am talking not about difficult people but about people in difficult situations. Do you think your type of administration would lend itself to taking control of the entire sector?

Mr ENRIGHT: I would be intensely cautious. The overriding message that I advocate personally—I am wearing the hat of the president but I also have experience in this area—is that the growth has come at a cost. It has taken time and effort, and if we went down the track there would have to be a lot of hard thinking about that growth process. I am not saying that it is impossible, but I think it should be done very carefully and a lot of thought should be given to how it will be achieved: how it will be funded and supplementary resources, training and so on. I am sure that Pat will have something to say about this, as hers is the largest association and therefore has grown the most. Taking that one would be a solid exercise. Furthermore, to take up the point Eleri made, there are other models. Before I would go hammer and tongs and say, "There's only one way to do it and that's to grow us", it would be important to look at some other models.

The Hon. DOUG MOPPETT: But you do not seem to be overly apprehensive about the diminution of the government sector.

Mr ENRIGHT: That is intrinsic in the sector. We see ourselves as being significantly better housing providers and public housing, thank you very much. We see that on a variety of levels. We get evidence of it from the local community and from public housing tenants who come into our offices and ask whether they can transfer. We must tell them that there is a bureaucratic problem. We also hear of it from council housing committees. They like a whole range of things, such as local responsiveness and the structure. If you look at the United Kingdom experience—Eleri can probably give you more details about this—you will see that you need to be pretty wary when you start to push organisations such as that to more than about 1,000 properties. The big ones in the United Kingdom have monumental difficulties. Their system is not identical to ours, but it is similar. I suggest that we should be very cautious about pushing that one too hard.

CHAIR: What is the enormous one in northern England?

Mr ENRIGHT: It has horrendous management.

Ms MORGAN-THOMAS: It has just changed its name; I have forgotten what it is, but we refer to it in our submission and given the web site link. It used to be called North British Homes and it managed properties all over the country. It has a portfolio of about 50,000 or 60,000 homes and redevelopment sites. Recognising that there are 120,000 public housing units, they play a really important role. Housing associations are prepared to boast about how much better they do than public housing. That is important and it is part of keeping public housing honest. I think there is a role for public housing in the system. We work well together and there is an important creative tension. It is about not one or the other but making both systems work well and getting the best of both parts. There are many advantages to having a "one size fits all" system around the State, especially from a consumer point of view. However, housing associations can do community renewal really well. It has shown public housing how to do that, which is very good. Public housing also has some quite good systems and solid policies: it does eligibility checks and those sorts of things very well. There are pros and cons in both systems.

The Hon. DOUG MOPPETT: Yours is essentially different—although I must admit that I was rather alarmed when you said that you have an organisation managing nearly 700 properties; that is getting close to a government department.

CHAIR: Is that your organisation, Pat?

Ms MARTIN: Yes. I echo those comments. However, at the moment we are managing 700 properties and, while this does not present a problem as far as office management, our board is concerned about growing too big and about service delivery to our tenants. We have a high commitment to tenant participation and, once you reach about 1,000 properties, you have to work very hard to retain that community contact. In our area 101 different languages are spoken and we must respond to those applicants and tenants compassionately, taking a community approach. We are a

management organisation; we are not trained in support as such. Migrants and refugees tend to come to our area because they receive community support. I think it would be difficult to get our management around something like that. It has been mooted to us that 1,000 is perhaps the right size for our area because it is probably the area of greatest need. However, our board would then have to get our minds around a management style that is still community oriented, which would require quite a lot of attention to detail.

The Hon. DOUG MOPPETT: The key to your model is that, while you have grown to that size, it is unlikely that if the people of Broken Hill formed a housing association they would want to join you; they would remain distinct, reach a natural size and then evolve no further. The people of Dubbo would have growth prospects but would not want to join the people of Broken Hill. In the context of that scenario, while we feel safe that the public sector is there, when we take off the brakes we do not know how far down the hill the carriage will roll.

Ms MARTIN: A better way of approaching it appears to be to have another organisation of choice. However, a lot of thought must go into that. You can choose either public or community housing. That is the portfolio. It is about the ability to respond and not create a massive waiting list of people who would like to be with you but who, because you do not have enough properties, cannot be accommodated.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: In the private rental market I think there is a view that if you have expensive properties you have a problem with quality, and if you have a cheap property your problem is tenants. Therefore, you get an agent who kicks heads hard, which deals with your tenant problem. Are you basically replacing the property managers at the lower end of the market? Landlords come to you with properties to be managed and you manage them more humanely and have fewer hassles. Do they come to you and say "I want to do something for charity" or "I want a return on my income"? What do those who give you properties to manage say?

