

**THE LEGISLATIVE COUNCIL SELECT COMMITTEE ON HOUSING AFFORDABILITY IN TASMANIA MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART, ON MONDAY 24 SEPTEMBER 2007.**

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**Mr TOM MULLER** and **Ms KATHY McLEAN**, TasCOSS, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** (Mr Martin) - We welcome you to the meeting. Tom, we have all been through your submission but perhaps you would like to start by giving an overview.

**Mr MULLER** - First, we would like to thank the select committee members for this opportunity to present and reinforce the points that we made in our written submission. I would also like to highlight that TasCOSS is the peak body for community service organisations and that we advocate for low-income and disadvantaged Tasmanians. Our vision is for a fair, just and inclusive Tasmania and thus our interest in the housing affordability inquiry is related to housing's crucial role in ensuring a fairer and more equitable Tasmania.

I want to make a couple of points in relation to homelessness and housing generally, in that the housing affordability crisis and homelessness are not all about affordability. We commend the select committee for including homelessness and the experience of homelessness in the inquiry. But what it really highlights is the link between housing and a whole range of other critical service issues - mental health, disability, drug and alcohol, employment, education, youth services, youth justice - and this links to the broader issue for us which is that you cannot respond to or understand the housing affordability crisis without appreciating the levels of poverty, disadvantage and exclusion within Tasmania and taking into account that broader social context within which the housing affordability crisis is being experienced.

Data from NATSEM shows that approximately 8.8 per cent of Australians are living below the poverty line, but for Tasmania the figure is 12.2 per cent. If you look at that in terms of children, Tasmania has the highest number of children living below the poverty line at 14.1 per cent compared to 10.6 per cent at a national average.

More recently the Australia Fair campaign put out data on poverty lines using the OECD measure which is 50 per cent of median income and using this measure there are almost 10 per cent of Australians who are living below the poverty line, and again in Tasmania, there is the highest number of people living below the poverty line at 16.3 per cent.

So we urge the select committee members to approach the housing affordability crisis with an appreciation for the levels of poverty, disadvantage and exclusion within Tasmania and the lengths that the housing affordability crisis has to education retention rates, the need for investment in early years, the need for greater access to disability services, mental health and drug and alcohol services. We think that broader macro issue around poverty is crucial to understanding and responding to the housing affordability crisis.

More specifically, we strongly support the need for a Commonwealth/State national affordable housing agreement. We support the position of ACOSS at a national level for a comprehensive national affordable housing agreement and a national housing minister to drive reform at a Commonwealth, State and local level. We really do believe it is crucial that there is a comprehensive response and, as I am sure you will hear throughout the select committee inquiry, there will be many initiatives in relation to the private rental market, property development, social housing and responses to alleviate the pressure of high rents but unless there is a comprehensive national/State response that links to local government then those individual initiatives are not going to be good enough. We would urge members of the select committee to really consider the housing affordability crisis within the national context as well.

From TasCOSS's perspective a critical issue in that whole national/State/local response is the important role of social housing. There are roughly 24 000 Tasmanians who live in public housing and in social housing. We know that 98 per cent of those Tasmanians pay less than 25 per cent of their household income on rent so their rent is affordable; they are not living in housing stress. Conversely, we know that there are roughly 24 000 Tasmanians who are in housing stress, who are paying more than 30 per cent of their income on rent or mortgage repayments. So a crucial part of the response to the housing affordability crisis in Tasmania has to be a viable and sustainable social housing sector which delivers affordable and appropriate housing to those Tasmanians who need it.

Yes we need interventions in the private rental market, yes we need incentives for property developments and the construction of low-income, affordable rental properties but we also fundamentally need a viable and sustainable social housing sector. Unfortunately, if you look at what has happened at a Commonwealth and State level since 1996-97 to 2004-05 you will see a decline in both Commonwealth funding to the Commonwealth-State Housing Agreement and Tasmanian State funding to the Commonwealth-State Housing Agreement. So between 1996-07 and 2004-05 the CSHA base funding from the Commonwealth to the States has fallen by 18.4 per cent and likewise the general assistance funding provided by the Tasmanian Government has fallen by 19.3 per cent.

The housing affordability crisis is fundamentally driven by a lack of response at a Commonwealth and State level and TasCOSS and its members have certainly urged for the last four years that the State Government respond in a far more comprehensive manner than it has in the past. We will again be calling for the State Government to invest in public and social housing as well as investing in private rental support and home ownership initiatives, but we do believe it is important to acknowledge the crucial role that sustainable appropriate public housing plays in delivering affordable housing outcomes.

**CHAIR** - Just while you are on that point, I think one of the points that you made in your submission was that at the time when both levels of government funding for public housing are dropping, for a great variety of reasons the demand is increasing. Have you any comments to make on that?

**Mr MULLER** - I think that is right. If you look at the number of properties that were available in Tasmania in 1996-97 you will see that it was 14 000 plus. We have seen the housing boom since then. We have seen a massive rise in private rental costs and in the

prices of homes. We do not believe that the responses of the State and the Commonwealth governments have matched the experiences that low-income households face. The other point we would make is that since 1996 and 1997 there has been an increasing targeting of social housing to a narrow base of people who really need it, which has meant an inability of housing authorities to cross-subsidise rents which again has undermined their ability to generate the revenue to maintain and invest in public housing properties.

The final point I would make in terms of an overview is that planning schemes are important and crucial and we acknowledge the need for there to be planning reform. We would certainly urge the select committee to investigate the potential role of inclusionary zoning within Tasmania to deliver affordable housing. We have seen in New South Wales and elsewhere that inclusionary zoning, whereby there is a 10 per cent or 15 per cent benchmark set for new property developments to be set aside for affordable properties, has made a difference. We think that is an initiative that the select committee should look into as well.

**CHAIR** - For the sake of the record, can you explain a little more what you mean by 'inclusionary zoning'?

**Mr MULLER** - Essentially if there is a new development taking place local governments, as part of their planning schemes, can require the developer to set aside 10 per cent or 15 per cent of those developments for affordable housing properties. It could be that one of the ways in which you encourage that to take place is that local governments could provide rate remissions or other incentives to enable it to take place so that it encourages developers and facilitates the developers to build affordable housing properties.

**Ms FORREST** - Where did you say that was working?

**Mr MULLER** - New South Wales, but there are also inclusionary zoning practices in South Australia and Victoria - that I am aware of.

**Mrs RATTRAY-WAGNER** - Given the current state of the real estate market, are you still aware of those programs currently or is it something that might have been a while back?

**Mr MULLER** - No, inclusionary zoning is certainly an ongoing practice in New South Wales.

**CHAIR** - Because it's not at the cost of the developer.

**Mr MULLER** - No.

**CHAIR** - The developer is compensated in some way.

**Mr MULLER** - Yes, that's right.

The final point that we would raise is that we do need to see Commonwealth and State leadership. We certainly believe that the Commonwealth could retire Tasmania's historic CSHA debt at a cost of \$242 million, which would make available an additional \$17 million to be invested in public and social housing per annum.

**Mrs RATTRAY-WAGNER** - That is the interest that they are paying?

**Mr MULLER** - That's correct. I think in 2005-06 they received approximately \$25 million from the Commonwealth and \$17 million was returned.

We had also suggested, if the Commonwealth does not retire that debt, that the State Government should absorb that debt into general government debt and not leave it just in Housing Tasmania.

**CHAIR** - I think basically your evidence suggests that with the money we get from the Federal Government for housing, Housing Tasmania gets 70 per cent straight back as interest.

**Mr MULLER** - That is correct, which is a fundamental problem when you have a degrading stock, you have an ageing stock, you have an \$80 million maintenance backlog and we are not seeing the Commonwealth fulfil its responsibility to providing housing to Tasmanians.

**CHAIR** - We thank you for your submission. It is really good and addresses the terms of reference. Could we go through each term of reference? The first one is the experiences of Tasmanians in housing stress and in homelessness.

**Mrs RATTRAY-WAGNER** - The case studies that were provided in the submission were a very clear example of experiences in stress for homelessness. It is pretty shocking to read them and realise that that is happening on our doorstep, so to speak. That is just a comment.

**Mr MULLER** - One of the things I would add in relation to the case studies is that housing has been the number one priority for TasCOSS members for the last four years. These are not all the case studies that we received, but we did receive a lot of feedback from our members in relation to the experiences of homelessness. I think you are right, these case studies speak far more powerfully to the impact of the housing crisis on individuals and their families than the rest of our submission.

The only other point I would make in relation to homelessness is that I think it is important to recognise that the majority of people who experience homelessness are women - 55 per cent of those who experience homelessness are women and almost 24 per cent of those are women aged between 15 and 24. So I think it is important to break it down and look at other demographics as well and to ensure that there is an appropriate response. At a national level, the Australian Federation of Homelessness Organisations, which is the peak body for homelessness services, argues that homelessness services are underfunded by 30 per cent. They need an increase in funding by 30 per cent.

**Ms FORREST** - With regard to the statistics of 55 per cent of women who are homeless, and particularly the younger age group, in your opinion is there anything that can be done, perhaps in a preventative way - look at why do these women become homeless? Most of them would have come from a home at some stage and become homeless so what areas do you think could be targeted, perhaps, to address the issue of why people become homeless as opposed to, 'Let's wait until they are and then deal with it'?

**Mr MULLER** - Again, I think that is the crucial point and, from our perspective, one of the critical areas where there is not enough investment is in early intervention programs. We do not have a sophisticated early intervention system in Tasmania that provides universal services to all new parents and, from our perspective, that is a critical area so that parents have those parenting skills.

**Ms FORREST** - Are you saying it is more new parents?

**Mr MULLER** - I think part of the response is going much earlier and saying we need a more sophisticated early intervention system that supports new parents and families from zero to five and that that would have a significant flow-on effect into family relationships and the experiences of families.

**Ms FORREST** - Are you suggesting in that then that the reason some women become homeless is that the pressures of being a new parent are so great that it puts a strain on their relationship and that falls over, or are you talking further down the track?

**Mr MULLER** - One of the positions that TasCOSS has taken for the last three years is that there is a failure not only to invest in housing but there has also been a failure to invest in a sophisticated children and family services system that provides services at the universal level, at the secondary level and at the really hard end which is the child protection.

But what we think is that if you want to increase education outcomes, if you want to increase the life chances of children then you need to be investing in families much earlier, and that flows into experiences of homelessness in that it does go to the heart of tackling poverty and disadvantage. That, again, is related to the issue that there are more Tasmanian children who grow up in households where there is no adult in employment so, I guess in a roundabout way, there needs to be a much more comprehensive response to homelessness that provides mental health services, that provides drug and alcohol support services, rehabilitation services - it is right across.

**Ms FORREST** - Are you talking about avoiding family breakdown down the path -

**Mr MULLER** - Yes.

**Ms FORREST** - like early intervention in a new family's life, for want of a better word?

**Mr MULLER** - Yes, that is right.

**Ms McLEAN** - I think domestic violence would have to be an issue with those numbers.

**Mr MULLER** - Again, if you do look at those numbers, domestic violence is certainly a predominant issue.

**Ms FORREST** - All that can come back to education too, with what is okay and what is not.

**Mr MULLER** - Yes.

**Ms FORREST** - It is about prevention - that is what you are talking about, preventing the homelessness to start with rather than to try to fix it once it has happened.

**Mr MULLER** - Yes.

**CHAIR** - Tom, I made a speech a couple of weeks at a community organisation about affordable housing and the problems and the reason for the select committee, and one of the responses when it came to questions from the audience was, 'But how much help do you give some of these people because they are no-hopers?', and I gave a fairly passionate defence, I gave some fairly passionate examples of people who find themselves in these difficult situations now. Certainly I do not think any human being is a no-hoper. I gave some examples of pensioners who have been good tenants but have suffered because of the rent increases - and they have worked hard all their lives but now they are on a fixed income. And you read some of your case studies and there are certainly people who are hardworking people who find themselves in a difficult situation now. There are all sorts of people affected by this.

**Mr MULLER** - Absolutely and I think it highlights the fact that income levels are crucial as well. The reality for 31 per cent of Tasmanians is that their primary source of income is government benefits and that is higher again than anywhere else in the country. We know that Tasmanians have the lowest incomes in the country and that really does impact on their ability to meet their housing costs. We would make the point as well that you also have rising costs in electricity and other areas.

The other thing that I thought might be useful for the select committee is to see a table prepared by Australians for Affordable Housing that looks at rental properties in Bass and Braddon where they take the income from a single Austudy benefit down to unemployment benefit down to a couple on Newstart. If you take that income benefit and you look at the median house price in Bass or Braddon, you will see that the majority of people cannot really afford to rent a property without being in housing stress. I will provide that to you which will give you a bit more detail.

**CHAIR** - Paul, do you have any questions?

**Mr HARRISS** - No.

**CHAIR** - Just another one, do you see any issues causing homelessness that are not directly related to funding?

**Mr MULLER** - That is a large question. I will think about that one.

**CHAIR** - It is a very broad question.

**Mr MULLER** - Yes, but again I think what that highlights is that homelessness is not just about housing affordability, it is about people's mental health, their physical health, their education, their ability to get employment and therefore rent secure and sustainable accommodation. If you go back and look at the national homelessness strategy, which was prepared in 2001, you will see it is very comprehensive in the sense that it looks at all of those issues that lead to the experience of homelessness and it cannot be limited just to the housing affordability issue.

**CHAIR** - Yes. Just one other specific question. In one of your case studies, case study 2, you talk about the organisation of a service which provides crisis accommodation for a maximum period of six weeks to homeless youth between the ages of 13 and 21, but there is no exit point because there is a bottleneck situation. So once they have reached the six weeks, what happens to the young people?

**Mr MULLER** - A lot of the homelessness organisations often see people churning through - going from one homelessness service to another - because there is not the transitional accommodation or the opportunity to provide long-term, secure and stable accommodation to people who are experiencing homelessness. Therefore you do see young people and older people churning through the homelessness system because there are no exit points. It is a crucial issue because a 13-year-old or a 21-year-old cannot have the educational experience that they need, they cannot build those secure, sustainable, loving relationships that they need and they are pushed further into disadvantage and exclusion because they do not have that stable accommodation. So, for us, providing sustainable, secure accommodation that people who are experiencing homelessness can move into is crucial if we actually want to provide the necessary support for people who are experiencing homelessness.

**Mrs RATTRAY-WAGNER** - Can I just follow on from that then, Tom. In a situation where perhaps you come across a 13-year-old who is homeless, do you go back and check their stories? Do any of the groups go back and check that that situation that this 13-year-old is giving to the people that he or she is seeing is a fact? Does anyone do that? I have had a couple of 13-year-olds and sometimes their stories do not quite gel with mine.

**Mr MULLER** - I think that people who work in the homelessness sector work in there because they are passionate and they are committed and they believe in the individuals who walk through those doors. They provide the best service that they can and they listen to the experiences and the stories that are told to them and are very good judges of what is fact. I think it is tragic that in our society there are 13-year-olds who are experiencing homelessness but the reality is that that is an experience. It is an experience that for many services is increasing and there is not that support or the exit points. I think people who work in the SAAP system are professionals and they certainly track and listen to their stories.

**Ms McLEAN** - In addition there are some organisations that actually focus on reconnections and reconnecting young people with their families.

**Ms FORREST** - So if a 13-year-old comes through the door, they would endeavour where possible to re-engage them with their family.

**Ms McLEAN** - Yes, and also engage Child and Family Services - legislatively they have to.

**CHAIR** - Some of these organisations have made submissions and are giving evidence later, so we will be able to go into detail with them.

**Mrs RATTRAY-WAGNER** - It is pretty confronting to see these 13-year-olds because they are just children.

**CHAIR** - On the issue of housing stress, you have already said that 26 000 households in Tasmania - that is incredible; it is not 26 000 people, it is 26 000 households - are at risk of being in housing stress, which is defined as paying more than 30 per cent of their weekly income in rent or mortgage payments. Anecdotally, I think you mentioned - and certainly I know this to be so - a case where there are some people paying more than 50 per cent. Is there any research that shows how many are paying more than 40 or 50 per cent and so on or is the only figure we have that there are 26 000 over 30?

**Mr MULLER** - It may be that the NATSEM data does break it down.

**Mr McLEAN** - It does actually. It is in references to trends in housing; it would not be Tasmania-specific though. I know that Shelter in their submission to you had some figures as well.

**Mr MULLER** - The only other point I make in relation to that, it is not unusual for community service organisations, who are members of TasCOSS, to talk about working with clients who are paying as much as 60 per cent of their income on housing. So 30 per cent is staggering in itself, but there are people who have no choice but to pay up to 60 per cent of their income on housing.

**Ms McLEAN** - And some of those people are in receipt of Commonwealth grant assistance and are still in housing stress.

**CHAIR** - We move on to Term of Reference 2, which is the impact of the lack of affordable housing on the broader economic and social wellbeing of the Tasmanian community. Any comments you would like to make?

**Mr MULLER** - No, not more than we have already made.

I guess the only point we would emphasise is the relationship of housing affordability to economic health and wellbeing. I think it is important to ensure that housing is situated close to services, close to public transport systems and enables people to participate in the economy. That is crucial. I think one of the issues and one of the impacts of the housing affordability crisis has been the movement of people to the periphery of the cities which puts increasing pressure on the public transport system and again highlights the need for there to be a comprehensive Commonwealth/State response so that you are not increasing exclusion as people are forced to look for cheaper properties to rent or buy and are actually pushed further away from employment opportunities, health services and schools. Again, I think for us the link between housing affordability and economic consequences highlights the need for a comprehensive Commonwealth, State and local government response.

**CHAIR** - And in some cases they are being pushed so far out that there is no public transport.

**Mr MULLER** - That's right.

**CHAIR** - It is also happening at a time when, if they have a vehicle, the cost of petrol has gone up so much at the same time. It is a double-edged sword that people are living with.



**Mr HARRISS** - On that matter, the submission from TasCOSS makes a recommendation about the integrated nature of associated infrastructure/services. Going to the chairman's comments just now, the fact that people are pushed further out, that ignores the reality, though, doesn't it, that some people, many people maybe, who are in need of affordable housing choose to be in the country because that is where their family ties are? They still need affordable housing way outside the city.

**Mr MULLER** - Indeed.

**Mr HARRISS** - Isn't it subeconomic on occasion to provide a really broad range of public services miles out in the country, a la transport; one bus out of a regional area per day into the city might be about all that is economic because those services will be provided by the private sector? How do we overcome those issues, for a moment concentrating on that reality of people choosing to live in regional areas way outside the major population centres but still needing affordable housing?

**Mr MULLER** - I think for us that highlights the need for there to be a comprehensive Commonwealth, State and local government response. It highlights the need for there to be a comprehensive State response to the transport issue. We are still waiting to see the core passenger transport review.

**CHAIR** - Have we been waiting for that long?

**Mr MULLER** - I am sure you've been waiting longer than us.

*Laughter.*

**Mr MULLER** - I think your question does go to the heart of the issue. There are finite resources and I guess for us the issue is that they need to be used in a strategic manner and in a manner that is based on the data that is available and is about providing equitable outcomes where possible. I think, for us, there could be more that is done through planning and integrated responses to deliver better services in urban, peri-urban and rural and regional areas.

One of the other points I would highlight is that we often don't talk about the housing affordability crisis in rural areas and that experience. I think you are right to highlight it because it is a crucial issue that we do not focus on enough.

**Mr HARRISS** - A couple of us here have largely regional electorates to represent and inevitably receive numerous requests to do something about public transport from those regional areas. Public transport generally does not exist as it is provided by the private sector and therefore that has to be on a robust, economic basis otherwise you just shut the service down. Doesn't the answer to most of that concern come down to funding by the various levels of government to address that problem?

**Mr MULLER** - We think so, and we think there should be more that is done to provide public transport in rural and regional areas. In our last budget priority statement we called for fare structures in private transport to match those that are in the public transport system and for there to be consistency across the transport system at a private

and public level. I think it does come down to funding and, again, for us I think that is an issue that we would hope that the State Government did prioritise and address because it does impact on people's ability to gain meaningful employment, access educational opportunities and all the issues that your constituents would highlight and raise.

**Mr HARRISS** - Do I read into that then that you would be suggesting government subsidies - just focusing on transport for a moment because there are a lot of other infrastructure issues that we need to address - but isn't the natural flow-on of what you are saying that there needs to be public subsidy of the private transport operator because the Metro service is a subsidised service and that is a fact, but that the Metro service simply is around the urban areas and so are we not discriminating against people outside the urban areas in their access to transport because there are no subsidies to private transport operators? Is that what I am taking from what you have said?

**Mr MULLER** - I do not know enough about what would be the appropriate response to facilitate greater transport in rural and regional areas. It may be that subsidies is the right approach but, again, what we would like to see and what we have been waiting to see is the review come out from government into core passenger transport services, given that it was a comprehensive review and it did go to rural and regional areas. All I would add is that transport is one of the other issues that our members consistently raise as crucial. I am not sure whether or not the response is subsidies.

**Ms McLEAN** - No, I don't think so. Subsidies are something we would not oppose, necessarily.

**CHAIR** - But this is really what you are asking for in your second recommendation about the provision of an infrastructure development plan. Who do you see as funding that?

**Mr MULLER** - I think it comes at a Commonwealth and State level.

**Ms McLEAN** - Possibly local government as well.

**Mr MULLER** - Yes.

**Ms FORREST** - I would like to take a bit further where Paul was going. Some of the areas that I represent and pertain here as well is that even if you had a subsidised bus service, whether it be a public or a private subsidised service, it is not going to be economic in picking up people who may need transport who choose to live in a rural area because they have some family support or other reason for being there. Is having some sort of fuel subsidy or something like that for those people who would have their own vehicle but struggle to fill the car with fuel to get to work something that should be considered?

**Mr MULLER** - Again that might be an option and certainly we would be supportive of the select committee looking at housing in relation to the connections to transport. The only other point that I make in relation to transport is our members do often talk about the lack of funding available for community transport services so, again, there is the public transport services, there are private transport operators but there is also the community transport services that are provided by organisations that support people within their communities. From our perspective, it is important to support people who live in those communities where they are close to their families and their friends.

**Ms FORREST** - But if you have one community bus on the west coast and that has left Queenstown with a bus load of people to have medical checks in Launceston for the day or Burnie, or wherever they are going to in Hobart, and that bus is out of town for at least that day, and possibly two because they get snowed in at Derwent Bridge, there needs to be more than just that aspect looked at if you are going to address that capacity of people to get from their home, perhaps, to their place of work if they can secure employment.

**Mr MULLER** - Yes, we would not dispute that.

**CHAIR** - Just on the transport review, have you heard when that might be released? It has been about two years, hasn't it?

**Mr MULLER** - Yes, we keep ringing.

**Ms McLEAN** - They were expecting to deliver it to government, I think, at the end of August was our last information but thereafter we do not really know when government will release it or if government will release it. There is no guarantee. We have spoken to DIER and they are delivering it to government. We do not even know if that has happened yet. Another phone call, I think.

**CHAIR** - Another question, I think, for another place.

**Ms FORREST** - I might get your comment on the comment that we are living in probably the best economic times that we have for a long time. In terms of economics of the State's wellbeing, if you want to put it that way, it seems that only a percentage of the people benefit, so in your opinion why is that there are still a lot of people in such good economic times who are struggling to the extent that we see?

**Mr MULLER** - I think it partly comes back to your earlier point around early intervention and prevention and from TasCOSS's perspective there just has not been in the investment in education and early year support programs. Education is a huge driver of people's experience of poverty, disadvantage and exclusion and Tasmania's retention rates are the lowest in the nation. Unless you invest in education and unless you invest in people's futures, you are not going to change that persistent level of poverty and disadvantage in Tasmania.

**CHAIR** - In that section you quote the Berry Report and you talk about the working poor. A lot of people think affordable housing is just for people on social welfare benefits but there is actually the working poor element in there.

**Mr MULLER** - Yes, and I think you are right. Again another way to reinforce that point is the fact that many of TasCOSS members who provide emergency relief services are talking about more and more working families coming to them looking for emergency assistance and emergency relief, which they have not seen previously. So I think you are right, the housing affordability crisis is affecting everybody who really are on low incomes whether through government benefits or through work wages.

**Ms McLEAN** - And generally speaking the working poor you refer to Terry are not eligible for some of the assistance that people on pensions and allowances are.

**CHAIR** - That is right so they are actually worse off in some cases.

**Ms LEAN** - Yes, they can be.

**CHAIR** - Going to term of reference 3, which is the impact of a lack of affordable housing on the implementation and outcomes of other State Government programs - and we touched on the education issue which I certainly agree with - have you any comments?

**Mr MULLER** - The only thing that we would add is that we hope that you are going to hear from other departments other than just Health and Human Services because housing does have such a massive impact on the justice system and education. We very much welcomed this term of reference because it is an important issue. I think in terms of leveraging further government investment in addressing the housing crisis, actually connecting the dots to health outcomes, education outcomes, justice and education outcomes is important.

**CHAIR** - For your knowledge, we are expecting a whole-of-government response submission but we have not yet received it unfortunately.

**Ms FORREST** - Let us hope it is not caught up with the core passenger review.

*Laughter.*

**CHAIR** - We are expecting it this week some time.

**Mrs RATTRAY-WAGNER** - Tom, I was interested to know what communication, if any, there has been with the Affordable Housing Organisation that has been a little bit slow, I guess most people would say, to actually produce any outcomes. What role has TasCOSS had in that particular organisation?

**Mr MULLER** - We are not a member of TAHL's board in any way so in terms of the decision making that goes on in relation to TAHL, we have had absolutely no role.

**Ms FORREST** - I have read this particular term of reference and your response to that with a lot of interest. It is so broad and covers all the areas of education, justice, health and disability services and almost every part of government services, if you want to call it that. Can we afford not to fix it when you look at the costs that are imposed across these other areas and what needs to happen first? If there was a golden bullet, what do you think that golden bullet would be to reduce your costs in health, justice, education and housing because that will flow on?

**Mr MULLER** - Golden bullet? We often get asked when we recommend that the Government invest \$25 million each year for the next four years in housing is that really the best way to spend \$25 million and actually it is from our perspective a very important, crucial and sound investment in addressing a whole range of other social issues. If you can provide people with stable, secure accommodation, where they can become part of their communities, where their children can have stable, ongoing educational opportunities it will have a flow-on effect into health, justice and all of those issues. We do believe that housing is one of the golden bullets. Likewise, we believe

that investing in education and tackling those retention rates is crucial. People need stable accommodation but they also need better education outcomes.

**Ms FORREST** - Was it \$25 million per annum for four years?

**Mr MULLER** - Per year for four years would be \$100 million.

**Ms FORREST** - I have a concern about throwing money at a project - not that I am saying that is what you are suggesting. If you just throw money and don't back it up with some structure around that, it can be money that just disappears. If you say \$25 million, how would that \$25 million be spent to deliver that golden bullet that would see improvements in health, education and justice over time?

**Mr MULLER** - That recommendation was based on increasing the supply of social housing, to deliver 500 additional social housing properties. From our perspective there does need to be a sustainable, viable social housing sector in Tasmania but there also needs to be an immediate increase in the supply of affordable housing. That \$100 million would enable you to increase the supply of affordable housing, but there would have to be other things going on at the same time to reform the housing system so that you had other measures to produce affordable housing - again, the planning scheme. At a Commonwealth level, ACOSS and others have called for the NARI scheme, which is a scheme to encourage investors to develop affordable, low-cost rental properties.

**Ms FORREST** - Are you saying that some of the \$25 million may not go into actually building homes or units or whatever, it could go into the supporting infrastructure around those and the partnerships that may need to be developed?

**Mr MULLER** - From our perspective we have been calling for the \$25 million for housing.

**Ms FORREST** - For actual houses?

**Mr MULLER** - Yes.

The other point I would raise is that under recommendation 11 we highlight the need for a comprehensive social action plan. The way in which we are talking about that now is around the need for a comprehensive social inclusion strategy. We believe that one of the crucial things for Tasmania is a strategy which is about ensuring people aren't marginalised or disadvantaged and have access to services. At the moment we do not have a government strategy or vision for tackling poverty and disadvantage in Tasmania and we think it is crucial that there is one. We will be urging the State Government to poverty-proof new initiatives so that where there are new initiatives the Government reviews those initiatives to ensure that they are not going to contribute to poverty and that they are going to address poverty. I think you're right, housing is one element but there does need to be a more comprehensive government approach to tackling poverty and disadvantage and exclusion in Tasmania.

**CHAIR** - Tom, I think it would be fair to say that the new recommendations certainly are making the point that there needs to a whole-of-government approach to this.

**Mr MULLER** - Yes.

**CHAIR** - Whilst we haven't seen it yet, I am pleased that we are getting a whole-of-government submission. Hopefully we will get it this week sometime.

You really stress the point that you need whole-of-government, but what you are saying - and I will go on from Ruth's question - the bottom line is that there are 700 people and, if I am reading this right, you have 700 people categorised as category 1, which means that either they have been assessed as being homeless or living in a dangerous environment and there is nowhere to house them at the moment. Are you saying that is the number one priority, to provide dwellings?

**Mr MULLER** - From our perspective the number one priority to address poverty, disadvantage and exclusion in Tasmania is the provision of new housing. For the last four years we have called for the Government to provide funding to build 500 new properties which, when you combine those 500 new properties with the 700 properties that Tasmanian Affordable Housing Limited is supposed to deliver over a four-year time frame, would provide 1 200 new properties in Tasmania. That would see the number of properties in the social housing sector reached the national benchmark of 6 per cent of housing stock. So, yes, the supply of housing, the building of new housing is the number one issue for TasCOSS.

**CHAIR** - Do you know how many new houses have been provided in the last 12 months?

**Mr MULLER** - That is a good question for Housing Tasmania.

**CHAIR** - Right, in the previous 12 months?

**Mr MULLER** - I would have to check.

**Mr HARRISS** - With regard, Tom, to the provision of new housing, recognising that the industry, in terms of engaging tradesmen, is pretty well backed up at the moment, how are we going to address that? Secondly, does TasCOSS have a policy with regard to broadacre public housing as opposed to more integrated public housing which has been followed over the last five years, say, or maybe 10 years?

**Mr MULLER** - I think you are right that the work force issue is crucial and no doubt will continue to be crucial with new developments in the State. We obviously realise that there is a shortage of skilled labour and that has a flow-on effect to the cost for Housing Tasmania in terms of building new properties. From our perspective, it would certainly be an issue that the Government would have to take into account in budgeting for the cost of new properties.

The other point in relation to work force issues relates to skilled tradespeople and is one for the community sector. If Tasmania is ever to have a sophisticated community housing system, we need more investment in capacity building so that people have the skills to manage community housing properties at a larger scale, they know how to attract private sector financing and manage those properties. So there is a skill issue which is, one, about having the tradespeople available to build the properties but there is also a skills issue in relation to having people available in the community sector who can manage and run properties appropriately. This was recognised, I might add, in the

Affordable Housing Strategy that was released back in 2003. We are disappointed that that was one of the initiatives that was never taken forward.

In relation to whether we have a policy on the location of housing, we certainly think that housing needs to be located in an appropriate setting that has access to transport services, education and educational facilities and we do not support broader-acre initiatives.

**CHAIR** - To clarify for the record, you mentioned the Affordable Housing Strategy from the Jim Bacon days that was discontinued. That has been replaced with a strategy about private and the Affordable Housing Cooperative. Can you ever see the day where private and non-government involvement in investment in social housing will ever replace the role of governments?

**Mr MULLER** - No. I guess, for us, the crucial point is that government has a fundamental role in the provision of affordable housing for those Tasmanians who cannot get into the private rental market, who will not be able to afford their own home. As government increasingly targets public housing to people with a whole range of other support needs, then public housing also needs to be linked into that so that it can provide support. From our perspective, government has a role in providing affordable housing and providing appropriate support for those people who have tenancies through public and social housing.

**Ms FORREST** - If you got the 700 more homes on ground next year and then -

**Mr MULLER** - Through TAHL?

**Ms FORREST** - Yes, then that would obviously relieve the load for some of them anyway.

**Mr MULLER** - Well, actually, no - and certainly this would be a question to ask people who know far more about TAHL's operations than I do - but as I understand it TAHL will be taking clients who are from the waiting list but they are unlikely to be category 1, I would imagine. But you need to investigate that more with TAHL in relation to its policy of providing properties to people on the waiting list - is it category 1, 2, 3 or 4?

**Ms FORREST** - We need to get to the point where there are enough homes available so that the rent cost pressure is reduced and you do not have the working poor in housing stress renting in the private market. You would hope that when there is enough pressure off the rental market the rental prices will actually drop. Is that the hoped-for outcome?

**Mr MULLER** - The outcome you would want is for a comprehensive housing response across the housing system and the key part of that is investing in social housing while having Federal government or State government initiatives or local planning schemes that promote the building of private rental properties that can also ease the pressure in the private rental market. I think the private rental market is a key issue here as well. There are historically low vacancy rates but there are more and more people who have been squeezed out of home ownership because of the rising property prices and are stuck in the private rental market paying more on rent than they can afford. There does need to be investment in social housing while there need to be Commonwealth and State initiatives that promote the building of affordable rental properties.

**CHAIR** - Tom, I am anxious to move on to No. 4 because of the time constraints, but the response to the question from Ruth has just raised some concern with me. TAHL was promoted by the Government as basically being a substitute for the Affordable Housing Strategy. You just said that you believed that they would not be totting category 1 aspirants -

**Mr MULLER** - I believe it is a question you should ask TAHL and those people who are managing the operations of TAHL.

**CHAIR** - We will certainly take that on board because that is a major worry because Housing Tasmania are basically so starved of funds that there would be no-one providing houses for category 1 applicants. Is that what you believe?

**Mr MULLER** - Sorry, I did not quite follow that.

**CHAIR** - Housing Tasmania with depleted funding really do not have the capacity to be building a lot of new homes. TAHL was promoted as being the vehicle to deliver these but if they are not targeting category 1 then no-one is really building houses for category 1.

**Mr MULLER** - I think that is a correct summation.

**CHAIR** - I think that is something we will have to ask. We move on to term of reference 4, which is the effectiveness and limitation of current State and Federal Government strategies and services to alleviate the impact of poor housing affordability in the Tasmanian community. We have touched on that a bit, but are there any general comments?

**Mr MULLER** - The only comment that I again make is our view that both Commonwealth and State governments have failed to invest in the Commonwealth-State Housing Agreement and this is one of the drivers of their housing affordability crisis in Tasmania and in Australia. I am happy to take any questions in relation to it.

The only other point that I would highlight again is that Housing Tasmania is an effective and efficient housing provider in that it has 98 per cent occupancy rate and 98 per cent of the tenants do pay less than 25 per cent. But it also has some fundamental issues in relation to the relationship between its stock and the clients so that there are more three- and four-bedroom homes with one person. It has a huge housing maintenance backlog and it does not have the funding to address that housing maintenance backlog.

**CHAIR** - It was \$80 million you say.

**Mr MULLER** - That is correct, \$80 million. It does not have the resources to remodel its stock. Previously with the fall in Commonwealth and State funding one of the strategies that it has used I suppose to enable it to build new properties and remodel stock is to sell off existing stock. One of the reasons for selling off of existing stock relates to the fact that it has been under funded at a Commonwealth and State level and selling off stock has been one of the ways that Housing Tasmania has raised capital to address its operating deficit.



**Ms FORREST** - There is some maintenance you can't avoid.

**Mr MULLER** - Absolutely. If there are 24 000 Tasmanians who are living in social and public housing they should have a good quality service provided by the State Government of Tasmania. They shouldn't have a second-rate service.

**Ms FORREST** - Do you think there has been any thought given to putting houses in appropriate locations? It has been clearly identified by you and in many other submissions we have received that the housing stock doesn't meet the need. There are a lot of three-bedroom and four-bedroom homes but we really need one and two bedrooms. There would be a cost involved in converting the three- or four-bedroom homes to one- and two-bedroom homes, but do you know whether that is being pursued at all? I know a lot of private developers do that - if they have a biggish house and want to rent it out they will divide it into two and rent it out as two separate units.

**Mr MULLER** - They do remodel stock so there certainly has been some remodelling. Again I think that is a good question to put to Housing Tasmania in terms of how they remodel their existing three- and four-bedroom properties.

**Ms FORREST** - Often they are in good locations.

**Mr MULLER** - Absolutely. The other point in relation to that would be to ask Housing Tasmania the profile mix of the people who live in public housing. I know from a recent document that was released that 40 per cent of Housing Tasmania tenants are over the age of 55. When we have a government that is based on demographic change, understanding the role of social housing in the context of it changing an ageing population is important, but that does mean that you need to have the capital available to remodel the stock so that it is appropriate for people to live in as they get older.

**Mr HARRISS** - Did I hear you say at the start of this particular term of reference that you believe Housing Tasmania is a good manager of its stock, given that it has 98 per cent occupancy?

**Mr MULLER** - If you look at the Productivity Commission's report, which was done a few years ago, I believe it provides strong evidence that Housing Tasmania does manage its stock well.

**Mr HARRISS** - How could that be a sustainable argument if we look at the reality over the last maybe five to six years, probably even longer, with Housing Tasmania's policy to sell a range of stock and not replace it with anywhere near the level of sales and therefore depleting the availability of affordable housing?

**Mr MULLER** - I think what that highlights is that the Commonwealth and State governments have not been good managers of one of their core assets, which is public housing. I believe you have received submissions from others who have highlighted the value of that stock. That is a core government asset. Housing Tasmania has not been provided with sufficient funds to maintain those properties to enable it to sell off old stock and rebuild stock. There needs to be flexibility for housing authorities to sell off ageing stock to raise capital, remodel and build more one- and two-bedroom units. Unless you have Commonwealth and State governments investing in housing, it does not

matter how good Housing Tasmania is at managing its properties, it is not going to have the resources available. Again I highlight table 2, which points out that in 1996-97 Commonwealth-State housing grants Tasmania received a total of \$42 620 million and in 2004-05 it is down to \$35 million approximately. Housing Tasmania has been forced to sell off stock without really building new stock because it has not had the capital resources. That, essentially, is a decade of neglect at a Commonwealth and State level.

**Mr HARRISS** - Isn't it true to say, though, that the revenue raised from those sales could be immediately generated back into replacement?

**Mr MULLER** - Yes.

**Mr HARRISS** - This table you have presented to us does not necessary tie itself to rebuilding of stock sold.

**Mr MULLER** - That's true.

**Mr HARRISS** - There is not necessarily a nexus, is there?

**Mr MULLER** - I think what this table highlights is that housing authorities and Housing Tasmania have been underfunded at a Commonwealth and State level. You are right that revenue has been raised from the sale of properties to provide capital to Housing Tasmania.

**Mr HARRISS** - Notwithstanding your belief that Housing Tasmania is well managed, has TasCOSS ever addressed the possibility of a different model? It may be that with public funding either the private sector could manage Housing Tasmania's stock or indeed the community sector. Have you ever addressed that issue?

**Mr MULLER** - There is an ongoing debate within the sector: what's the role of community housing in Tasmania? We have called for \$100 million to be invested over a four-year period for the provision of public housing and there is certainly the potential for the State Government to investigate and consider all the opportunities and risks of transferring stock and creating community housing organisations if it was done carefully, thoroughly and it reviewed all the risks that could undermine that. Don't forget you have 24 000 tenants, so you have existing tenants who need stable, ongoing accommodation. You are playing with people's homes, you are playing with people's lives, so while looking at a different model, you have to make sure that all the risks are explored. But certainly community housing is an option that we would support; there being more work done in terms of how can you effectively expand community housing in Tasmania? Does that mean encouraging mainland community housing providers to come in, does that mean investing in the skills so that there are people within the community sector who can manage community housing stock, who can leverage private capital to invest and build new stock.

So I think you are right, there does need to be a process of investigating other models of providing social housing. I would caution against some models where there is a wholesale privatisation or corporatisation of public housing. Housing New Zealand or the New Zealand housing authority - I am unsure of its exact title at the time - was corporatised around 1992 or 1996, I am not hundred per cent sure of the date.

Essentially the experience was that many tenants ended up paying 50 per cent of their household income on rents. Many of the properties were sold off and many of the properties were not maintained because it was turned into a corporatised privatised entity and it did have to return a profit to the New Zealand Government.

I think it is valuable to discuss what other management processes are available for the 11 000 properties but experience elsewhere demonstrates that corporatising or privatising public housing does not actually deliver its main outcome, which is affordable low-cost housing for those people who cannot get into the private rental market or home ownership.