Mr ENRIGHT: They are certainly at that end of the market. We are not funded for any rental that is above the median rent as notified by the Department of Housing two or three months before, which is when the data is collected.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Do you manage up to a certain price per bedroom?

Mr ENRIGHT: No, it is price per type of building. There is a weekly rent per building. The sort of thing that a number of the organisations are achieving is that they develop a working relationship, while they might have a significant number of agents through which they work, there tends to be a care.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Are you working in co-operation with private agents?

Mr ENRIGHT: Yes, because most properties come through agents.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Are you funding them?

Mr ENRIGHT: We are paying the rental.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Do you supplement the rent?

Mr ENRIGHT: No, we just rent off the open market but we rent through an agent more than through individual landlords.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: If the landlord and the agent are making money, where do you come in?

Mr ENRIGHT: The money the agent is making is simply the agent's fee for managing the property. The attraction for a number of the landlords is that they then are deflecting the responsibility back to us to manage the property.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: What is the agent there for?

Mr ENRIGHT: That is an interesting question and it is one of a reasons why we would prefer to see what we call capital properties.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Do you deal directly with the landlord.

Mr ENRIGHT: Where we deal directly with the Government or we have title ourselves. Capital properties are government properties.

Ms MARTIN: It is a matter of running a lease-hold program where the Government subsidises the rent. The full rent is paid to the owner of the house but the Government subsidises the rent. We also have programs that are capital houses and they have been provided through funds and purchased by the department and we manage them on a long-term lease.

Ms MORGAN-THOMAS: I will answer why they are sourced through real estate agents because it will help. It is really hard to source them on the open market. If you do it through a real estate agent they have got a whole portfolio and you can do it. They get a bit of a cut but owners who do not put their properties through real estate agents are often poor managers: they do not manage it properly themselves. You get better quality properties from people who outsource it to a professional. It is a way of quality management. Because it is not a very structured market it is almost impossible to source things through. If you have to look through the papers and go to any inspection on Saturday morning and do all that to get a lease-hold property you are never going to achieve if you are a housing manager and you have possibly 300 or 400 of those on your books which is what some of the larger housing associations would have.

The Hon. DOUG MOPPETT: The way in which Commonwealth money flows through rental assistance makes it work.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Is it right that in your leaflet you say "Give us your property and we will manage it"?

Mr ENRIGHT: Yes.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: If a private landlord said to you that he has this property and he wants to do something for humanity—

Ms MORGAN-THOMAS: It does not happen.

Mr ENRIGHT: Very rare.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Is that because you have not tried?

Ms MORGAN-THOMAS: No, historically housing associations tried to do it that way when the lease-hold program first started. One of the very early intentions of the program was to try to bring on properties that were not currently being rented out that were vacant. There was a perception that it was about expanding the rental sector. It did not work. It was not possible to bring them on. You could not find the landlords. It was an incredibly expensive exercise. That is why housing associations everywhere, including in Queensland, have ended up going through real estate agents. They lease the property as a tenant. They then on-lease it to people on low incomes.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: At a loss?

Ms MORGAN-THOMAS: At a loss. The difference, the subsidy, comes through recurrent funding from the Department of Housing. About half of the stock that housing associations manage that come through are funded in that way. It is a short-term response to housing need. It is how to get more houses on the ground for a dollar in any given year: it is a short-term solution, not a long-term solution but it is one that has been around for a long time.

CHAIR: One of the questions was about the links and relationships between the housing associations and government and non-government support services but we did not specify the partnerships with which your association is very much involved. Would you tell us about how it works and the problems that arise?

Ms MARTIN: It usually comes through requests from support organisations who require housing. For example, we have houses that are related to the Drug Court and to Health. What happens is that they are support people who do not have any experience in managing the houses. It is usually approached either through the Office of Community Housing through the Department of Health to us to form a partnership whereby we manage and the support agency supplies the support. It requires probably lengthy discussion in that a formal agreement has to be formulated and signed. Probably the biggest problem is the Office of Community Housing identifies houses, we get them online and it takes a long period of time for the support agency to put people in the house. It is obvious that you are losing rental money on that property whilst you are waiting for the support agency. That is probably one of the most frustrating things that we find. We also have partnerships with the Spastic Centre in which it has put in a support person to help the community group in its houses but they use our expertise to manage that property.

CHAIR: Roughly what proportion of your 700 properties are subject to these relationships, agreements and partnerships?

Ms MARTIN: We have approximately 30 liaisons with support people. The range is from a couple of houses to probably only 30 or 40 in our 700 across Youth, Health and then fee-for-service types where we manage the Spastic Centre. Some of the ethnic Spanish and Vietnamese people we manage are for their elderly people. They are usually a small complex of up to about six units.