The only other point I would make in relation to that is that there have been processes in New South Wales and elsewhere to try to generate and grow large community housing organisations and there has been some success and some failure. But if you look at what State governments across the country did last year in terms of their housing policies, it was to invest in public housing. It is for a very simple reason; public housing is an efficient, effective way and it is an affordable way to provide low-cost affordable housing. So I think, yes, explore all the other possibilities around how you deliver affordable housing but also recognise that governments providing public housing is affordable strategy that State governments and Federal governments should continue to support.

**Mr HARRISS** - You mentioned a couple of times the desire to extinguish the Commonwealth/State housing debt, which the State has, either by the Feds or the State. If that were to be undertaken here and if it was to be extinguished by the Feds, that would then require, in terms of equity, that the Feds extinguish every other State's obligation as well. We are only addressing ourselves to the issue here of course, but there is a bigger issue to be thought about.

**Mr MULLER** - There is and it is a bigger issue partly because different States manage their housing debts in different ways; they have a different ratio of their housing debt. But it is a pretty poor issue for Tasmania when again you receive \$25 million from the Commonwealth and you return 70 per cent each year, which is not effective or efficient. But I think we would certainly agree that it needs to be looked at within the whole Commonwealth response to housing.

**Ms McLEAN** - There are a couple of States that have dealt with their debt by moving them to general government debt and have been dealing with them that way.

**Mr MULLER** - South Australia.

**Ms McLEAN** - Yes, and Victoria, I think.

**Mr MULLER** - Yes.

**Mr HARRISS** - Yes, because an observation could well be that it is not in the political interests of a State government to move it into general debt because they continue to bash the Feds by saying, 'You should extinguish our debt'. But it was an agreement reached in the 1980s.

**Ms McLEAN** - It has been quite a long time.

**Mr HARRISS** - Shared ownership of public housing has been an issue for many, many years as promoted as being desirable because give a person the opportunity to part-own that which they are renting and they will probably grab that opportunity and with the escalating price they share, potentially, in the value of that; they can sell and move to whatever. The State Government has introduced some form of shared ownership. Do you believe it has gone far enough or are you aware of any successes which have come from that, what I might term too late? Well, it is never too late.

**Mr MULLER** - We support the role of shared equity models but, as you say, there has been a housing boom and property prices have skyrocketed, and there have probably been fewer people who have purchased their home through a shared equity model. Again, at a national level, it is an issue where the Commonwealth leadership would be important because of the housing boom that has occurred.

**Ms McLEAN** - And we would like to see it extended outside of Housing Tasmania properties and that will be in our State budget submission for next year.

**CHAIR** - The Home Ownership Assistance Program does not seem to have been too successful, from what you are saying. Apparently it has assisted only eight households in home ownership instead of the target. Do you know why that might be?

**Ms McLEAN** - Yes, I think it is an affordability issue, to tell you the truth.

**CHAIR** - Yes, because of the boom. There is not enough assistance to make a difference?

**Ms McLEAN** - Yes. I think that might be one you might ask Housing Tasmania.

**Mr MULLER** - And also how it compares to the other home ownership initiatives in other States and Territories. We highlight the South Australian home start loans - it would be interesting to ask Housing Tasmania how their home ownership schemes compare with other State initiatives.

**CHAIR** - Yes, okay. Term of reference 5 we have basically been covering: the appropriateness of current levels of funding for the service. You have made the point in your submission about the extraordinary amounts of money that other States have recently announced under this funding. Have you any additional comments to make on that?

**Mr MULLER** - I guess the only other additional comment that we would make is that this again highlights how disappointing it is that we have not seen State Government investment interested in the housing crisis in Tasmania.

**Ms FORREST** - The Queensland Government commit \$719 million per annum, I assume that is, looking at the last annual budget anyway, and nearly \$300 million was earmarked specifically for new or maintenance.

**Mr MULLER** - Yes, upgrading and remodelling.

**Ms FORREST** - So they actually set that money aside for that?

**Mr MULLER** - Yes.

**Ms FORREST** - It is a lot of money for a State to put in.

**CHAIR** - I suppose the other thing it highlights is that the Federal Government have not matched it or really made any announcements.

**Mr MULLER** - No.

**CHAIR** - Hopefully the next couple of weeks might -

*Laughter.*

**Mrs RATTRAY-WAGNER** - The perfect opportunity, I would suggest.

**Ms McLEAN** - And a very large surplus.

**Mr MULLER** - Yes, \$17.3 billion. That is why we think the Commonwealth Government has the resources and the responsibility to retire Tasmania's CSHA debt.

**Ms FORREST** - Otherwise they may as well just give us \$7 million each year and say, 'There's your lot'.

**Mr MULLER** - Yes, exactly.

**Ms FORREST** - At the end of the day, how much interest are you going to get in the interim anyway, not much, so they may as well say, 'Here's \$7 million and do what you can'.

**Ms McLEAN** - That is it.

**CHAIR** - Term of reference 6 is about successful strategies in other Australian States. Is there anything you would like to add?

**Mr MULLER** - No.

**Mr HARRISS** - Tom mentioned in the introduction the success of the New South Wales planning principle giving councils the opportunity to require set percentages of housing estate development for the provision of affordable housing. Is that a requirement of planning legislation or is it just an opportunity which councils have if they want to impose that upon a subdivision proposal?

**Mr MULLER** - I would have to check. I believe it is a requirement of part of those planning schemes but I would have to check.

**Mr HARRISS** - We will check it out anyway, Tom, with our interstate investigations.

**Mr MULLER** - Okay.

**Ms FORREST** - Regarding the comments you have made about the thermal efficiency of housing, that is a common problem that I get from people living in public housing, particularly, that the houses are not built particularly well. They are just put on the block - and this is going back to the older houses - with no consideration for solar efficiency or anything like that. I think that this is a really important area that needs to be looked at in reducing the ongoing cost to the tenant.

**Mr MULLER** - Indeed, absolutely.

**Ms McLEAN** - Particularly in light of the electricity rises we will see next year too.

**Ms FORREST** - Yes, but regardless of that, even if you could get gas heating, things like that, in some of the properties where it may be possible, you still have the cost but the efficiency side of it and even water efficiency should be something that is considered with any new housing stock. Obviously you identify the thermal efficiency in the other areas that need to be particularly looked at in any new housing stock.

**Mr MULLER** - I guess this has been the main one for us in terms of the retro-fitting of existing public housing stock to make them energy efficient. This has been the major issue that we have been talking about over the last couple of years.

**Ms McLEAN** - We would really like to see Housing Tasmania take that on but obviously they are stretched.

**Ms FORREST** - It is obviously much easier to be put into new properties. Are you suggesting that there needs to be some sort of requirement that any new properties put on the ground, any project or whatever, meet energy ratings of, I think it is, five or six?

**Ms McLEAN** - I think the Government is considering introducing that. I think that is in the pipeline but, again, that is going to add to the cost of housing.

**Ms FORREST** - It will add to the cost of construction but it will reduce the oncosts.

**Ms McLEAN** - Yes, ongoings. But it may exacerbate the affordable housing crisis.

**Ms FORREST** - In the short term?

**Ms McLEAN** - Yes. That is one of the concerns but retro-fitting is something we are very interested in, particularly with public housing.

**CHAIR** - I think Housing Tasmania have started to do better with some of the more recent developments they have made.

**Ms McLEAN** - Yes.

**Mrs RATTRAY-WAGNER** - Not too many out of the city areas, I would suggest.

**CHAIR** - No, probably not.

**Ms FORREST** - Too far to cart the stuff.

**CHAIR** - We have passed the closing time. There are some general questions I have been asked to ask. Do you have a view on current home loan lending practices, whether they are appropriate - for example, low income earners in Tasmania on the one hand and predatory lending practices or, on the other hand, so-called low-dock home loans that are a helpful opportunity for low income earners et cetera?

**Ms McLEAN** - It is a trap, certainly, and it is a danger for people who overcommit themselves with those low-dock loans where they do not have to have a deposit even, in some cases. They overcommit themselves and find interest rates going up or a 'honeymoon period', as they call it, ending and then get into real trouble.

**CHAIR** - Do you think there is a need for regulation or policy changes?

**Ms McLEAN** - Yes, possibly. It is an area that needs to be looked at, for sure.

**CHAIR** - Your submission makes no recommendation in relation to taxes. Do you have a view on whether reforming property taxes or reducing property taxes would help improve affordability?

**Mr MULLER** - The position, at a national level, of ACOSS certainly touched on this and certainly looked at the impact of negative gearing practices. I think that we would support them being reformed, yes.

I guess the other point in relation to that is to have tax systems that encourage the building of affordable properties which is what the ACOSS NARI scheme is.

**CHAIR** - We have received submissions from house and property industry groups recommending, amongst other things, reducing property tax, reforming land supply policies, encouraging private investment to improve affordability. Do you support them?

**Mr MULLER** - I guess the concern for us around land tax would be when you have a State government where 63 per cent of its revenue comes from the Commonwealth, there is an issue in relation to the State having enough other revenue-raising opportunities. What were the others?

**Ms FORREST** - Property tax.

**Ms McLEAN** - Planning, I think.

**CHAIR** - Reforming land supply policies.

**Mr MULLER** - Again we certainly support the need for there to be a formal planning scheme and the issue around land supply is obviously one that is important for developers in ensuring that there is the land to build new stock on.

**Mrs RATTRAY-WAGNER** - Following on from that, has your organisation had any discussions with the Crown Land department about particular areas of stock that may be worthwhile pursuing?

**Mr MULLER** - No, we have not and I think that is a good point because obviously there was crown land that was released or re-released, I am not sure which, in last State Budget and a concern for TasCOSS and for people like HIA and the Masters Builders Association is very much around what is the location of that land and is it in the right locations to encourage property developers to build new stock that they can then sell on. I think the experience with other crown land that has been released is that it has not actually encouraged new development, so I think it is a very important issue.

**Mrs RATTRAY-WAGNER** - I would be interested to learn at a later date once you have had those discussions because I think it would be important for them to hear what we have heard today, especially.

**CHAIR** - We had some questioning of the minister in the Estimates committee in relation to that issue about where the land releases would be. There has been no announcement in the last couple of months?

**Ms McLEAN** - She did announce some land the other day when they signed the TAHL agreement. There was some land that they released as well to TAHL but they did not talk about location.

**CHAIR** - Tom and Kathy, thank you very much for the written submission. You have done a tremendous amount of work and it was very helpful your expanding on the submission today.

**THE WITNESSES WITHDREW.**



**Ms ROBYN HOPCROFT WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.**

**CHAIR** (Mr Martin) - Robyn, welcome to the hearing. Thank you for your submission which we have all read. To start with perhaps you would like to give an overview of your submission.

**Ms HOPCROFT** - I was really only addressing the terms of reference 2 and 4. One relates to the economic and social wellbeing of people in the Tasmanian community and the second one is the State and Federal Government limitations of their current strategies and their services. There has been a decline in housing affordability Australia-wide, and that is well researched and well recognised, but what I believe is less well understood is that it is creating a less egalitarian society. One of the key factors is that younger people have been deprived of the opportunity to obtain a significant financial asset and as a consequence that is impacting on influencing household composition. It is creating other household budget constraints, such as inflationary pressures on the rental market. It is impacting on household formation. You increasingly have young and older adults who are either living as single people in shared housing, continuing to live with parents into their thirties, deferring their household formation and the formation of families. So it has a kind of residual effect. It is not just about a capital asset, because that in itself is a relatively minor consideration.

It is creating a competitive rental market and collective rental arrangements such as share-housing. They are formed out of financial necessity rather than preference and, in my view, it is creating a rental subclass of transient tenants, who have less secure relationships with lessors. It is unlike some of the European situations where you get people long-term in lease accommodation.

To make housing more affordable for younger Australians the cost of housing needs to come down, and there are many factors which apply there, or the cost of housing has to at least increase proportionate to the average annual wage. Arrangements for financing the home need to involve mortgage interest schemes similar to the one available to Tasmanians under the Housing Development Authority. Unregulated housing schemes have seen the mortgage knocked out on the sub-prime rental market in America and its global impact, and behind all that every default and every repossession is a tragedy for those who are involved in it.

To go back to the Housing Development Authority, under the scheme no moneys became available each year and funded home construction or purchase to eligible applicants on a waiting-list basis. The amount that could be loaned was capped. The interest rate was fixed, but variable if your income increased and this was a factor in keeping the housing crisis down. There were conditions; the applicant had to reside in the property and it was not to be used to generate income. When it came to government concessions these could be better targeted. I notice that Saul Eslake in the *Weekend Australian* considers things like the first home owners' grants inflationary. There is always a brief honeymoon period for about an hour - well, not an hour - but that is about it for the longer term.

*Laughter.*

**Ms HOPCROFT** - It will assist people who are ready on the market, but it soon gets factored into an increased house value.

The key to that type of scheme is the entitlement to increase the rate of interest if the mortgagee's income is increased and to reduce the income if that person's income decreases. I see that as a critical component of any such scheme. I think those schemes are equitable and should contain another provision that the Ag Bank, or the Tasmanian Development Authority, did not contain. As a person's income increases and the amount of their mortgage balance decreases, I think they should be invited to either pay out the loan or have their repayments increase. That would be a transfer. You would allow an increased pool of money available to the new applicants and that would subsidise the lower interest rates of those who are coming into the scheme.

I think these schemes have a very significant social value because they enable the applicants to purchase existing housing in housing stock in areas with existing infrastructure or they can construct more modest first homes that perhaps can be altered at a later date. I have described some of the details of those schemes so I won't go through it again. Another approach could be the incentive savings scheme. I think there needs to be provision for first home owners to have tax concessions for depositing into a home deposit account with low administrative costs and a higher rate of interest on their accrued savings, but only allow those savings to be withdrawn for a first home purchase. I think such savings vehicles would create less inflationary pressures on the first home owners' grant.

In terms of financial institutions, I think all the discussion about the prime market sector and the impact of that globally must have made people aware of a need for regulation in that particular area. In a low inflationary environment where people have relatively low interest rates, they are being seduced into housing purchase, but the honeymoon is over in a couple of years and they then find that they have locked themselves into a financial arrangement where the interest rates are going to escalate. I think a number of those schemes are quite predatory and that even a slight increase in interest rates will result in defaults and repossessions. I think the nexus between financial institutions and rating agencies need to be examined. Neither of them are particularly regulating. I think predatory and unconscionable lending practices need to be controlled, and I have explained the reasons in the submission.

One of the factors that has affected housing affordability in Tasmania in recent years has been purchases by mainland investors. I don't want to sound too xenophobic about this but, particularly as the property values in the Sydney market escalated, you had people who perhaps couldn't afford housing there, or who had sold housing there, and what they could purchase in Tasmania was almost phenomenal compared to what they could get in the larger capital cities. For at least two consecutive years - and it is probably longer - the Real Estate Institute was reporting that over 30 per cent of all housing had been purchased by mainland investors. This is because the value of the homes in the mainland capital cities had increased, but not necessarily the purchasing power in those cities. The purchasing power in Tasmania was enormous by comparison. This might have meant that some of those people were retirees coming to the State and bringing that wealth with them, but for the most part it was absentee landlords. This created a demand and excess of supply in Tasmania as investors competed for the same housing stock. Over a very short period of time that led to an escalation in the property prices in Tasmania and, as a

result, housing was less affordable for Tasmanian purchasers. This meant that that created inflationary pressures in the rental market because you had that 30 per cent that might have moved into acquiring housing, particularly first home owners, remain competing in the rental market. As well, the new landlords were wanting to get a return on their investment so all these things are inflationary pressures.

Those already in home ownership were not necessarily sitting there comfortably, particularly self-funded retirees and pensioners, because the assessed annual value of their houses had gone up and so had the land taxes and so had the rates, and it might have affected their statutory income if they were pensioners and also their purchasing power was no better because if they sold they would still be out purchasing in the market. The older people of that group became vulnerable to some of the scams. People who were asset rich and income poor were persuaded to release the capital in equity in their property. You might remember that about a year ago some sports people including Dawn Fraser were used to promote these schemes which then collapsed, leaving people who had worked hard all their lives being in penury.

There is a debate about whether investment moneys should be directed to increase the supply of housing and what incentives and arrangements would facilitate this and I have a personal view that negative gearing in the lower end of the market is to the detriment and I realise that that is not a view necessarily shared by many people.

Regarding superannuation, this has begun to be discussed as to whether or not that would provide a fund, if you like, and I have made a reference to the arrangements that they have in Singapore where the public and private-sector employees pay 20 per cent of their gross income into superannuation and they can take out a certain amount for housing.

In relation to how houses are sold I think that allowing an agent to bid on behalf of the owner of a property when a property is being auctioned without the bidder being identified, should be prohibited. It is there in statute. I do not think it is correct. I think you can protect the vendor by the reserve price and if it does not meet the reserve price at auction then they can negotiate afterwards.

In relation to construction and planning costs, one of the factors that always comes up is that when a building boom is on there are not enough skilled tradesmen and every time there is a downturn you lose apprenticeship training, you use tradespeople because they cannot compete in the market. I think all government tenders for major works such as the proposed Royal Hobart Hospital - and I think it should have been done with the Risdon Prison - should have been quotas so that apprentices can be required to be employed by the construction body and that is a means of supplying tradespeople and again that creates competition because you have enough skilled people by competing for work and that tends to always keep the costs down.

I think local government planning schemes are unnecessarily complex and I have suggested a few ways of keeping the costs down in terms of smaller items.

With public housing and the shared equity schemes, I realise that there is not going to be a continuation of the Commonwealth-State Housing Agreement. I believe it should be continued and I believe that it should be indexed to the consumer price index. It has not been and because of that over the years the fund has, in essence, depleted. The same

amount of money might have been coming through but it does not have the same purchasing power. So at the moment the public housing stock is failing to meet the needs of public housing, it has really become emergency housing and that is all.

This has also created a trap because in terms of ameliorating the situation for those who are on the waiting lists and trying to get into public housing there have been things like the Commonwealth Rent Assistance Program and those individuals need that assistance very much but if there was more public housing available there would not be the need for that kind of assistance and so you are caught in a trap whichever way you go.

I think the focus needs to be on increasing the supply of affordable and lower-value housing. I have referred to the State Government policy decisions in recent years to sell part of its housing stock as the stock was aged and the maintenance costs have increased. I think there need to be options considered other than the unconditional sale and transfer to the private sector. I have made proposals there where I think people should be able to purchase under purchase instalment arrangements so that the title in property does not transfer until the last purchase instalment has been made. This means that you don't have to go to a lender and repossession if somebody defaults. It has advantages, I think, for the tenants. I think after they have been a period of time in tenancy, say five years, they could be offered a purchasing instalment contract. I think perhaps even when property is owned that has been past Housing stock a similar thing could be done and that is that there could be almost like a buy-back scheme. I have described the details of how I consider that could work.

I think there would be a greater social mix of tenants, owners and those in the process of purchasing by instalment. Part of the concern about retaining housing stock is the cost of maintenance. I think some of those matters could be addressed. Finally, I think there has to be a variety of housing stock to accommodate people of all ages and stages - the entire demographic, including people who have drifted into homelessness because of unavailability of adequate housing.

**CHAIR** - It really intrigued me when I read the Agricultural Bank comment because my first profession was real estate in the mid-1970s and the Ag Bank was the go at that stage to help low-income people, and I had forgotten about that. Do you know what happened?

**Ms HOPCROFT** - No, I don't. I know there was some criticism - I can remember one of the Federal ministers, I think it was Peacock, had the equivalent of an agricultural loan and purchased a house in the ACT and he was criticised because he was a Federal minister and wealthy. I think it provided, perhaps for too long a period, subsidised home loans for people who didn't need it anymore. I don't know if it had something to do with the Trust Bank. I don't know, but it should be very easy to find out.

**CHAIR** - I think that is something we should research.

**Mrs SMITH** - I think it all got lost in the deregulation of banking. It has created some of these difficulties about opportunities for different types of home loan.

**Ms HOPCROFT** - You had to be on the waiting list for about three years and there were prohibitions on what you could do with the house, but they were realistic prohibitions.

**Mrs SMITH** - I would like you to expand, if you could, on the home deposit accounts. When young people go out to work they want to spend their first pay packet and when it settles down I think there are some opportunities in what I think you are saying about home deposit accounts where some money is put away out of the pay each week.

**Ms HOPCROFT** - At the moment when first home buyers are trying to accumulate a deposit and apply to a bank for a loan the bank will often say to them, 'You don't have enough in the account' or 'You don't have enough of a deposit at this particular bank'. Banks are quite adept at creating accounts like Christmas Club accounts, for example, and they could very easily create a first home deposit account. Then I think the responsibility has to move over to the Federal Government in that rather than perhaps first home loans they give a kind of tax rebate incentive on top of that and that they would be prepared to subsidise a slightly higher rate of interest. There would be some value in that because the money is not on call.

**Mrs SMITH** - So you would link the home deposit account to an obligation of the bank to loan - when they bought their first home that would be one criteria -

**Ms HOPCROFT** - Provided they met targets and provided they were able to find a house that the bank was prepared to loan on, after they had obtained builders' or engineers' reports. It would have to be a structurally sound house and in an appropriate area, a house that the bank would have loaned on in any case and there would have to be enough deposit so that the people have enough equity in it. But from the bank's point of view that is like a fixed deposit account because the people cannot draw from it on call and the only time they can draw on it is when they are wanting to draw down on it for a first home -

**Mrs SMITH** - Would you have time line expectation on that account from the person who actually has the account, so that you could not just go in three months before and dump a heap of money into it to facilitate some of the benefits? Would you see that as an issue?

**Ms HOPCROFT** - It is an issue but I think the banks could easily control it. I am thinking of how solicitors firms have money on call and how the banks entered into an arrangement many years ago with the Law Society - it was known as the Westpac moneys at one stage. They were making quite significant payments to the Law Society because they had the benefit of all the money in solicitors trust accounts at any time. The client did not have the benefit of that money because it was daily on call so I am quite sure there are plenty of models that would make that quite feasible.

**Mrs SMITH** - Would you see the Federal Government's contribution perhaps something -

**Ms HOPCROFT** - In the tax line.

**Mrs SMITH** - in the tax line or in a one-for-one or -

**Ms HOPCROFT** - For example, at the moment you have to declare your interest earned now and quite possibly the interest earned on a home savings deposit account could be fully rebatable and not part of your income for income declaration purposes.

**Mrs SMITH** - Do you think that would be enough of an incentive for young people not on exceptionally high wages?

**Ms HOPCROFT** - I think a combination of factors could be.

**Ms FORREST** - We did get some figures, but I cannot think who from, that looked at putting in various pay rates between 2 per cent and 4 per cent and the amount of money that could be saved into those sorts of schemes and it did build up quite significantly over time -

**Ms HOPCROFT** - Because they get compound interest on it.

**Ms FORREST** - Yes. If this sort of thing was set up and only for the first home -

**Ms HOPCROFT** - Yes, it is not sequential.

**Ms FORREST** - Yes. If for some reason the money was saved with these people having every intention to buy a home -

**Ms HOPCROFT** - And then the relationship broke down.

**Ms FORREST** - Well, either that or -

**Ms HOPCROFT** - These contingency factors can all be seen. For example, in a situation like that, if it were a joint account, jointly owned, or whatever way that you did it, it would be easy enough to transfer it into two separate accounts in the name of the people for the same purpose because for them to be eligible they would have to be first home owners.

**Ms FORREST** - In a situation like that you could have had one partner who has bought a home at a previous time -

**Ms HOPCROFT** - They would not fall into the scheme. They are not supposed to be there on first home owners either.

**Ms FORREST** - If you had a situation where someone changed to a job that was going to take them all over the place and so for them to buy a home that they were going to live in would be impossible and they may choose not to do it at all, they might just rent for the rest of their lives, you would need to have some sort of contingency in place for them to use that money in some other way in the future. It is probably unlikely that they would never buy one but you could potentially have a lot of money in an account like that.

**Ms HOPCROFT** - You can, and in order not to create a tax haven for somebody who has no intention of or does not end up achieving the ultimate purpose that that money was given those concessions for, then I think a person in that situation would just have to pay some kind of penalty by way of subsidised interest. It is a bit like capital gains tax. You cannot create a concessional tax haven and you cannot create a banking financial interest advantage for a particular purpose for a particular subgroup of people in order to allow them to acquire housing and then have them go off and buy whatever people buy these days. Those contingencies are always there and proper policy planning can address that.

**Mrs SMITH** - There is a school of thought that governments - State, Federal, whatever - should be in social housing not public housing. By 'social housing' I mean they should concentrate the taxes they have on housing for homeless, disadvantaged, disabilities et cetera, and that public housing as we saw it in the past where a family can move in with the opportunity to purchase that home down the track should not be something that the State looks at. Do you have a position on that, considering your great knowledge and interest in all of this?

**Ms HOPCROFT** - The housing demographic has changed and housing composition has changed. Housing formation is not necessarily the nuclear family. Thirty years ago public housing was the three-bedroom house for families; now I think it has to be different types of housing for all groups. I think it has to be a combination of social and public housing. I am interested in the recycling of the public housing stock. I think you can have variable purchase arrangements there but I also think there should be collectives, for example, for when you have supported accommodation for people with disabilities. You often have those kinds of things run by non-government organisations, sometimes started by groups of parents. I think you could set up corporate arrangements so that the parents could be assisted to fund group housing, special purpose built and things like that.

**Mrs SMITH** - We have had an example in the last week of a \$750 000 State grant to Multicap in Burnie as the start of the provision of units for people with disabilities, which will be built near the Multicap centre. They will be independent but in a managed stream. Do you see that as a good utilisation of government and private together?

**Ms HOPCROFT** - Yes, but recognising that sometimes people with disabilities who are able to be independent in the community with support cease to be able to, as time passes because sometimes their condition deteriorates, so there has to be the whole spectrum of different types of housing arrangements.

**Mrs SMITH** - You think it should be a mix of public and social housing?

**Ms HOPCROFT** - Yes.

**Mrs SMITH** - There are some who say that because we are trying to be all things to all people we aren't solving one of the issues, let alone both the issues. Have you an opinion on that in this aspect of just the social housing - that is the only way I can categorise it?

**Ms HOPCROFT** - People have different needs and aspirations but fundamentally they need a form of accommodation that suits their particular needs. Some people have preferences for that to be non-government organisations or run by corporations; some might have preferences for the public housing sector. I think it should be a mix. There should have been a lot of experimentation in the past. Some of the housing for young people in South Australia many years ago was where they would build, say, half a dozen units in cluster housing and have one common courtyard area or some common facilities. There are lots of things that can be done and it is disappointing that Housing Tasmania has not been more innovative in the past.

**Mrs SMITH** - I come from the north-west coast, which is a different area from that larger area of someone like Terry. I recollect housing areas where there may have been half a dozen one-bedroom units built for young people; up the street there is another half a dozen to facilitate older people. The trouble came when they decided to combine the two, and never the twain shall meet.

**Ms HOPCROFT** - I am sure there has been a degree of accommodation; whether it is sufficient is another question.

**Mrs SMITH** - How long ago was the South Australian model with the common usage area?

**Ms HOPCROFT** - That was quite a long time ago. I remember you had Professor Breckenridge, I think his name was or a name like that, who was trying to persuade Tasmania to have that scheme that they had there where all bonds for rental housing were placed in the one scheme. I can remember him coming over and he said he had been invited over to Tasmania 15 years previously to advocate the same scheme, and he felt a sense of *deja vu*. What had happened there was that that bond scheme had been administered by a statutory body ended up accumulating so much wealth in it that they were able to put it back into the public housing sector. They chose to put it back into experimental housing and that was set as an example of that.

**Mrs SMITH** - So they only had one section of the community and that was the renters who were actually making a contribution to that scheme then, didn't they, because it was their bond money.

**Ms HOPCROFT** - Yes, it was a bond thing. Instead of it being between the lessor and lessee, the bond was paid into the organisation and this was at a time when the interest rates were very high - they were about 16, 17 per cent - so the organisation then deposited that. Critically, they did an inspection at the beginning of a tenancy and then when the tenant went in, they had a week or something like that to report any, say, ovens that were not working or something like that. It saved a lot of disputation at the end of the tenancy with landlords not paying out bond money because they said there had been damage, because there was that record right at the beginning. That was that scheme.

**CHAIR** - We are over time.

**Mrs SMITH** - I only want one more.

**CHAIR** - Yes, one more question and I will quickly go around the table.

**Mrs SMITH** - Saul Eslake's comments I thought were quite good.

**Ms HOPCROFT** - Yes.

**Mrs SMITH** - The other one he made was to remind us that there was housing stress when the interest rates were so high young people could not afford to get into housing. Do you support that concept?

**Ms HOPCROFT** - The irony now is that the interest rates are low but the housing cost is so high, so you are caught either way. The other period that he is probably referring to was



when housing costs were relatively low and the interest rates were so high. One of the reasons that the housing costs were so low is that there have been repossessions and defaults on mortgages, and people were attempting to sell housing in a market that was flat.

So they are flip sides of the same horror scenario, if you like. They are both unaffordable.

**Ms FORREST** - For different reasons.

**Mrs RATTRAY-WAGNER** - And the same outcome.

**Ms HOPCROFT** - The same outcome, that is exactly it.

**Ms FORREST** - It is a good submission and you gave a very good overview.

**Ms HOPCROFT** - Thank you.

**CHAIR** - I have one question. You state that the first home owners' grant serves to inflate the cost of housing et cetera, and that you are not the only person who has stated that. Replacing it with things like waivers on land tax et cetera and stamp duty reduction - do you want to comment on that?

**Ms HOPCROFT** - And the low home deposit banking scheme on the tax rebates. I think that they are less inflationary and just as beneficial, if not more so, because they hide those concessions. You do not suddenly have a market where everybody has that first home owners' grant of \$7 000, \$14 000 or whatever it is, and almost immediately the housing goes up by about that much. But if over time people can have a home deposit scheme by the banks with taxation concessions, so when they acquire that house they then have concessions, and also a banking arrangement rather like the Tasmanian Development Authority as well, I think that would work better.

**CHAIR** - Can I ask whether you have a background in housing?

**Ms HOPCROFT** - No.

**CHAIR** - You are doing this as a private citizen then? It is a very good submission.

**Ms HOPCROFT** - Yes, I am in a private capacity and I think the housing people should be here.

**Mrs RATTRAY-WAGNER** - Hopefully they will come.

**Ms HOPCROFT** - Oh good. As a private citizen digging a path in my garden I decided it was getting a bit tiring so I came up and did this.

**CHAIR** - It is a very good submission, so thank you for taking the time to put it in and for coming in today.

**THE WITNESS WITHDREW.**

**Mr ANDREW GRAY**, PRESIDENT, AND **Mr STUART CLUES**, HOUSING INDUSTRY ASSOCIATION, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** (Mr Martin) - Welcome to the committee. I invite you to give a brief overview. We have all seen your submission which is very good. If you can just give a brief overview and then I will go through each of the terms of reference one at a time and invite the committee to ask questions.

**Mr CLUES** - First of all, I would like to commend the committee on taking the initiative to establish a housing affordability summit or select committee in this State. I think for a great period of time it is something that a number of parties have had an interest in and we have not seen to have had any real forum for harnessing those concerns so I would commend you on that.

As you would be aware, the HIA has had housing affordability as a national policy platform issue at least for the last six to seven years and it is something we feel very passionately about, not only here in Tasmania but across the country generally. I think there was a time when people only thought there was a housing affordability problem in Sydney and we always considered ourselves to be very blessed here in Tasmania and in fact it was probably one of the things that we held on to in our darkest days that, if nothing else, we could afford to buy a family home. We might not have always had the best employment numbers or the most buoyant economy but something we always took pride in was the fact that people could live out the great Australian dream here in Tasmania.

Unfortunately I think that perception has changed significantly and, whilst we still do enjoy great housing affordability relative to our mainland counterparts, there has been an enormous amount of slippage over the last six or seven years. There are probably two key measures of housing affordability. One is the cost to income ratio in terms of percentage of household income that is getting absorbed in servicing either rent or mortgage and the other is the multiplier effect, the total cost of a house relative to the total income in that house. There are a few benchmarks there. On the worldwide benchmark they say that a country has relatively affordable housing if the cost of a house is ultimately three to four times the annual household income. In Tasmania that is now sitting around seven times the household income so we are actually rated as one of the least affordable places to live in the world.

In terms of percentage of household income, back in 2001 homes were relatively affordable and you had a situation where in Hobart and outer Hobart about 10 per cent to 12 per cent of household revenue was dedicated towards servicing either mortgage or rent. I think they were the sort of halcyon days that most people would hold on to, whereas our mainland counterparts in Sydney were dedicating over 30 per cent of household income. If we look at that in today's terms, it is a vastly different picture. What we now find in 2007 is that in Tasmania about 23 per cent of household income is being dedicated towards servicing either rent or mortgage. Whilst that is better than our mainland counterparts where in South Australia it is 26 per cent, Western Australia is now 36 per cent, New South Wales is 37 per cent, the bottom line is we have slipped. We are no longer 10 or 12 per cent. In the space of six years we have now blown out to

close to 23 or 24 per cent. What we are seeing in trend terms is a situation whereby that cost income ratio has more than doubled in the space of a six-year period. I think that is where we started to come to grief. What we have seen is exponential growth in the cost of houses. I brought some interesting figures along today for those who wanted to reminisce. Back in 2001 the median house price in the north-west was \$78 000. You can't buy a block of land in the north-west nowadays for \$78 000. In Hobart you would pick up a nice home for \$116 000; that won't buy you a nice home today. In Launceston it was \$89 500. We look at those numbers and we sound like our grandparents, 'I remember the great old days where you could pick up a home for \$78 000'. So if we have a reality check against those numbers and today and say, 'What can you can buy in the north-west now?', the reality is the median house price in the north-west now is \$202 500. In Launceston it is no longer \$89 500, it is \$232 000; in Hobart what was \$116 000 is now \$294 000.

I don't know about you, but most wage earners I don't believe in that period have had their salaries tripled. I certainly have not had my salary tripled since 2001, but the cost of building a home has. It is not difficult to see where the problem lies. We have had exponential growth in the cost of housing and we haven't had exponential growth in people's earnings and remuneration and hence that cost income ratio has blown out from 10 per cent or 12 per cent to close to 24 per cent. We are now starting to get in the same ballpark as our mainland counterparts.

You have probably listened to numbers since the wee hours of this morning so I won't bore you with them but I thought they would be of interest. It just shows that it is a real problem and it also points to where the problems lie.

**CHAIR** - They are startling figures and you can't ignore them.

We will go to term of reference 1, which is the experiences of Tasmanians in housing stress and in homelessness. Do you have any initial comments?

**Mr CLUES** - What we would like to argue is that this is a structural problem not a cyclical problem.

**CHAIR** - Yes, I have found that really interesting.

**Mr CLUES** - This is the good work of our economists. I take no credit for it and if you press me too hard I probably won't be able to explain it.

*Laughter.*

**Mr CLUES** - The reality is that our economists in the HIA are leading lights and this is what they do, they just focus in on housing trends. What they have said is there are basically two different types of factors. One is cyclical, where one would expect houses and housing affordability to rise and fall, and such things are affected by interest rates. Then there is what they call structural problems, where housing affordability has become less affordable due to the laws and regulations and the like that affect the environment. What they are saying is that this is not a cyclical problem that is just going to fix itself. They believe it is a structural problem that requires intervention by the Government, either at State, Commonwealth or local level. I guess that is a really important point to make: we

cannot just sit back and say, 'This is going to fix itself', because our economists don't believe it will. What they are saying is that it does require a major intervention. I think that is a really important point to make.

You were talking about interest rates as I came in - what we are saying is basically interest rates are the same as what has been the average over about a 15-year period. The base indicator for lending rates is currently 8.5 per cent, compared to an average of 8.9 per cent in 1960. If you look over that period, what they're saying is that interest rates at the moment are not that far removed from the base index rate that has been monitored since 1960. On that basis, we are not operating in an environment where we have a very high level of interest rates that is causing the housing affordability problem. Therefore, you have to look at what the other issues are. In Tasmania we believe that the cost of housing has gone up significantly and some of that, it can be argued, is just catch-up, but there is also an argument that there are other factors which include a range of taxes, levies and charges that are now be entered across the board, whether you look at it from a Commonwealth level at such things as GST, whether you look at the State level at such things as stamp duty, land tax and the like, or whether you look at local government and the levies that are charged for infrastructure. Infrastructure, for those of you who were raised within the local government environment, you would know that -

**CHAIR** - A few of us.

*Laughter.*

**Mr CLUES** - Yes, that is right, looking around this table here.

**Mrs SMITH** - 'Raised' - I like your words.

**Mr CLUES** - You would probably recall that there was a time when your council was just grateful for extra ratepayers and, as a consequence, you really did not levy great charges for water and sewerage connection. Since your absence and probably because of it, we now find ourselves where the councils are not reticent to apply infrastructure charges. In fact, they are compelled to by virtue of their own financial situation.

So we now have a situation where the infrastructure charges on a block of land can vary for the same house anywhere from \$700 through to \$1 700 through to \$7 000 and it is that different. The Tasman Peninsula still does not charge anything if you want to build there but if you are looking at Clarence and Glenorchy and the like, the costs can get anything up to \$7 000 and that is for same house on the same title or parcel of land.

Again I look to my mainland counterparts and I say that we are blessed. The reality is there, the infrastructure charges are now in the order of \$40 000 and \$50 000 for the connection of water and sewerage. So if you look at our mainland counterparts it is still a light touch, but the reality is that that is an area that is ballooning and you ask yourself why. It is because we do not have a land shortage here in Tasmania - that is not what is going to constrain us - you only have to look around the skyline of Hobart to see these parcels of land that are still available, all with a harbour view. The reality is what we do have is an infrastructure shortage. It is not that we have a land shortage. What we do not have is the water, the sewerage, the roads, the schools, the hospitals to make those parcels of land attractive.

**Ms FORREST** - And public transport.

**Mr CLUES** - And the public transport to make them build. Unless you start creating satellite suburbs where people have to have them as dormitory suburbs and just commute into all of those things, what we have here in the State is an infrastructure shortage.

You only have to look to some very real examples of that over the last 12 months. You now have a situation where we have 30 townships around the State where the water is not drinkable unless you boil it. We have raw sewage pouring onto the beaches at Sorell.

**Ms FORREST** - And Wynyard.

**Mr CLUES** - And Wynyard now as well.

**Ms FORREST** - On one occasion.

**Mr CLUES** - Okay.

**Mrs SMITH** - Huon is okay - he got \$12 million this morning for his water.

**Ms FORREST** - Huon did, did he?

**Mrs SMITH** - Yes.

**Ms FORREST** - I must have missed that. The Burnie ratepayer has already paid for theirs.

**Mr CLUES** - So they are a couple of examples. We have the east coast where the Federal group had to put in their own water and sewerage to build and support their iconic development.

So if you look around that, you have -

**Ms FORREST** - Which impacted on their capacity to make it as big as they wanted to too and they had to cut back the scale of the development.

**Mrs RATTRAY-WAGNER** - And it has also impacted on the fact that they have not really got started yet because of the consequences.

**Mr CLUES** - So you have basically leading suburbs such as Sorell where you have water and sewerage that cannot be maintained, you have iconic areas of the State that should be developed for tourism and supporting that industry that cannot be developed.

**Mrs RATTRAY-WAGNER** - You could not get a glass of water in Swansea yesterday.

**Mr CLUES** - No, and nor would you in Branxholm or a number of the other places where the water is dragged out of the creek and you hope that something did not die further up. So the reality is that the infrastructure in this State is not allowing us to build where we would like to build.

I also would argue that there is probably not an infrastructure plan to say where we would like to see that growth or where that growth is occurring. We have the classic case of 29 councils and 49 planning schemes and we do not have a lot of coordination to make sure that infrastructure is managed across the board. Everyone is fighting in their own backyards just to stay alive and, as a consequence, these levies and charges are being passed on, not to the generations that benefit from it in the future but to the first poor bugger that puts up his hand and says he'd like to build a home here. He will cop the whole lot, and, bang, you have just paid for the infrastructure.

What is happening in other States is that they are not just paying for the water and sewerage, they are paying for the road that leads into the subdivision, the parklands, the library across the road, the street lighting and the like, so it is basically -

**CHAIR** - Do you have a view on what should happen then?

**Mr CLUES** - In terms of infrastructure I understand why we have reached the point that we have reached and I understand that it is not going to be a situation where councils can simply say, 'We'll foot the bill for the next 20 or 30 years and hope that the ratepayers pay it back over that period of time'. I believe the role of this State Government is to coordinate with the local councils to tap into Federal infrastructure. We have a situation whereby - and our economists have provided the numbers - most of the tax is collected at a Commonwealth level but most of the expenditure is outlaid at a State level.