Mr ENRIGHT: You will find that most of the larger organisations have a variety of those. To sort of add to what Pat said, in addition to the issue of the actual agreements as to how the properties are to be managed and what are the support services, you have a pattern—we deal with this in our submission—where you have some other governance relationship. For example, board members or chief executive officers will be on the boards of these support agencies or conversely, some of their people will be on our boards. That builds up the linkage, but it is right across the support sector for certainly what you have as your metropolitan region, that is, let us say from Newcastle to the Illawarra that pattern of a relationship.

Ms MARTIN: Probably the biggest partnership we would have is with Centacare and it relates to the elderly. We have a complex of about 40 aged single bedroom units for the over 55s. Centacare has aged packages through their aged services that would support some of the very elderly people that live in that complex and we manage it. We manage social events and things for them but the actual package of care is through Centacare. That is probably one of biggest liaisons.

CHAIR: You actually manage the social events, for instance. You are moving beyond a narrowly conceived housing function.

Ms MARTIN: We do through our tenants participation. Everybody who lives in a property managed by Hume can be a member of the tenants social. The tenants participation committee organises social events but our staff are on that committee and they make sure the elderly people are gathered up into the social events.

CHAIR: For instance, does that ensure that that group of elderly people are not isolated but are mixing with a variety of people that the Hume association covers.

Ms MARTIN: Because they are elderly, in a lot of cases, and because they have lived with a growing family and perhaps looked after the children their level of English is not particularly good. It is a way to keep the community in Hume community housing. We work very hard at that.

CHAIR: Is that how you would describe the advantage of Centacare having that arrangement with you rather than with the Department of Housing or some other body?

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Ms MARTIN: Yes, I would, because of the little extra that community housing can bring, and that happens everywhere.

Mr ENRIGHT: It does. The COAG report that argued for the separation of the support service and the property management functions more than one decade ago is slowly being implemented. It did not adequately come to terms with the boundary between the two which is fuzzy and where each of the organisations are still exploring ways in which to handle that boundary. Sometimes the boundary is defined by a gap and that leads to some real tensions. Other times you have what Hume has got where they got a very good tenant support system. We are still exploring that. Certainly at a staff level there has been a growing discussion of late of just how that boundary is to be handled. It is not clear.

CHAIR: Do you think it is an artificial distinction?

Mr ENRIGHT: It is a fuzzy distinction. If you look at the extremes, the poles, yes, it is very different but there is a boundary point which is not clear that you are having to develop different ways but of laterality of how to handle that. For example, in our case in Newcastle where we have about 50 people with mental illness and psychiatric disabilities the boundary is really reasonably clean but if you go to some other area, for example, Centacare with Youth and the boundary is very unclear. There are so many things. They run out of funds, the youthful tenant becomes our fulltime responsibility, the support is withdrawn and then we have got in effect a major social work problem.

The Hon. DOUG MOPPETT: How do new housing associations come about?

Ms MORGAN-THOMAS: There have not been any because the community housing strategy that came out in 1996 was about consolidation. In fact, we started off with 60 housing associations and we are down to 45. That was achieved by amalgamating some housing associations with others.

The Hon. DOUG MOPPETT: How did they come about?

Ms MORGAN-THOMAS: They were created in 1983 by a government funding program that said it wanted to have a community tenancy scheme and put out expressions of interest or a submission process to 60 communities around New South Wales. It was a government initiative that was probably driven by community policy lobbying at the time.

The Hon. DOUG MOPPETT: Community members came forward, not necessarily potential tenants?

Ms MORGAN-THOMAS: We are talking about 1983 so we are relying on a lot of written data and some people's memory but that is my understanding.

Mr ENRIGHT: There is also a degree to which there has been a transition where at the beginning they tended, not totally but as far as I have been able to pick up, predominantly incorporated associations. You now have a far greater number of limited by guarantee companies. Some of that simply is the association being transformed into a company.

Ms MORGAN-THOMAS: The Associations Incorporation Act was first legislated in the early 1980s. There are a whole lot of housing associations that have the word "co-operative" at the end of their title. This will be confusing for you. You will see a lot of associations called co-operatives which in fact will be housing associations. Kelvin is quite right. There are a whole lot of entities that have turned into companies. There are quite a few housing associations because they are amalgamations. What they did was create new company and dissolve the others.

CHAIR: When was the last new association?

Ms MORGAN-THOMAS: The last brand-new association would have been City West Housing Association that was set up in the early 1990s.

CHAIR: And the one before that?

Ms MORGAN-THOMAS: It is my understanding that there has not been one since the early 1980s. There may have been some along the way that were not the result of amalgamation, but I am not aware of any. It is quite possible that we will see some in the future. It is all about thinking of new ways to do things.

CHAIR: Would the federation like to see new associations?