**CHAIR** - Yes, it is an interesting table.

**Mr CLUES** - I will not go into the exact numbers but it says here on page 12, 'The cost of providing social and community infrastructure and support services mainly falls on State and local governments. States account only for 20 per cent of all Commonwealth and State taxation revenue but for more than 40 per cent of public sector expenditure, much of which is devoted to community services. By contrast the Federal Government collects 80 per cent of all Commonwealth State revenues and is responsible for only 50 per cent of the total public sector expenditure'.

Having been recently party to the State Government budget process, all of that bears true. They do have a very narrow revenue base. They do not have a great deal of moneys in reserves and I do not believe that if we look to the State Government that it is going to have sufficient funds to be able to do the infrastructure or build the homes. I do see the State Government playing an integral role in acting as a broker with the Federal Government to ensure that the infrastructure in this State is provided. In the recent round of non-election promises there has been a number of comments from the Federal Government about funds that may or may not become available. You had the Opposition saying that they would put up \$500 million for infrastructure and I would say it is incumbent upon this Government to try to tap into some of those moneys for this State. You also had a promise from the Opposition that they would put up \$600 million for rental assistance and again we need a coordinated approach.

There is no doubt, based on the numbers that have just been provided on tax and revenue collected at a Commonwealth level, that if we are going to provide the infrastructure necessary for the growth it needs to come from that quarter and it is unlikely to come at a State or local government level.

**CHAIR** - Your recommendation is the establishment of a \$3 billion residential infrastructure fund operating in two parts. Do you think the Federal Government is likely to support that without having some strict control over the way it is spent by State and local government?

**Mr CLUES** - Whichever party ultimately ends up being the Federal Government, those moneys need to be on a competitive tendering basis where the best model secures the funds, so we are arguing that people cannot just put their hand up and say they want to build a double-barrelled highway to Y. They would need to put their hand up and say that they would like \$20 million to fix the Sorell water and sewerage problem, because it is the fastest growing suburb in the State and we have a situation where the council is having to curb some of the development in that area. I believe that it needs to be done on a centrally coordinated basis and we are arguing that Tasmania needs to compete with every other State for those funds and put up competitive models that demonstrate gross dividend and return to the local community.

**CHAIR** - So the allocation should be based on merit of application and not on a population basis?

**Mr CLUES** - Correct, and population basis may well be part of your competitive model in terms of arguing that this will benefit 20 000 local residents for  $x$  number of dollars.. But Tasmania is not the only State that is suffering a housing affordability crisis. You read any of the national rags and it is something that is in there on a weekly basis. This is not a battle that we are fighting alone and that is why it has become a Federal election issue.

**Mrs SMITH** - How do you keep it outside of the political stream? It is all right to say that it should be on a needs basis, but how do you do that when you have a population base of 40 000 versus a population base of 5 000?

**Mr CLUES** - It need not be expensive. You can buy hospitals for a dollar in the north-west.

**CHAIR** - That is cheap real estate.

**Mr CLUES** - You could put some units on there. I am not sure, that is a classic case where you cannot keep politics out of it. You have a situation where it is political, We recognise that we operate within a political environment but, having said that, I think that Tasmania has done well in the past in terms of competing on a national basis for funds and we would need to do so again.

**Mrs SMITH** - Would you see something like the Futures Fund where the Commonwealth Government committed  $x$  amount out of the Budget every year, and there was a board completely away from the politics of it so the money was kept away from that political level? Is that a better option?

**Mr CLUES** - That is a better option. That sounds like it has merit in terms of having perhaps an economist go through and do some modelling and look at the merits of the case as opposed to simply leaving it to a political decision. I think that is an excellent suggestion.

**Ms FORREST** - Just going back to a point you made a moment ago, I think you said it was the Federal Labor Party that offered \$600 million for rent assistance?

**Mr CLUES** - Yes.

**Ms FORREST** - There has been some evidence that rent assistance can increase the pressure on the rental prices. Even with rent assistance a number of people are still in housing stress because they are still paying 30 per cent of what they have left, even after the assistance. Do you think that is the best way to address that problem? Is there a better way?

**Mr CLUES** - There have been some quite intelligent comments made by Saul Eslake of late, that simply putting money in the hands of either potential home buyers or people who are renting is not the way to go, because ultimately it ends up in the hands of the people who are selling the home or the landlords. We have been advocating that this is a basic case of supply and demand. What we need are more homes on the ground and that will have the effect of increasing the number of rental properties and homes. In terms of putting that \$600 million to good use, we would argue that you would be better off having a look at things such as providing tax concessions to people who offer rental properties at, say, 20 per cent below the market rate and build those rental properties in terms of having an incentive there for institutional investors to build rental properties and offer them at 20 per cent below the market rate. To that end, we believe policies that could help at a Federal level would be things such as doubling the depreciation allowance - at the moment that is sitting at about 2.5 per cent and we believe it should be doubled to about 5 per cent - so encouraging institutional investors to get into that particular market. But that should only be made available where those persons build properties where they are offering it at 20 per cent below the market rate, with the appropriate tax concessions available to increase their ultimate yield on that investment.

**Ms FORREST** - Potentially you're still giving that money to the investor or property owner. You're just giving it directly rather than -

**Mr CLUES** - Yes, but only where they build and put new properties on the ground.

**Ms FORREST** - You're not suggesting for existing -

**Mr CLUES** - No.

**Ms FORREST** - That would reduce the rental price pressure, wouldn't it?

**Mr CLUES** - Yes. Every policy needs to be geared around putting new properties on the ground. It can't be about just taking the existing housing stock and asking people to compete for it, either to buy it or to rent it. That is not going to solve the problem.

**Ms FORREST** - So the \$600 million is not going to have any long-term benefits? It is a bit of a bandaid, is that what you are suggesting?

**Mr CLUES** - No. I am saying it can have real benefit, as long as you don't just go and use it as rental assistance.



**Ms FORREST** - That is what I am saying, as rental assistance - what it is being earmarked as.

**Mr CLUES** - Yes. That is of very little value. That is the same as helping them pay a couple of weeks' rent. That's not what it's about. What it has to be about is encouraging institutional investors to build more rental properties on the ground. It is basic supply and demand. If you have a look at what the underlying requirement here in Tasmania is year in, year out we should be building around 3 000 new homes per annum. But we are not, and we haven't for a long time. If you have a look at what we have been doing, we have been building about 2 400 to 2 500 homes and we have always been somewhere between 300 and 500 houses short. That is on the table on page 9. We have really never met the underlying requirement there in terms of housing. Every year we end up 200 to 300 homes short of what the actual requirement is and that is why we now find ourselves with house prices through the roof, rental through the roof, and a rental squeeze of 2.3 per cent. This is a commodity that is in high demand and low supply.

**Ms FORREST** - You are saying this is the underlying requirement across the board, not just in public housing?

**Mr CLUES** - Correct. What we are saying is that you really need to make sure that you gear that housing requirement. I would argue that the people who are missing out here are not the people building their second or third home. They're in the market, they have the equity and capital to launch themselves into their next home. The people we are not building for here are the first home buyers. These are the people we should be building brick-and-tile, three-bedroom homes for.

**Ms FORREST** - Or should we be building more two-bedroom units and they can then move on to a three-bedroom home when they need that size and then that two-bedroom unit becomes available for another purpose?

**Mr CLUES** - Yes, possibly. Whatever it is, it should be a modest home. What that does is create not only a home for that person but also for future generations.

**CHAIR** - How do you control that?

**Mr CLUES** - I think it will control itself. If you say to the first home owner, 'We're encouraging you to build rather than buy and here is a range of policies and incentives that encourage you to do that' or we encourage investors to build those homes, they are going to gear it at, hopefully, the first home owner. I believe it is the people who are entering into the market who are predominantly doing that rental. It is the first home owner who is looking for their first home. It is creating housing stock at that level. I have heard arguments in recent times that we don't have a housing affordability crisis, that what we have is young people who have too high aspirations.

**Mrs RATTRAY-WAGNER** - That is what I was about to say. Who builds a three-bedroom basic brick home anymore? I don't think anybody does.

**Mr CLUES** - I disagree, I think lots of people do. I think it sounds more like Bruce Ruxton speaking when they say, 'Young kids today, all they want is four-bedroom homes, two bathrooms and a jacuzzi out the back'.

**Mrs RATTRAY-WAGNER** - But that's what they're getting.

**Mr CLUES** - No, they're not. That is just an absolute cop-out and I don't accept it for a moment. That is just a convenient line to say that we don't have an issue. That is not what we are talking about. Evidence of that that I point to is the number of people in mortgage and rental stress.

**Mrs RATTRAY-WAGNER** - Two of them are in my area, Stuart.

**Mr CLUES** - If you have a look at this - and no disregard to these particular suburbs - these are not suburbs where you can build grand mansions and people have high aspirations. Most of these suburbs are working-class suburbs. If you look at page 10, you are talking about places such as Brighton, Geeveston, Sorell, Warrane, Mowbray, Mayfield, Montrose, Glenorchy, Moonah, Waverley, Rokeby, Chigwell, Lutana, Latrobe. These are not places that have been renowned for having people with too high aspirations in life.

**Mrs RATTRAY-WAGNER** - The mansions are in Bridport and St Helens, I would suggest.

**Mr CLUES** - Possibly. I think probably a more constructive examination of that table is to say that what we have here is a widespread problem. When I look at this table what I see is that it covers all parts of the State. There are suburbs in the north, the south and the north-west. It covers working-class suburbs, middle-class suburbs and upper-class suburbs. If anything, this table very clearly points to the fact of mortgage and rental stress. This is not a situation where young people are simply having too high aspirations in life and they need a reality check. I don't accept that for a moment. What this is saying is that people are doing it tough in working-class suburbs, where you have one in two people who walk out the door, they look either left or right and that person is spending more than 30 per cent on either rent or mortgage. That, in my view, is a damning story. Those numbers come straight from the 2006 census.

**Ms FORREST** - I looked at this with great interest because in my electorate there are none. They are mostly the bigger centres. I look after a lot of little centres obviously. I think about the comment you just made, Stuart, about the size of properties. On the west coast there are no mansions, except for Penghana which is now a guest house in Queenstown. It was the mine manager's residence of old. A lot of the properties at Circular Head are owned by farmers and they are quite wealthy. It is a bit of the nature of where you are. Back in the days when a lot of the farmhouses were built they did not build really big houses because they built them for their families' needs at the time, which were not excessive. Even in Smithton, that is an older town too, there are not lots of big houses in these areas.

**Mr CLUES** - You are absolutely right. Queenstown, as you say, is the lowest in the whole State in terms of experiencing stress. They are not stressed in Queenstown, which is a nice problem.

**Ms FORREST** - The housing is not palatial by any stretch of the imagination. They don't have good water either.

**Mr CLUES** - I think this table once and for all dispels that argument that what people want is too much. If you look at places like Warrane, Mowbray, Mayfield, you drive through there and show me where someone is building a four-bedroom home with two bathrooms and a jacuzzi out the back. It is not happening. You won't see it. I think this takes away that argument. Yes, you will find a young couple who have probably over-extended themselves but you can't make them a scapegoat and say there is not a housing affordability problem.

**CHAIR** - I think we have one submission in particular that highlights that point. Do you have any figures that show the impact of interstate investors on the Tasmanian market?

**Mr CLUES** - No.

**CHAIR** - And there is now way of getting that?

**Mr CLUES** - You can get them from the REIT. I had that argument put to me once before and I asked I think it was Martin Harris from the REIT and he said that the amount of interstate investment is quite low and that if that is what the real estate market or his members were to rely upon then it would be pretty mean pickings so he did not accept it as being a legitimate argument. It would be worthwhile the select committee, if they want to have a look at that argument in more detail, having a chat with Martin Harris from the REIT because he has a very good feel for what the level of interstate investment is, but his general comment to me was that it was urban myth stuff, it is really not the case where there has been this swarming amount of investors coming in and jacking up local prices.

**Mrs RATTRAY-WAGNER** - Okay. So that is probably different from the experience that I see in some of my areas where it predominantly is people buying off the Internet through real estate agents, sight unseen, and paying absolutely top dollar.

**Mr CLUES** - I could not comment on that, that is not my area.

**Ms FORREST** - There may have been more of an issue some years ago when our prices were still considerably lower than the mainland prices and it has flattened out in recent times. That is possible, I guess, is it?

**Mr CLUES** - I have no doubt that during the 2003-04 period there was a high level of investment but, as I said, from my discussions with the REIT, that whole concept of the interstate investors pricing out the locals does not hold water.

**Ms FORREST** - In that time too there probably were quite a few Tasmanian investors as well, capitalising on it.

**Mr CLUES** - Yes, and I think that is where we find ourselves these days, where we have the house haves and the house have-nots, where those that are in the market are doing really well. They have seen their property values triple. It provides great capital gains in terms of entering into their second or third property for rental but what I talk about is the young aspirant who comes out and they want to buy their first home. It is not grand but it now costs \$300 000 instead of what was \$86 000 or \$78 000 - and \$300 000 owing to the bank in any interest rate environment is a big ask.

**CHAIR** - Are there any other question on term of reference 1?

**Mr CLUES** - I think I really only addressed a couple of the terms of reference. I didn't really get into them all. I only wanted to talk about the problem and the solution.

**Mrs SMITH** - The issue of superannuation funds comes up quite often, except there would have to be a change to Federal law for that to be achieved because they have a fiduciary duty to get best investment on behalf of their superannuants.

**Mr CLUES** - We have really stopped giving the State Government a belting and expecting them to fix this issue. We have moved now on to the Federal Government and said that this is a national crisis. We have seen the State governments having to step up now and having to act as a broker to secure the best possible deal for the State. If I had been talking to you probably a year or two ago I would have been talking to you about land tax, stamp duty, first home owners grant, equalisation. I could bang on about that for the next 10 years and it's not going to happen because the State doesn't have the capacity to do that. I really see the focus now in terms of addressing this issue is trying to secure and tap into those Federal funds. I think the State Government has a strong role to play in acting as a broker to secure the best possible deal for the State and ensuring that we don't end up with those parochial and political issues that you were talking about, Sue.

**CHAIR** - All the push on the State Government, is that off the agenda?

**Mr CLUES** - It is just not our principal focus anymore. It is just not going to get us anywhere. You only have to examine the numbers that the State Government is dealing with to recognise that the prospect of them being able to make up the supply in homes, the capacity for them to reduce their revenue and redistribute it to the masses is just not going to happen. It needs to be a situation where the Federal Government intervenes and says yes, nationally; it accepts that this is a problem and does such things as having a look at superannuation and whether the \$1 trillion that currently sits there at the moment as it stands in superannuation can be better invested than waiting for people to be hitting their retirement.

**CHAIR** - It's certainly a pool of money that should be looked at, especially regarding allowing people to save and buy a house.

**Mr CLUES** - Yes.

**CHAIR** - Do you think there is anything that could be done with that to help people who have already bought a home who now find themselves in housing stress?

**Mr CLUES** - That is not where we are targeting it. We are encouraging young people to be able to build their first home and use some of their superannuation, over and above that 9 per cent compulsory level, for a deposit or to offset mortgage insurance and help them get them into their first home. We really have not tried to tackle those people that are currently in the market and struggling with their mortgage. It is a good point that you make.

**CHAIR** - Regarding people who are on very low incomes who are unemployed do you have any suggestions?

**Mr CLUES** - Nothing that would be helpful. One of the things that we have put in our submission is that we support the development of both public and community housing, whatever name you want to put on it, to help those people. We see situations where this Government has really struggled, not even to build houses, but with their maintenance contract alone. Housing Tasmania have to service the debt that has been incurred over the years and in fact most of the funds that are made available just get sucked straight back up. I think they have \$23 million available each year and they pay \$17 million or \$18 million straight back, which is a crazy situation. We would argue that money should be forgiven and we should have a situation whereby we get on with building not only private homes but also public and community homes as well. So we certainly support that for those people who, as you say, are unfortunate enough not to be in employment.

**Mr HARRISS** - Regarding those comments, Stuart, around the Commonwealth-State Housing Agreement, that relaxation or extinguishment would have to apply to every State; they could not just wipe Tasmania's debt. Every State would be putting their hand up to be treated likewise.

**Mr CLUES** - What I am talking about there is the fact we have asked for \$1.5 billion nationally to be allocated towards public and community housing. I guess I am really couching those comments on the basis that our own Housing Tasmania is really under-resourced in its capacity to maintain its existing housing stock or to grow it and as a consequence, you will hear from people who are far better informed than I about the stress that is placing on people.

**Mr HARRISS** - In the past the HIA has been suggesting to State governments that Housing Tasmania as an entity ought to be provided with the funding to deliver and manage all of its housing stock. Sorry, to deliver but not manage, the private sector could better manage the funds. Is that a similar position to HIA?

**Mr CLUES** - No, I have not heard that voiced. We do not believe that Housing Tasmania always get the best deal in terms of the construction of those homes. That is just by virtue of the State Government's tendering processes. It tends to end up with the bigger end of town being able to meet their QA requirements that end up going through Treasury, and you do not end up getting a house built for the best possible dollar. But I think in recent times they have tried to make that a little bit more relaxed, and as a consequence you have seen people like Wilson Homes who have been able to secure the rights to build up to 30 homes. There is no doubt that they have tried to make it more attractive to the private sector. We would argue they probably still need to go further. We do not see why the State Government could not enter into a contract, just the same as any regular member of the public. Normal domestic building contracts should suffice for entering into an arrangement with a private building company without having to go through all the formal tendering and submissions to get clearance.

**Ms SMITH** - Is that not something that costs time, and time costs money? I do not know if you have had a look at the purchasing process from Housing, but one of the concepts when they sold off their old stock because of the maintenance requirements was that they would buy in. They did not buy in because by the time they went through the scenarios

to buy in, someone else had snapped up their three-bedroom, brick, tile, aluminium-window house that was maintenance free. It is a convoluted, long process. You are telling us it is in the building arena as well as other areas of housing that they could free up if they got rid of some of their red tape.

**Mr CLUES** - Yes, I certainly think it could be done a lot more easily. I know that the private sector would build those homes a lot cheaper than going through the process where you simply let those houses go out to the big end of town where you have much higher overheads in terms of managing those entities.

**Mrs SMITH** - That would mean you would need someone with particular expertise in housing who could manage five homes in Scottsdale, say - getting it organised, hiring the local builders, getting a reasonable price and making sure they were value for money.

**Mr CLUES** - Yes. Most of our members are building four or five homes a year and most have their own portfolios and the like. I believe that the engagement of the private sector at a range of levels would deliver a more efficient outcome. I think one of the smartest things we could do is have a look at this depreciation allowance and encourage mum-and-dad investors to get into building more rental properties just to increase the supply on the ground. I have no doubt that there are funds and builders there and the capacity to build more homes. I think that is the only way we are going to be able to address this issue.

**CHAIR** - Stuart, just to be devil's advocate for a minute, we have heard submissions - and even in your submission - that it is structural not cyclical. Part of the argument there and in some of the other submissions we have received is that some of the intervention by government over the years has led to the inflationary pressures that have led to the affordability issue. The strategies that you are recommending here, do you think there is a danger that some of them will do the same thing - the superannuation one, for example?

**Mr CLUES** - No, because what we are arguing is that it should only be available where people are going to build not buy. If you have any policy that enables people to go out and compete either in the rental market or the existing housing market to fight over existing stock, all you are going to do is drive the price up. There is no doubt about that. If you give it to them in rental assistance or in first home owners grant or any other way and you enable people to go out and fight over the existing housing stock, all you are going to do is ramp the market up. All the HIA has ever espoused is that you increase supply to match the underlying demand. Whatever your policies are, they need to be geared towards that. I think everything that we have said, whether it be relating to superannuation, concessional loans or depreciation allowance, is premised on the basis that you put new houses on the ground.

**CHAIR** - So all those things should be only for building new homes, not for existing homes?

**Mr CLUES** - Correct.

**Mrs SMITH** - Well, I will play devil's advocate too, because the scenario in years past used to be that you bought what you could afford first time up, and then when you were established you built your dream home and a first home owner could buy your place as

that step forward. In the scenario of build not buy that you are talking about you tend, I think, to be talking about build not buy for first home owners.

**Mr CLUES** - We would argue that those people already in the market have the capital behind them to make that step into their second or third home. We would argue that the people who are being locked out are the first home buyers. We put evidence that first home owners in the market in Tasmania now only comprise about 13 per cent of all lending and building.

**Mrs SMITH** - But your strategies aren't just for building new homes, surely? Your strategies must be for first home buyers, whether it is a new home or a second-hand home.

**Mr CLUES** - No. It is first home buyers to build their first home.

**Mrs SMITH** - Is there not discrimination in that against the person who has to work in a town where they need a home, it is the first home, it is better than rental because there is no rental, and they can buy a house second-hand that suits their purposes? You really sound like you are playing the devil's advocate, you are only looking after the housing industry.

**Mr CLUES** - What I would do is simply bring it back to basics. The only reason that we have a housing affordability crisis is that the underlying demand exceeds the supply.

**CHAIR** - This is the bit that I don't think came through when I was reading the submission. I thought this is what you were saying.

**Mr CLUES** - It is.

**CHAIR** - I think you really need to explain that in some detail.

**Mr CLUES** - Okay. I guess I could back to these numbers on page 9. What we would argue is that right across the country the bottom line is that the underlying demand for homes exceeds the supply. What we say is that every year in Tasmania and nationally hundreds and thousands of people have dreams and aspirations of getting into their first home. Some of those would probably like to do what you are doing, which is just go and buy one. As a consequence, if everyone just goes and competes to buy and does not bother building because it is convenient, then you end up with prices increasing exponentially. What we have in this State is a situation in the last six to seven years where we have seen those prices triple. We would argue that the only reason that has happened is that the demand has outstripped the supply. That is just basic economics. So every policy that the HIA puts forward is that basically what we need is to increase the supply until we have met the underlying demand. By doing so we will keep a cap on prices because we have more stock on the ground. That is true of any commodity, whether it be houses, cars or footwear.

**CHAIR** - Can you explain that table on page 9 and go through it?

**Mr CLUES** - We might as well go with the current year, 2007-08. This year we will probably build about 2 500 to 2 700 homes in this State. That has pretty much been the number that has been there for the last five or six years. We have built around that 2 100

to 2 800 homes. The reality is that in each one of those years that we have built 2 500 or 2 800 homes the underlying demand for those homes has actually been about 300 to 500 more. Four hundred more could have been built and sold in 2002, 200 more in 2003, 200 more in 2004, 600 more in 2005. So if you add all those up you are talking about a shortfall of possibly 1 000 homes that could have been built over the last five years that have not been built. What we would argue is that the people that are aspiring to build those homes are largely the first home owners that are getting locked out of the market because the people that are already in the market are building the 2 500 homes. They are the ones that you see are getting knocked up that are at the next level - the four bedrooms, two bathroom type of homes. The houses that are not getting built are at the lower end of the market. People are getting locked out.

**Ms FORREST** - So ultimately it should help in that supply issue.

**Mr CLUES** - Yes.

**Ms FORREST** - Relating back to just going and buying a house, in the current climate there is such a shortage of skilled tradesmen to build houses and there are the rising costs associated with that to actually put a house on the ground, planning issues and other issues that you are well aware of, as well as the time implications - like I might get a job in Devonport, so why not move to Devonport and I have not the time to build a house so I want to buy one there. There needs to be that lower end of the market available for purchase as well. I hear your point that you have to have houses on the ground to make them available to be bought but with the shortage of builders your strategy must be threatened by that.

**Mr CLUES** - Not really. I would still argue that building a home in Tasmania makes good economic sense. The average land price in Tasmania is sitting at \$95 000 for an average block of land that is within reasonable commuting distance. That will pick up a block of land in Kingston, Blackmans Bay, Brighton, those type of areas all within reasonable commuting distance, with good infrastructure. We are not talking about bush blocks. You can buy a nice block for about \$95 000 in Tassie. You can build a nice three-bedroom brick-and-tile home for somewhere between \$150 000 and \$200 000. If you say you can build a nice one for \$150 000 plus the land at, say, \$100 000 you have a nice home, house and land package for about \$250 000, which is \$50 000 cheaper than the median house price is at the moment on an existing dwelling.

**CHAIR** - Just to clarify this so we are all straight, you are saying that the table on page 9 is really key to your entire argument?

**Mr CLUES** - Yes.

**CHAIR** - What you are saying is that any strategy to help first home buyers get in the market should be only to build a new home, not to buy an existing home, with no exceptions. The first home owners grant at the moment is to buy or build.

**Mr CLUES** - I would not go so far as to say it should be exclusionary but what I am saying is there should be greater incentive or greater assistance to those people that are going to add to the supply of homes. If you are going to take the first home owners grant, for example, that is currently sitting at \$7 000, what I would argue is that we should



maintain the \$7 000 for those people who want to simply go and buy an existing home - do not give them no assistance - but if you are looking at doing anything, what I would argue is double it for those people who are prepared to take the time and effort to build.

**CHAIR** - From an overall economy point of view in addressing the affordability issue, we have submissions saying that the \$7 000 grant to buy an existing home basically adds \$7 000 to the value of homes and makes the situation worse.

**Mr CLUES** -Yes, it drives it up.

**CHAIR** - It drives it up whereas the \$7 000 to \$14 000 or whatever it is to build a new home is not pushing up the price because it is increasing the supply.

**Mr CLUES** - Correct, you have got it. Not only does it assist that particular person get into their first home but it helps future generations because when they are ready to move on to their second home that is bigger to accommodate the family, they leave that home that is a lot more simple, a lot more elegant and that is there for the future generation. If you target all of these policies at increasing the supply of homes and you target it at those people who are building their first home, what you are doing is creating a housing stock that will be modest and that will be there for future generations and you leave the people who are in the market and who have the benefit of capital gains to move on to their second and third home as they normally would.

**CHAIR** - I think there are more questions on this.

**Mrs SMITH** - I am not convinced because if you are increasing the supply as we have seen happen in the past when we went from 1.9 to 2.8 over a couple of years, you decreased the capacity of the building industry et cetera to keep up and appeared to push up your prices anyway because skill shortages mean prices rise because of the non-availability of those skills. Compare the cost of a plumber now - well-earned I might say - as against the cost of a plumber when the building industry is in a slump. While you are increasing supply you can also increase your costs in the same way on a new home. Do you accept that argument?

**Mr CLUES** - Not really. I hear what you are saying. There is no doubt that the cost of building has gone up, the hourly rate has gone up, and all of that is completely reasonable, salaries have moved. What I would argue is that the only way this issue is going to be addressed long term is getting back to - you can put all the most advanced complex policies in place but the only way this is going to be addressed is to get back to basic economics where you have supply and demand. What my numbers show is that the underlying demand is not being met with the supply and until such times as it does it is going to force prices up and all the evidence points to that, but I do hear what you say. Saying we should not encourage building because it is only going to reduce the amount of skilled labour and it is going to drive prices up -

**Mrs SMITH** - I am not saying that.

**Mr CLUES** - All of that I do not accept.

**Ms FORREST** - How many years do you think it would take - I suppose it is hard to tell without knowing how many houses are built - but how many do you think realistically if this strategy such as you are proposing was put in place until we saw that levelling out where supply equalled demand or thereabouts? You would probably need to switch strategies then almost to ensure that people get into the houses, that investors or whoever were not going to have all these empty houses sitting around, as well as perhaps Housing Tasmania and whoever else.

**Mr CLUES** - That is the great thing about private enterprise and the free market that we are in, that the moment supply starts to exceed demand they will stop building. I can guarantee it.

**Ms FORREST** - How long do you think it will take?

**Mr CLUES** - If you had policies now that encouraged people to build rather than buy, I have no doubt the market as it currently stands in Tasmania could build the 3 000 homes now. We are not that far off it. These are our economist's numbers but this year we will go close to building 2 800 homes again, which might meet the underlying demand. If we continue to do that and soak up the backlog over the next five years or so we will put a big dent in it.

**Mr FORREST** - Is that the underlying requirement for this year or is it cumulative?

**Mr CLUES** - No, that is just for this year.

**CHAIR**- Over those seven years from that table there is a 2 100 shortfall?

**Mr CLUES** - Yes.

**Ms FORREST** - How many years do you think it is going to take to catch up on that?

**Mr CLUES** - I have not done that yet. I can crunch those, I can get our economist to do that for you. I would only be guessing but what I can say is that with the industry as it currently stands I suspect that we could build comfortably 3 000 homes if we had the capacity or if people were encouraged to do so.

**Ms FORREST** - If building 3 000 homes a year is what you think is achievable, could you find out how long it will take to clear that backlog so we are getting to a point of supply and demand?

**Mr CLUES** - I am more than happy to do that.

**CHAIR** - I would be really interested in any more information you could provide us with generally.

**Mr HARRISS** - Mr Clues, just on that, the Chairman raised the matter of the first home owners grant driving up purchase prices. Why won't first home owners grant applied to new house construction likewise force up the cost of building a new house, particularly if the Federal Government accepts the HIA proposition to double the first home owners grant, as it was not long after GST, when there was \$14 000 for building a new home and

\$7 000 for buying an existing one? If we did a doubling of the first home owners grant, why won't that drive up the cost of constructing that new house? The builder will surely say that this client has access to \$14 000 that they didn't have yesterday.

**Mr CLUES** - For someone who was so close to the housing industry your opinion is very low, Mr Harriss. I'll be having a chat with Mr Silverberg about your attitude.

*Laughter.*

**Mr GRAY** - For the new home owner the grant is generally to get the ground, it is not to do with the building of the property.

**Mr CLUES** - You could be really cynical and say that every time the builder sees an opportunity to build a new home he is going to do over the client. That is just not where most of our vendors are at. The building industry in Tasmania is made up of mum and dad builders, who build two to four homes a year. The dad builds the home, the mum does the books, and these are not multi-millionaires driving round in GT Bentleys. This is just small business, and most of them are smart enough to know that if they want to live here in Tasmania you do not go in and screw the market over every time things look good.

I hear time and time again from our members that all they have done during this period of boom is consolidate their reputations, that yes, they have the capacity to build nice homes and they would love to do so for you, not that they want to get out there and make a fortune out of the industry and then pay the price down the track. Most of them have a long-term vision of wanting to stay here. They are not like some of our mainland counterparts who are building 1 500 homes a year and they just move on to the next house. These are family businesses with longstanding reputations in the industry. They want to be here in the future, and ramping up prices in good times and just passing it on to the market is not a good long-term strategy in Tasmania. You well and truly pay for that.

I would suggest that is not the make-up of the building industry. Most of these people have a long-term future and they charge a fair dollar. What I could do is to show you a trend on how building prices have actually increased over that period. House prices have tripled, but if we have a look at contract prices, I think you would see that the cost of building homes has not similarly increased threefold. That is just not the make-up of the industry.

**Mr HARRISS** - Mr Silverberg would be happy with you today.

*Laughter.*

**Mr HARRISS** - Stuart, can you provide any current figures on the contribution to the economy of building every hundred houses? It used to be a very valid piece of information.

**Mr CLUES** - I can tell you that now. The residential sector in Tasmania is worth \$1.3 billion to the Tasmanian economy. Tasmania is the only State where the renovation market outstrips the new home market, which again is supporting the fact that in this

State those who are reinvesting in their own homes are no longer scared about losing money. But the bottom line is that we spend about \$575 million per annum on building new homes and we spend close to \$680 million on renovating our existing homes. We are the only State in Australia where renovations outstrip new homes. So to answer your question, total contribution is about \$1.2 billion to \$1.3 billion. Contribution to new homes is about \$575 million, while contribution to the renovation market is \$680 million, and the bottom line is that renovations have been outstripping new homes for some time and the renovation market is continuing to grow. There was a time in Tassie where if you changed the washers in the tap you were overcapitalising, whereas now people are happy to put on an extension out the back, an extension up the top, a new kitchen or a new bathroom and know that they will be able to recover in that market because prices continue to increase.

**Mr HARRISS** - It would be true to say, wouldn't it, that a substantial component of that confidence has arisen because of the equity that people now have in their house given the boom?

**Mr CLUES** - That is exactly right.

So those people who are in the market are doing really well and those people who are not in the market are really struggling.

**CHAIR** - There are a couple more issues and there is only five or 10 minutes left.

The penny dropped for me while you were talking today - more so than when I read the submission. Hopefully the committee is happy with this, but I would really encourage you to provide any more information you can to convince us on this issue given the discussion you have heard today. Especially on the supply demand issue. I did not quite understand the significance from the report tabled and the penny has dropped while you have been talking.

**Mr CLUES** - Okay, cool.

**CHAIR** - Any other questions on that before we move on to other issues?

**Ms FORREST** - One point that Paul was making that he was a little chastised over -

**Mrs SMITH** - No, that was his dorothy dixer.

**Ms FORREST** - I took it the other way.

When I as a first home builder sought quotes from a builder, would that builder have any reason to know whether I was the recipient of the first home owners grant? Most of that would be used in the purchase of the land, I would think. Is that a fair assumption or not?

**Mr GRAY** - I would say no.

**Ms FORREST** - Whereas a real estate agent would probably know because that is all in the legals.

**Mr CLUES** - I do not think it would be disclosed to the builder. The builder would have no interest in that. The builder would want to know that you had sufficient funds.

**Ms FORREST** - And produce a contract to sign with the cost clearly outlined.

**Mr CLUES** - There is certainly no reference in our domestic building contract or any other that I have seen where you have to disclose sources of funding including the first home owners' grant. All that we need to know is if the builder has any doubts -

**Ms FORREST** - Capacity to pay.

**Mr CLUES** - Capacity to pay and that is it. So I think you are right and there is no disclosure there.

**Ms FORREST** - I was not sure.

**Mr CLUES** - And that addresses that issue that they spot that extra \$7 000.

**CHAIR** - I have two general questions. We have had submissions from some organisations recommending inclusionary zoning, urban infill sort of issues. We had one saying that HIA is opposed to that. What is HIA's view on inclusion rezoning.

**Mr CLUES** - Inclusionary as in requiring the infill work sites?

**CHAIR** - Yes, inclusionary in the sense that I think South Australia and other States -

**Mrs RATTRAY-WAGNER** - New South Wales too was mentioned.

**Mr CLUES** - Like your urban growth boundaries and all that type of stuff?

**CHAIR** - Inclusionary zoning means a percentage of a development, 10 per cent or whatever, be set aside for low-cost affordable housing.

**Mr CLUES** - I have no comment on that.

**CHAIR** - There is no HIA view on it? You are not opposed to it?

**Mr CLUES** - There is no policy on that.

**CHAIR** - No policy? Okay.

**Mr GRAY** - I know that when they built Huntingfield it was originally not well received by the community itself and that is why it probably did not go any further than it is now.

**CHAIR** - I thought that with the other agencies -

**Mr CLUES** - I certainly think there is a huge capacity to reduce the cost of building through having a more efficient planning scheme. That is a debate we have already had in other forums.

**Mrs RATTRAY-WAGNER** - I haven't seen any recommendations come forth yet from that though, as in from the Government.

**CHAIR** - Regarding the Tasmanian Affordable Housing Limited concept -

**Mr CLUES** - TAHL.

**CHAIR** - how effective do you think it is going to be and how much investment do you think they will need?

**Mr CLUES** - I reckon that they are going to struggle to do the things they have been asked to do with the funds that they have been given.

**CHAIR** - I need more information than that. You are not getting off that lightly.

**Mr CLUES** - When that concept was brokered, I think they put the right people in place. I think the board looks good the way it is constituted and I think their objectives are good.

**CHAIR** - Why do you think they are not going to be able to deliver the things -

**Mr CLUES** - I just don't think they will be given the funds required to build the homes that they have been asked to build, under any model. I cannot see that being the solution that has been promised; I think its slow start is evidence of that. How long ago was that set up - two years ago?

**Ms FORREST** - Is it part of the solution, do you think?

**Mr CLUES** - Absolutely. I think there is no single silver bullet that is going to resolve the matter but I do not see that as being the panacea to all of our problems. I think the only way we are going to resolve this is through Federal funding and private sector investment.

**CHAIR** - So what you are saying is that you do not think TAHL will be able to deliver 700 homes in four years?

**Mr CLUES** - I don't think so.

**CHAIR** - Why?

**Mr CLUES** - I just do not think they will have the capacity to do it.

**Mrs SMITH** - Even in partnership? The concept is partnership with community - builders or organisations who may build and be guaranteed their rentals. It is really like another department of government to a degree. Seven hundred homes could make a big hole in your statistics.

**Mr CLUES** - Yes, it could. If they built 700 homes over the next four or five years I would be absolutely delighted, and I hope that is the case. I am prepared to take a wager with anyone here who believes it is going to happen.

*Laughter.*

**CHAIR** - You won't get a bet from me.

**Ms FORREST** - There was one point you made, Stuart. You are focusing on the first-home builder, as opposed to buyer, because those who are already in the market are right, but if you look at your charts there is still a significant number of people in mortgage stress. Those people aren't right.

**Mr CLUES** - No, they are not right but that is one in four. If you look at people on rental stress, it is one in two. I think most of those people who are renting would like to be building and owning their own home.

**Ms FORREST** - And be in mortgage stress rather than rental stress, is that what you are saying?

**Mr CLUES** - I am hoping that the cost of housing will come down and it will not be as stressed. What I would say is that there are a huge number of people who I think have been forced into the rental market, which is why we have one in two, and have been forced out of the mortgage market. If you have a look at why those people are under mortgage stress, it is not because interest rates are huge but it is because of the significant movement in the cost of those homes that they have purchased, relative to their incomes.

**Ms FORREST** - Is that because there is not as many lower-priced houses available for sale?

**Mr CLUES** - That is what I would argue. I would suggest that we can arrest the problem if we build more affordable homes.

**Ms FORREST** - Build more the smaller, more modest homes.

**Mr CLUES** - Correct. As you said, the two-bedroom, the three-bedroom, low maintenance -

**Ms FORREST** - Energy efficient.

**Mr CLUES** - Yes, all of that. I would suggest that if you have a look at that lower end of the market it is fiercely competitive.

**Ms FORREST** - Are you aware of any new building products coming on the market that will enhance the capacity to build these properties in a more cost-efficient manner, not just in relation to their structure but their design?

**Mr CLUES** - I was thinking about this the other day and I think we have to be really careful. I was listening to a politician telling me how excited he was about these relocatable homes and how that was going to be the capacity. I have no doubt that you can build a relocatable and it will not cost as much as an established home. I have a real concern that we are going to end up looking like a trailer park, where in the US you have -

**Ms FORREST** - Moveable towns.

**Mr CLUES** - Yes.

**CHAIR** - That is not a government policy, is it?

**Mr CLUES** - No.

To answer the question, yes, you can build cheap homes but they look cheap.

**Ms FORREST** - I am talking about other products for permanent structures. Are you aware of any other opportunities out there?

**Mr CLUES** - No. There are all sorts of different ways to build a home, it does not have to be the classic brick and tile, there are all sorts of different building products available from a styrofoam through to blueboard -

**Mrs RATTRAY-WAGNER** - Look at the colorbond ones.

**Mr CLUES** - Yes, colorbond, all sorts.

**Ms FORREST** - But they have to be energy efficient for the ongoing cost of living in them.

**Mr CLUES** - Yes, they do, I agree with you, but if you start looking at building really cheap homes, my concern is that you can end up with a trailer park-type environment which is not something I would want to see happen in this State.

**Mrs SMITH** - But surely you would only have that if you put them all in the one street. Some of the modular homes they talk about do not suit our climate. They are these pick up and put down places. There are the others with the four sides, slab walls -

**Mr CLUES** - I think if you drive through any suburb you can pick out those homes. Even if you mix it up you can pick out those homes that have been built to that standard. I would not want to see housing affordability redressed by reducing the standard of housing.

**Ms FORREST** - I am not talking about reducing the standard, I'm talking about more cost-effective measures or ways of building.

**Mr CLUES** - I would argue that building is actually cost effective. It is not out of the reach. In fact it is actually cheaper to build than it is to buy. I put the scenario before of the house and land package for \$250 000 as opposed to the existing median house price of \$300 000. I would argue at the moment that building a home is a more cost-effective way to go than fighting over the existing housing stock. I just think that people for a whole lot of reasons find it very difficult going through the planning process and waiting.

**Ms RATTRAY-WAGNER** - It puts pressure on any good relationship.

**CHAIR** - You will give us more information in the next week or so?

**Mr CLUES** - Yes. You have given us some things to think about.



**CHAIR** - We have received a lot of submissions from social service providers and advocates such as TasCOSS, the Salvation Army, Anglicare and so on, amongst other things recommending more government funding, an increased supply of public housing stock, more overall government effort to improve affordability. How effective do you think those proposals will be? Do you support those?