Ms MORGAN-THOMAS: If there is a reason and commitment to doing it. It would be a mistake to create a whole lot of housing associations that managed 30 or 60 properties. There are some economies of scale to be made. In the city a 30-property or 60-property housing association probably is not sensible. That might be different in a rural or remote community.

The Hon. DOUG MOPPETT: For example, in Narrabri.

Ms MORGAN-THOMAS: In Narrabri, where we already have one. What we would say is to think about how you could roll the public housing stock into that housing association and create viability that way. There are economies of scale. Why do you have two housing providers in one very small town? Let us think about that. We would support it if it is a well thought through idea and the infrastructure is there at the beginning to support the organisation. There is no point in throwing 50 properties at a community and saying, "Struggle to organise this". We would want a more structured approach to develop a housing association.

Mr ENRIGHT: One of the things I would personally see, it is not an issue that has been discussed, but given Pat's comment about the 1,000 as a maximum, my concern, particularly after the British experience, would be that if it reached that stage, instead of pushing my own company it would be to ensure that there was a company in the same geographic location, rather than seeing the organisation spread geographically. I see the locational focus—perhaps it is me more as a town planner—as far more significant for the quality of our work. The big message that came out of the United Kingdom, particularly the one that Eleri spoke to, and the visit we had from a senior executive from the United Kingdom the year before last, said, "Do not get out of your area." The organisations that have got out of the area are the ones that have lost focus.

The Hon. AMANDA FAZIO: Before lunch the representatives from the Association of Resource Co-operative Housing [ARCH] made a comment that they felt that the support that came about to their co-operative housing arrangements could be useful in keeping people living dependently longer are, that is, keeping them out of hostels and nursing homes. What is your view so far as your community housing associations are concerned? Do things that is a reasonable comment to make?

Mr ENRIGHT: Is it fair participation in the running of it?

The Hon. AMANDA FAZIO: I think both their participation in the running of at and the general focus that there was this organisation keeping an eye on them. The do you think that is only relevant in a co-operative housing situation?

Mr ENRIGHT: I have real reservations on that one. I am not having a go at ARCH on that,, it is just that, having been involved in housing co-operatives in Canberra and in New Zealand, they are hard work. Particularly for people with a disability or aged people, that requirement of participation is quite problem. I think the ARCH co-operatives, a large number of them, do very well at it but it is hard work.

Ms MORGAN-THOMAS: On the things they have that is quite different is that a lot of their communities, particularly the ethnically-based, things such as the housing for older Vietnamese people and the Tamils, is that they are in one complex. They are located next to each other and they see each other everyday. That is a really important thing for older people and there are many ways to organise that. But I think those co-operative arrangements where people are co-located can be really supportive.

CHAIR: They also began to talk to us about the need for secondary co-operatives to run some of the maintenance. They made the point that some things have got beyond the tenants to do co-

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operatively, partly because of increasing age and frailty and so on. I think we have probably just about finish. We have gone over time but we feel that all questions we have not specifically asked, such as training, will be in the submission that we will get on Friday.

Mr ENRIGHT: We have some detailed answers on that issue.

CHAIR: What would you like to see come out of this inquiry? You have said that to some extent in your presentation and in your conclusion.

Mr ENRIGHT: I think there are three themes. One is a the sorting out of title. Title will provide us with a leverage that is not government-funding dependent, for us to innovate. I think there needs to be, and I understand this is the Ministers intention for this inquiry, there needs to be something like a continuation of the Commonwealth-State Housing Agreement or some beast like it. The third one is a proper regulatory environment which properly sets out our independence, is positive in the sense of encouraging innovation and has reasonable terms of the sorts of surveillance and monitoring that we need to conform to in terms of our behaviour, the way we operate as the way we handle our funds.

CHAIR: That will mean legislation, presumably.

Mr ENRIGHT: Yes and we have no disagreement with that. We understand you have heard about, that we have reservations. It was not the principle of the idea, it was simply that we had had no consultation about that proposed section of the Act. We saw it as being unfortunately a negative piece of legislation for community housing. We believe that there has to be some regulation, but it needs to allow for the creative side of community housing.

Eleri made this point a moment ago. We are quite happy to come back an amplifier these issues.

CHAIR: You may also be very useful in suggesting individual associations that we might want to talk to or visit.

Mr ENRIGHT: Could I make the point that if the Committee contacts Eleri she has the network of the associations. Certainly at the association meeting last Friday a number of the organisations were quite interested in the idea of putting their hands up.

CHAIR: We usually try to do a geographical spread and meet with different types of organisations.

Mr ENRIGHT: On the issue of geography there are also functional differences between associations and it is not purely a size issue. We have different specialisations and it would be worth seeing that as well as the size.

(The witnesses withdrew)

(The Committee adjourned at 4.15 p. m.)