**Mr CLUES** - I support them and HIA supports them on a national level. We think there should be a greater investment in all of those initiatives but what we also argue is that housing affordability is not just about public or community housing. We are not going to resolve this problem by sitting back and asking the Government to build more community or public housing in the States. The only way this is going to be addressed is by having some structural reforms that encourage either institutional investors or mum and dad investors or either young first home owners to build their first home or to build rental properties. It comes back to that basic supply and demand. I can understand why all of those groups would argue there needs to be more community and public housing, and that is great, but that is only in my argument a very small component of the housing affordability issue and it is not going to address those tables that we put in there that suggest that one in four people in those suburbs are experiencing mortgage stress or rental stress. The problem is far greater.

**Mr HARRISS** - Regarding your super saver proposal, have you made an assessment that that is a better proposition than making mortgage interest payments tax deductible?

**Mr CLUES** - No, we have not. The thing that we like about the superannuation policy is on the basis that there is already a trillion dollars in funds sitting there waiting for us all to grow old and be sucking on soup and jello. There is a trillion dollars sitting there at the moment so there is this huge pool of funds waiting for us to get grey and old when the reality is that a lot of those funds could be available when people first start off in life. What we say is that one of the things that people find security in their old age is having actually paid off their home or actually having owned a home and we think that they need to be doing that earlier in life, not waiting to be fabulously rich when they are 60 or 65. We are not attacking the Government's revenue base or their tax regime. What we are saying is that you have a trillion dollars locked up in superannuation at the moment, so release the moneys and address the housing affordability crisis.

**Ms SMITH** - The devil in me would say you support the State Government's concept that their superannuation schemes are well under-funded, they use the money instead of putting it into super all around the nation.

**Ms FORREST** - For funding their super. The unfunded superannuation liability is extended.

**Ms SMITH** - Has your scenario any dangers you could see?

**Mr CLUES** - We are saying that you should not be able to touch the mandatory 9 per cent; we are not saying that every man and his dog can just rip into their superannuation and start building investment properties or the second or third homes. It is a very limited scope which is saying that we believe that the people that are being locked out of the market are the first home owners and they should be given some relief with their superannuation. It is not a stripping away of all preservation of superannuation benefits and a free-for-all within the market, it is a very targeted, confined, approach that says

first home owners need a hand up, let them tap into that amount of their superannuation which is over and above the 9 per cent. That is all that we are saying.

**Mrs RATTRAY-WAGNER** - Would many of them have much of that, realistically?

**Mr CLUES** - We did a case scenario that said if they started at I think at 18 or something as a first year apprentice by the time they are 24 they would have enough for a deposit.

**Mrs SMITH** - If they put in 5 per cent or 2 per cent?

**Mr CLUES** - Two per cent or something like that.

**Ms FORREST** - They have to do that, though.

**Mr CLUES** - They have to do that, that is right.

**Ms FORREST** - They have to make a decision to do it.

**Mr CLUES** - Exactly.

**Ms FORREST** - It does not happen unless someone decides.

**Mr CLUES** - No it does not.

**CHAIR** - They are good case studies.

**Mrs SMITH** - Would the Government be brave enough to make it mandatory that every 17 or 18-year-old, a first job owner, has to put 2 per cent away into that fund?

**Ms FORREST** - It is parents who should be telling them.

**Mr CLUES** - Our policies do not go that far.

**Ms RATTRAY-WAGNER** - I have a 19-year-old - I will see how I go when I get home, see what sort of success rate I have as a parent.

**Mr CLUES** - We have just had our third and I expect we will be very poor for a long time as well.

**CHAIR** - Thank you first of all for the submission which is very good. Thank you also for your time today. I would really welcome the additional information.

**Mr CLUES** - I would like to finish as I started, which is by saying that I think it is a real credit to the committee that it has been established. Your timing could not be better on the basis that I believe there are going to be moneys available at a Federal level. I think you have the capacity to go forth now and, as a State, position yourself hopefully with some educated strategies from all of the participants as to how you would like to tap into those funds and put them to good use. I think your timing is perfect and I wish you well.

**Mrs RATTRAY-WAGNER** - Thank you. Stuart, I would just like to say your overview of the mum and dad builders is exactly what I see as well, so that was a good rebuttal there.

**THE WITNESSES WITHDREW.**

**Ms KATHLEEN FLANAGAN AND Mr STEVEN WIENERT, ANGLICARE, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.**

**CHAIR** (Mr Martin) - We officially welcome you to the committee hearing. We have an hour and you have a very detailed submission which is excellent. I would like to take 10 minutes or so if you could give a brief overview of the submission and then I would like to go through each of the terms of reference, one at a time, and at that stage invite the committee to ask questions of you.

**Ms FLANAGAN** - Anglicare's main concern is obviously with lower-income earners so our submission focuses on the experiences of people roughly in the bottom 40 per cent of income earners, most of whom would be dependent on Centrelink benefits as their main source of income. Those people experience particular difficulties in the current environment because house prices have risen so much that home ownership is virtually out of reach and in many cases the private rental market is inappropriate due to a range of reasons. Rents have gone up along with house prices, the availability of cheap rental stock is very limited and the Australian rental market is structured around very short-term leases so the private rental market is not able to offer long-term tenure so many people are dependent upon the social housing system which is public and community housing. Unfortunately the capacity of that system to meet demand is very limited and so we are seeing increasing numbers of people coming through our services in quite severe difficulty.

Steven is the coordinator of our southern accommodation services and he will be able to provide you with more details about the experiences of our clients.

As you say, it is quite a detailed submission but basically the message that we wanted to get across is the need for a response across the whole housing system taking in social housing, affordable private rental, the crisis end of the system, home ownership assistance for low-income earners and social infrastructure. We are also keen to see some kind of action around a statewide planning system that accommodates affordable housing as part of that system. So, that is a very brief overview.

**CHAIR** - Thanks for that.

Just going through the terms of reference. Number one is the experiences of Tasmanians in housing stress and in homelessness and you have done a great job giving us case studies there. I think most of us with electorate offices are aware of some of the stories.

**Ms FLANAGAN** - Yes, you would be.

**CHAIR** - Are there any questions from the committee in relation to the first term of reference?

**Mrs RATTRAY-WAGNER** - In my office I have contact each week with somebody who is unable to access any private rental, let alone any public rental, and they have often been through Anglicare as well so I guess you are getting contact from people all over the

State now? Perhaps before it was city-focused. Would it be fair to say that it is from all over the State?

**Mr WIENERT** - Anglicare operates statewide. Our key service statewide in the accommodation support system is of the access services, which are case-planning transitional support services for people who are homeless or at risk of homelessness. The Glenorchy service, for instance, covers from Creek Road to Oatlands to out past New Norfolk. The Launceston service covers that whole area up to George Town, out to Deloraine, et cetera, and the north-west service covers basically from Deloraine down to the west coast and offers support to people from all those areas.

We also operate in conjunction with Colony 47, the EAS service which is the immediate emergency accommodation service, which operates out of normal business hours to support people who are homeless. They get calls from everywhere in the State.

**Mrs RATTRAY-WAGNER** - And has the demand increased in the past 12 to 18 months?

**Mr WIENERT** - The demands are increasing, and one of the issues that those services face is the lack of exit points for our client base, so noting what Kathleen said about our services supporting the lower 40 per cent, someone who is on youth allowance and through either the PRSS service in the north and north-west or CASH in the south, they can only rent a property up to \$110 a week. The median price of one-bedroom properties at the moment is actually higher than that level. So to even get a property they are going into housing stress, and because PRSS and CASH cannot fund people who are going into unsustainable housing, they have to try to find money from elsewhere.

**CHAIR** - It is very easy to read the statistic and see 700 households in Tasmania that are category 1 applicants on the Housing department waiting lists. But they are human beings and they come in all shapes and sizes and from all walks of life, in my experience. When you read some of your case studies, and some of the other organisations that we have had, the human face of it becomes more evident. We around this table have come face to face with people. Your staff, and that of Housing Tasmania, must deal on a daily basis with people who have been on the waiting list for so long. It must be very traumatising for your staff.

**Mr WIENERT** - It is very interesting for them. In the case planning transitional support services in that additional information that I have provided, 10 per cent of our focus is supposed to be on crisis intervention for people who are homeless or at risk of homelessness. Somebody who has just lost their home or is likely to lose their home tomorrow is in crisis at the subjective level, but according to the SAAP definition of what constitutes crisis, they are not in crisis, they are an early intervention client.

It is difficult to support someone when options for assisting in stabilising them are very limited. There are very few crisis properties out there at the moment. One of our biggest challenges for crisis support are single fathers with children because the standard shelter system is set up for single males. In our own service it is called the youth care shelter, which is for 13 to 20-year-olds, or you have Bethlehem House which is for 20-year-olds up. If a man has a child or is has custody of his children there is not anything definite out there for him. So how do we support those people? It is really difficult. For the workers are dealing with people in crisis. The Glenorchy service in any one month will

be supporting between 95 and 105 people a month from our catchment area. So if you multiply that out across the State with the SAAP services funded on the same model as what is here, 1, 2, 3, 4, 5, 6, prospectively there are more than 600 people being supported each month who are at imminent risk of homelessness or are homeless in this State. That does not include people who access shelters off their own bat and who then go into either the Centrecare services or Salvation Army services.

**CHAIR** - I think it was in your submission that I read of the percentage increase in the number of people in crisis since the real estate boom early this decade. ?. What is even worse - and I remember the statistic - is that 39 per cent more children are in a crisis situation today than there were four or five years ago. Are there a lot more kids affected?

**Mr WEINERT** - We are seeing a lot more families coming in and once again it gets back to that lack of points. Currently I coordinate the programs, four years ago I was a support worker within access and, from an anecdotal perspective, dealing with our client base is now more complex than it used to be. What do we do with them? How do we house people when we do not have the social housing stock out there to move people into? I do not know if we will get a chance to go through these case studies that I have done extra, but in your own time please go through them. They show the complexity of needs for people and how we try to stabilise children. One of the comments in our submission is about an 8-year-old boy who has had multiple houses and multiple schools, which is what our support workers have to deal with on a daily basis.

**CHAIR** - One thing you mention here is the story, 'My son's eight years old and he's in his thirteenth home', which means he is in his seventh primary school. That is quite staggering. What sort of education is he getting?

**Ms SMITH** - If I might expand on that? Did you in any of this research follow back to determine why he was in this thirteenth home; look at the history, rather than just at today?

**Ms FLANAGAN** - In that particular case there were issues around domestic violence which meant that the family was particularly insecure in the housing and they had to move on frequently. They were also on a very low income, so the private rental market was out of reach for them a lot of the time. The mother had another child as well so there were two children and a single mum. They moved around a lot, partly because of the domestic violence issues that were affecting the family. The mother had quite serious and genuine concerns for her safety and that of her children. When we spoke to them they were living in crisis accommodation, which was a three-month lease. Once the three months is up - and Anglicare has similar community tenancies - the service then has to decide whether to evict this person or continue on. It is an incredibly difficult situation for services.

**CHAIR** - What do you do in that situation? How do you decide that?

**Mr WIENERT** - The decision is made on a team basis and effectively it is a needs analysis - it is weighing up the odds of the family who is in there versus the other families that are waiting. The community tenancies that Anglicare and Colony 47 and CTSS et cetera operate we receive no funding for them so we also have a need to balance those out and it really does get down to a needs analysis of the families presenting.

**CHAIR** - Just to follow through on that - in the situation where you have had the family in there for three months and you have other people waiting, you have to juggle those competing demands and you make the decision that the new family should move in, what happens to the existing family? What do you do with them?

**Mr WIENERT** - We try to support them to other situations. It is quite rare that we put somebody out of one of our community tenancies in those situations. In the case studies I have provided - the last one - the people were actually in one of our community tenancies for just over 12 months, but that is a three-month lease at a time. Whilst those people are staying in the property it is blocking other people from accessing the property as well.

**Ms FLANAGAN** - I guess that that is that issue around exit points and where people can go.

**CHAIR** - Where is the system clogged so that there is no exit point?

**Ms FLANAGAN** - Exit point in the sense of exit to long-term housing, so either affordable long-term private rental which is rare; social housing such as public or community housing; or - that is it.

**CHAIR** - The reason there is no exit point from what you are telling us is because there is a lack of public housing.

**Mrs SMITH** - Or affordable private.

**Ms FLANAGAN** - Or affordable private, yes.

**CHAIR** - So it all comes back to that.

**Ms FLANAGAN** - Yes, it is a supply issue.

**Ms FORREST** - When you talk about the lack of affordable private rental, do you find people reluctant to go into private rental because of that lack of security - they cannot always get long-term leases and that sort of thing? It may be a possibility out there that there is a unit for \$120 a week and they can actually afford that but they have been burned, if you like for want of a better word, with private rental before where the landlord has decided he is going to up the rent or sell the property or renovate it and do it up for his own personal use or use by a family member. They have been turfed out basically.

**Ms FLANAGAN** - Steven probably has a better idea than I do but the people I spoke to just want a roof over their head. They will go into private rental but their experience of private rental is as you say - the property gets sold, the rent goes up, the landlord changes his mind about what he wants to use it for so people who had been long-term in private rental moved a lot and they had frequent experiences of rent going up while they were living there and it would get to the point where they could not afford it.

**Ms FORREST** - Often a number of people come to the office for assistance and want public housing and they refuse to go into private rental. Even though you can look up on the

web site and find four properties in their price range in the town they want, they refuse. They say, 'No, I am not going there. I have done that before, I am not doing it again.

**Ms FLANAGAN** - Certainly when I did the stories from the waiting list project one of the questions we asked was why do you want to go into public housing and the number one reason was security of tenure.

**Mrs RATTRAY-WAGNER** - If they do the right thing then they can continue on.

**Mr WIENERT** - If you get into public housing and you do the right thing there you will be there until the day you die, basically.

**Ms FORREST** - They see it as a permanent, lifelong solution.

**Mr WIENERT** - Yes.

**Ms FORREST** - Should it be that, though? People's circumstances change and maybe they are in public housing and they get a job with an improved income or they might get a job with an income that gives them the capacity perhaps to look at home ownership or private rental. I hate to say this but I have heard so many saying this that I will say it anyway. They think it is their divine right to stay in or have public housing regardless of who else is out there who is struggling more than they are. They are in a position where they could move out and I am wondering whether that is an issue that really needs looking at in this whole debate.

**Ms FLANAGAN** - I guess there are a number of issues with security of tenure. In our submission research it shows that security of tenure is really beneficial to tenants. With regard to people being on a better income, there are issues around if there is a mix of incomes within public housing and if you get some cross-subsidisation of the system - so I am on a good income so I can pay a higher rent and therefore I can subsidise a tenant on a lower rent. There are arguments around paying market rent in public housing, although our public housing system is so targeted that I imagine there would be very few tenants in that position. I am sure Housing Tasmania would be happy to give you the figures.

**Ms FORREST** - I will ask them the same question.

**Ms FLANAGAN** - We support security of tenure in public housing although, as you say, these issues need to be on the table for discussion. If households are made to move on from public housing as soon as they get themselves settled then you run the risk of them cycling back through the system. Everything falls apart and back they come. Also, we would not want to create a situation where tenants had a disincentive to get a job because they would lose their public housing. While I think it is important to discuss all of the issues and all of the options, it is important to be aware that there are lots of issues here.

**Ms FORREST** - It might not be the case in the big cities as much but it certainly is out in the rural community that there seem to be more families so that the family structure or the structure of people looking for public housing has changed so that now we seem to have more single people and more younger people but certainly one or two-bedroom places rather than three. In my area, particularly in the north-west coast, it is more families.



We see a number of people who have had a public housing property, they have had their three or four kids, the kids have grown up and left home and they still have the mum living at home in a four-bedroom home. That is her home, she has earned it, it is her right to stay there but there is a family who is homeless living in a tent with three kids who cannot get a three-bedroom home. I understand people do not want to leave a home they have been in for many years and the attachment that you would have to a property that has become a home. Do you think that is an issue too that could see some of the problems sorted out, in some parts of the State but not all? I appreciate it is not such an issue in other areas.

**Ms FLANAGAN** - It is a really difficult issue because home means so much more than just a roof over your head. I guess that is where it is important to ensure that tenants are provided with support around those kind of situations.

**Mr WIENERT** - It is an interesting one because I think it goes into a bigger question than support and things like that. It is a question that is outside what we discuss here. I have personal views on it which probably do have to do with how the housing stock is managed by the Government and that because there are options out of that I would foresee that under our current system we lock ourselves into those situations. I am possibly saying too much but there are possibilities for investment in the system through people like that.

**CHAIR** - I know it is the number one issue of disagreement within the sector isn't it?

**Mr WIENERT** - Yes.

**Mrs SMITH** - Would you support the concept that as we move forward if we have a diversity of types of housing in the one area it is then a much fairer thing to ask somebody who is suddenly in a three or four-bedroom house on their own to move into something smaller for their benefit because it is smaller and easier to manage but because it is in the local area it is still in that comfort zone of the people they know, the community they know. Surely it is the lack of the types of housing stock. In the past we have built three-bedroom houses in large groupings, and then a heap of two-bedroom units et cetera. We have not intermingled to the stage that we can shift and shuffle people, even in one street, to accommodate all.

**Ms FLANAGAN** - Certainly we need to increase the social housing supply, whether that is through the community housing system or the public housing system is again an issue of contention within the sector, and certainly increase not only the number of houses but the options for people so that properties can easily be used by someone with, say, mobility issues, and have different bedroom numbers, because there is a growing need for one and two-bedroom properties, but there are still larger families out there who need four-bedroom properties. A lot of refugee families often have quite large families - not all of them do, but some of them do, and finding a large enough property for their family is a very big issue. Many of those are on public housing waiting lists, so I think you are right that we need to look at increasing the diversity of our stock. I think Housing Tasmania is attempting to do that; it is just a very slow process.

**CHAIR** - With not much funding.

**Ms FLANAGAN** - Yes, with not much funding.

**Ms FORREST** - One of the other challenges too is that families are not always that big all the time, with families spending time in two homes and things like that. So you might have a period of time with one person or two perhaps in a three-bedroom house, and the next week they need more bedrooms. And so there are two homes that need three-bedrooms - two places because the children spend time in each.

**Mr WIENERT** - And we get grandparents through our services who have part-time care of the children and to house them in a standard single grandparent one-bedroom property, and quite often our services have to advocate the need for either a two-bedroom or three-bedroom property, depending on their care needs for the grandchildren.

**CHAIR** - I am fairly conscious of the time. This is going to be difficult because it is a very detailed submission and an hour is not a lot of time to go through it, so we may need to invite you back again.

To turn to term of reference 3, the impact of a lack of affordable housing on the implementation and outcomes of other State Government programs, are there any general comments you would like to make there?

**Ms FLANAGAN** - In our submission we looked particularly at the education system, the disability and mental health services system and the justice system, but across the full range of the service areas there would be issues with housing. Certainly, the community sector as a group have named it for many years as a really important area that needed looking at.

The reason that we focused on those areas is they were areas where Anglicare has service or research experience, or both of those. That is why we focused on those. I guess the main issue is the need for housing for these groups that it is meant to support as well so that housing is not just a roof and then everything will be all right. Certainly the case studies that Steven has prepared do tease out some of those issues where people do have disability or a mental health issue. It is not enough to simply put them into a house, there needs to be some kind of integration between the housing system and support services so that they can sustain that.

**Ms FORREST** - Are you aware of any figures that have been done to show what, if you had housing sorted out, with everyone housed who needed a house, the reduction in cost would be on the education system, the justice system, the health system, the mental health system, disability system? They still will have their own needs, and people who live in houses are unwell at times of course. Have any figures been done on the savings that could be achieved through adequately housing people?

**Ms FLANAGAN** - I did look at this term of reference. I could not find anything really comprehensive. That does not mean it is not out there, it just means that it did not come up in my literature search, but I am not sure if I referenced anything or not. There have been studies done around the justice system, and I think that the one I quote was making some attempt to quantify some of those issues. There was one by Mike Berry as well which looked at proposing support services.

**Mrs RATTRAY-WAGNER** - We've already had reference to the Berry Report.

**Ms FLANAGAN** - They were what I found. It is such a complex area, particularly in the Tasmanian context. I do not think there is anything but I could be wrong but not that I am aware of.

**Ms FORREST** - It would be interesting to have that, not that it is going to be a definitive figure either.

**Ms FLANAGAN** - It would be. There is a lot of work involved in modelling that.

**CHAIR** – Regarding the education system, a comment concerns me where you say some young research participants raised concerns that landlords regularly invaded their privacy through unannounced inspections and dubious rent-collection practices.

**Ms FLANAGAN** - Yes, just coming into the house without notice and having arrangements that I will just turn up and collect the rent and you will have it ready. They were issues reported in the condition report that Prue Cameron did for Anglicare.

**CHAIR** - Does that suggest that the Residential Tenancy Act needs some improvements?

**Ms FLANAGAN** - Our concerns around the RTA are that there are some issues and I think there are gaps particularly around housing quality. But it is really about enforcement.

**CHAIR** - Those things aren't allowed.

**Mrs SMITH** - Who is going to report it? Are you, and not have a roof over your head?

**Ms FLANAGAN** - That is the issue.

**CHAIR** - That is the problem.

**Ms FLANAGAN** - A sense of disempowerment among tenants. Mrs Smith is quite right, that people feel that they cannot report it and unfortunately there is not a strong regulatory body that is proactive about enforcement.

**Ms FORREST** - It is the same as asking for maintenance and repairs. That was highlighted I think in your submission and others that tenants are often reluctant to demand basic hotwater cylinder repairs and things like that.

**Ms FLANAGAN** - What is their right, yes.

**Mrs SMITH** - That is an emergency; they can have it fixed under the law.

**Ms FORREST** - But they are still reluctant to do it for fear of what might happen.

**Ms FLANAGAN** - And some tenants would not have the money to pay the repairman up front. We are very hopeful that the bond board when it finally does come on line will

help to overcome some issues around return of bonds and that kind of thing. But that has been delayed till 2008 now.

**CHAIR** - Why?

**Ms FLANAGAN** - As I understand it, it has. That is something that Consumer Affairs would be able to confirm. I understand it is technicalities with setting up the database. They need a fairly comprehensive database to collect all of the bonds and manage them.

**Ms FORREST** - With the advances in IT you would not think it would be that hard.

**Mr WEINERT** - Especially when there are bond boards elsewhere in the country.

**Ms FORREST** - This is only Tasmania we are talking about. It is not the whole of Australia.

**Ms FLANAGAN** - No, just Tasmania.

**Mrs RATTRAY-WAGNER** - You should not have to reinvent the wheel.

**CHAIR** - You have made important points there regarding the mental health system and the criminal justice system which I will certainly take on board. We will move to term of reference 4 which is the effectiveness and limitations of current State and Federal Government strategies and services to alleviate the impact of poor housing affordability in Tasmania.

You made a really important point in relation to the Affordable Housing Strategy which was to support 4 000 additional households over the first three years and provide 1 200 new affordable dwellings. That has now been dropped and in its place we have TAHL which has had up to 700 properties. It is a fair reduction in the predictions.

**Ms FLANAGAN** - I guess there are two points. One is that there is a lot in the Affordable Housing Strategy that was really positive and that a lot of groundwork was done and then actions never eventuated. In terms of your own recommendations there is a lot there that should be revisited. That strategy was an attempt at a comprehensive response across the whole system and looking at all of the different issues so I think there is a lot in there worth drawing out. Anglicare's position on TAHL is that we are supportive of it. We are represented on the board of TAHL. We are disappointed in the delays that have happened and the fact that it is only in the last couple of weeks had its funding agreement finalised, but we have always maintained that TAHL is a solution but not the only solution. While it will make a difference for some households, it is not the only option that the Government should be considering.

**CHAIR** - There are two questions I need to put to you. We have been given some evidence from two different groups today. First of all we have just heard that, even with everything going well, there is no way that TAHL can produce 700 properties in four years. Does Anglicare have a view on that?

**Ms FLANAGAN** - We would really hope they could.

**CHAIR** - Do you believe they will?

**Ms FLANAGAN** - I do not know. I guess it depends on the model. My understanding of the way that TAHL works is that private investors build houses on crown land, or you could bring in your own land and build a house on that, and then TAHL head leases them on behalf of low income earners. So I guess there you are depending on private investors to invest and while I am sure that TAHL will do their best to attract investments these things are always unknowns, aren't they?

**CHAIR** - The other thing said to us today by TasCOSS was the belief that TAHL would not be targeting category 1 applicants. Is that your understanding?

**Ms FLANAGAN** - Yes, my understanding is that it will lease to people on the public housing waiting list, not necessarily just category 1, but the whole waiting list. The primary selection criteria will be the person's preference around where the house is and the size of the house. So if you need a two bedroom property in North Hobart and the only property TAHL has is a three-bedroom one in New Norfolk, you may not get that property whereas someone who wanted a three-bedroom property in New Norfolk would. TAHL may be able to clarify it for you but I do not think it is just category 1. I think it is the whole waiting list, and it is around the tenant's preferences as to where and to how big the house should be, and that is reasonable. We should be able to live where we want to.

**CHAIR** - It is quite disturbing to hear this because TAHL has was being promoted as the substitute for an increase in public housing and the strategies under the Affordable Housing Strategy. If it is not targeting category 1 applicants and because of the strategy Housing Tasmania are being starved of funds to buy or build new homes, it really means that no-one is providing new homes for category 1 applicants if that is true.

**Ms FLANAGAN** - Yes, and that is why our position is also that we need an increase in public housing or in supported community housing.

**Ms FORREST** - My understanding is that people in category 1 are generally people with high needs, including people with disabilities who have limited capacity and cannot go to any property because they have to have particular access or other issues. Would it be reasonable to suggest that in TAHL's endeavours to build the 700 houses they discover what the needs of those people in category 1 are and then build accordingly? Or is that too prescriptive? Does it need to be that we put in whoever wants that house in that area. Regardless of whether they are category 3 or category 1, in they go

**Ms FLANAGAN** - I think the area thing is where TAHL is limited to where the crown land is released. I certainly think it would be sensible to look at the needs of the people on the waiting list and build accordingly and I am sure that TAHL will do that to the extent it can. I guess there are also issues around what investors are prepared to build as well.

As I understand it, one-bedroom properties are not a particularly profitable investment, whereas larger properties are, so there are difficulties around encouraging construction of one-bedroom properties.

**Mrs SMITH** - I think that has been one of the difficulties as an organisation. They were looking to get some one-bedroom properties into the mix and developers see no benefit in one-bedroom ones as an investment.

**CHAIR** - Capital gain, yes.

**Ms FLANAGAN** - It will be valuable, but it is not the only solution.

**CHAIR** - Generally, your submission states on page 18 that community housing is currently not a meaningful alternative to the public system.

**Ms FLANAGAN** - Because of the size of the community housing sector. It is just so small.

**CHAIR** - It is a good strategy that can complement public housing but it is never going to be a replacement, is that what you are saying?

**Ms FLANAGAN** - If someone built 10 000 community housing properties tomorrow I guess it could be, but at this stage it complements the public housing system but it is quite small. I understand their turnover rate is quite low. I think the productivity commission waiting list figure is 404 people and they have only got 486 properties so the waiting list is virtually the same as your stock pool. There are going to be long waiting times.

**CHAIR** - If there are no more questions on that we will move to term of reference 5, the appropriateness of current levels of funding for such strategies and services.

**Ms FORREST** - Clearly there is not enough.

**Ms FLANAGAN** - Yes, you could summarise the whole submission in that way, couldn't you?

I guess the main concern at the moment is the uncertain future of the CSHA. Mal Brough has indicated that it will not be renewed in its current form. I am not really clear on what the Labor Party is suggesting at the Federal level but it seems to be changes to the structure of the CSHA as well. That is the main instrument for funding housing assistance in Tasmania and that is up in the air. There are big concerns about what the future holds.

**Ms FORREST** - Do you have a view on dealing with the debt? There have been some suggestions that it should be written off by the Commonwealth Government or that it should be absorbed into the general debt rather than just staying with Housing. Do you have any view on that?

**Ms FLANAGAN** - Anglicare has lobbied on both those points.

**Ms FORREST** - To both, either one or both?

**Ms FLANAGAN** - Yes.

**Mrs SMITH** - It was Labor Party policy at the Federal arena last election.

**Ms FORREST** - They have not seen it this time I think, have they? The election is not called yet.

**CHAIR** - There are a thousand questions we could ask you.

**Ms FLANAGAN**- We would be happy to come back if you need us to.

**CHAIR** - I am rushing through for time.

**Mrs RATTRAY-WAGNER** - It is a very detailed submission and I compliment you on that. It certainly covers all the aspects.

**CHAIR** - TasCOSS again this morning made the point about the primary recommendation is \$25 million a year for the next four years to build more houses. The committee asked if that was the number one priority, to actually build more dwellings. Is that Anglicare's belief?

**Ms FLANAGAN** - Yes, I think so. I think we really need to increase supply. We need to do that while remaining aware of the needs of people with complex needs, the need for adequate support and the need for the crisis system to be more appropriately resourced, but at the end of the day it is a supply issue so building more affordable dwellings would be our primary recommendation as well.

**Mrs RATTRAY-WAGNER** - When you are talking about the services that go alongside those affordable dwellings, would your organisation be thinking closer to the central city areas where some of those services are more readily available rather than some of the outlying areas? What are your thoughts on that?

**Ms FLANAGAN** - I think there needs to be a mix but certainly it is important to be aware of the need for social infrastructure. They need to be close to public transport networks because a lot of people rely on public transport, they need to be close to affordable shopping facilities for groceries and things like that. It would be good if they were in areas where there was employment growth to support people into work. Being close to schools, health services and community services is really important in terms of helping people sustain tenancy. If you are miles out of the city then your house may be affordable but your travelling costs may not, so it is important to be aware that it is not just the rent but also the cost of living in that house. That is where housing quality also comes into it, because obviously heating bills have to be affordable.

I think earlier somebody was talking about energy efficiency and the importance of energy efficiency in affordable housing needs.

**Ms FORREST** - On the funding side of it you talked a bit about My Place, the project in the north and north-west of the State. Is that a State or Federal-funded project?

**Ms FLANAGAN** - It is federally funded under the national homelessness strategy.

**Ms FORREST** - And that is coming to the end?

**Ms FLANAGAN** - Yes.

**Ms FORREST** - There is no certainty about what might happen with that?

**Ms FLANAGAN** - At this stage, no. It was funded as a demonstration or pilot project. I included it in the submission to flag it. People come up with pilots and often they work really well but at the end of the pilot then -

**Ms FORREST** - The people with mental health problems who are on the waiting list will probably know no differently, because they are waiting, but for the ones who are on the program that potentially could have a negative impact on their mental health illness.

**Ms FLANAGAN** - Absolutely.

**Mr WIENERT** - If that program is not re-funded - we have one example in these case studies here in reference - those clients will be handed across to the access services in the north and the north-west and support will continue that way for them.

**Ms FLANAGAN** - We don't want to leave them hanging.

**Ms FORREST** - How many clients are we talking about who are on the program?

**Ms FLANAGAN** - Approximately 24.

**Ms FORREST** - So the capacity is there in the access program to pick them up?

**Mr WIENERT** - It stretches the access service out one level. The case studies I gave you give a good example of the in-depth support that some of those people require and some of the issues on which we are supporting those people.

**Mrs RATTRAY-WAGNER** - Is Launceston the only Tasmanian area to have the home advice program in place?

**Ms FLANAGAN** - Yes. That again is a federally funded program, although there is an example there of a similar program in Western Australia for public housing tenants. It is in there as an example of the importance of early intervention and providing support to people before they reach the crisis point. Often that is very difficult to do, because there are all these people in crisis so you want to help them as much as you can.

**Mrs RATTRAY-WAGNER** - What about the future of that program?

**Ms FLANAGAN** - As far as I know the funding is going to be continued; it is as secure as any program is.

**CHAIR** - You make the point pretty strongly under the Commonwealth State Housing Agreement on page 22 with the table which is a damning indictment really. Basically \$7 million lost in funding for accommodation from both the Federal and State Governments. I think another reference you had from memory is 17 per cent drop in Commonwealth funding over this period and a corresponding 19 per cent decline in State funding at a time when demand for the services has gone up because of the real estate



boom. Your submission is really telling us that something has to be done to correct that imbalance of funding.

**Ms FLANAGAN** - Yes.

**Ms FORREST** - This is in the face of good economic times.

**CHAIR** - Yes.

**Ms FLANAGAN** - The balance between funding for the CSHA is \$1 billion nationally in 2001, compared to indirect subsidies for home ownership of \$21 billion. I think it is sad that we do not ensure that everybody has access to affordable and adequate housing. Yes, something needs to be done and it needs to be done soon or the situation will just get worse.

**Ms SMITH** - The first home owners' grant should be means tested, on page 16. Would you like to expand on why you think it should be and where your cut-off point would be.

**Ms FLANAGAN** - We were not specifically recommending that it be means tested. It is just that it is not and because it is not it has contributed to house price inflation. It has not necessarily had the impact that it could have had, had it been means tested, but we certainly have not looked at where a cut-off point would be. Housing Tasmania's home ownership assistance programs are means tested, so maybe there is some modelling behind that that would provide an indication of where that cut-off point could be. There has been a lot of talk at a national level about increasing the home owners' grant and we would urge caution with that if it was done as just a flat out increase because it simply inflates housing prices. An amount of \$7 000 does not go very far any more, whereas maybe once it did when it was first introduced.

**Ms FORREST** - There has also been the comment that the first home owners' grant has really only helped people who would were able to afford to buy, just making it a bit easier for them. The people it was targeted at, like the low-income people who would not have got into a home ownership situation without it, still cannot anyway. So it has really only helped the people who were to buy anyway.

**Ms FLANAGAN** - Yes, simply brought forward. There was a study by Terry Burke which found in New South Wales and Victoria that 37.6 per cent of the people he surveyed said, 'Well yes, we would have been able to afford it anyway'.

**Ms FORREST** - Just that it was nice.

**Ms FLANAGAN** - Yes, exactly. It helped.

**Ms FORREST** - It would hardly pay for your legal costs.

**CHAIR** - It seems to be a big percentage, 37 per cent.

**Ms FLANAGAN** - I think he was targeting recent home purchasers from low to moderate income areas. That is quite an interesting figure given the demographic of the people that he was speaking to.

**Ms SMITH** - You made the comment on the negative gearing and that abolishing that would save the Federal Government \$2 billion a year, which could finance additional public housing. But usually when something is abolished we do not see it transferred across to something. Would you like to comment on abolishing negative gearing in relation to developers and the requirements you see there should be for inclusion zones et cetera. Why would somebody bother to build rental properties? That is what I am trying to get an answer to, because we cannot rely on governments to do it all. There will have to be a percentage of private rental market out there.

**Ms FLANAGAN** - I am not a trained economist but the research I read indicated that negative gearing as a subsidy does not seem to be targeting affordable rental properties. It is basically a subsidy to the higher end of the market, so is that the most efficient way of doing it? How you would model it so that it targeted the lower end of the market is for people trained in these matters, not me. In terms of the inclusionary zoning, one of the arguments against it is that it shifts the costs of providing housing on to the people purchasing the housing. I guess we would look at it as a way for the community to share some of those costs. It also is a mechanism for allowing affordable housing development in more central areas where you normally would not be able to put it because it would be too expensive. I think TAHL had a tender recently for I think they called it Moonah Plaza but it was in that shopping strip area of Moonah where they were going to have a certain proportion of the residential apartments built that would be affordable so we see it as a mechanism of being able to do that and a way to achieve some of that social mix. So that instead of having broadacre public housing estates you have public housing spread more evenly throughout the community. Unfortunately the community have shown that they are not always entirely behind that idea and I guess that is to do with -

**Mrs SMITH** - Not in my backyard.

**Ms FLANAGAN** - Yes and fears and misconceptions about what it means to have a public housing tenant living next door. I think -

**Ms FORREST** - Or even housing where a shelter or something is located. People do not want that or don't build around there because there is a shelter just around the corner and that is no good.

**Ms FLANAGAN** - Yes, and I guess that is when we talk about the planning system trying to get a statewide vision for what affordable housing could be. I think, in other States they have put resources into supporting local government to understand the reasons, to understand how it can work well, how to support the development of it. I think that there is scope there for some action - community education campaigns all those sort of things.

**CHAIR** - I do not think there is necessarily a problem with the planning system, I think it is the way decision makers interpret the planning positions with public pressure.

Moving on to term of reference 6, which is successful strategies in other Australian States that could be effective in improving affordability in Tasmania, you have certainly highlighted quite a few, which is very good. Are there any questions from the committee?

**Ms FORREST** - It would be worth looking at a number of these models that you have highlighted.

**Ms FLANAGAN** - There is a lot going on in other States and it was quite enlightening doing the research for the submission to see the initiatives that other States are putting in place. In a lot of ways it is very sad to see that the Affordable Housing Strategy has fallen away the way it has because I think it would have stood up well to a lot of what other States have been doing.

**CHAIR** - With the demise of the next three stages of the strategy I know that means no extra money for building new public housing but are the other strategies in stage one still ongoing?

**Ms FLANAGAN** - Yes, as far as I am aware. Things like the expansion of eligibility for the private rental support services that was under stage one. Anglicare runs two of those supported residential facilities in Burnie and Launceston and the proposed SRF in Sandy Bay would have been one of those. As far as I know the money for stage one has continued, it is just that the stage two initiatives didn't come on line.

**CHAIR** - So the only thing dropped was the additional money for building and buying new premises? None of the other stage one strategies were -

**Ms FORREST** - They stopped being funded?

**CHAIR** - Is that right?

**Ms FLANAGAN** - Yes, as far as I am aware.

**Mrs SMITH** - Some of them, of course, once they were built were passed over. The mental health units in West Ulverstone were passed over to Health once the building was on the ground. If you read page 25 of your submission, investment in social housing system, you could have also added that Tasmania has committed however many million over four years for 700 properties and yet two years on we have not seen one backhoe in a paddock to achieve this. Do you know whether or not these are being achieved or is it the big budget bright lights that we hope are in the other States?

**Ms FLANAGAN** - Yes, a lot of these are very recent announcements. I think most of them were budget announcements this year.

**Mrs SMITH** - It would be interesting for us to ask those States not what their strategy is but how far along it is.

**Ms FORREST** - Yes. How many houses has Jack built?

**Ms FLANAGAN** - It would be interesting but I think the evidence of the commitment is probably more than was managed in the last budget.

**CHAIR** - There is no doubt about that. At the bottom of page 24 you mention the advocacy campaign and the structure you are putting together there. Is there going to be any information in that that we have not got to date?

**Ms FLANAGAN** - A lot of this submission drew on that research. I am just mentally running through it. In the background papers there is probably a little more detailed information around the .policy context and the recommendations are more detailed. In this submission I think we have only made five recommendations whereas there are more recommendations but in terms of the spirit of the submission, no, not a lot that is new.

**CHAIR**- The date of release of that is?

**Ms FLANAGAN** - 16 October. I think we have made appointments with all of the members of the committee as part of the advocacy-based strategies.

**Mrs RATTRAY-WAGNER** - With regard to the recommendations I like the word 'must'. It is always more powerful. We take that on board.

**CHAIR** - Thank you for the incredible amount of work you have put into the submission. It really is excellent and I thank you for your time today. We look forward to seeing the other document on 16 October.

**THE WITNESSES WITHDREW**

**Ms THERESE TAYLOR**, CEO, **Mr MARK REDMOND**, SERVICE DELIVERY MANAGER, **Ms TRACY McLEOD**, PROGRAM MANAGER, AND **Mr GARY COOPER**, MANAGER, COLONY 47, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** (Mr Martin) - Welcome to the committee. I would like to thank you for your submission; we have all looked at that. If you could spend 10 minutes giving a brief overview we would then like to go through the report and ask questions section by section.

**Ms TAYLOR** - Colony 47 took a bit of a different approach because in consultation with our colleagues, mainly TasCOSS Shelter and Anglicare - and I was obviously here to hear some of Anglicare's very comprehensive submission - we felt that some of the high policy issues would be dealt with by those peak bodies as that is their role in the sector so we decided to concentrate on service delivery.

Colony 47 has a 30-year history in Tasmania of a broad range of programs - mainly in the Hobart area so I should say we are not a statewide organisation - servicing the disadvantaged. We have two major housing programs that have operated for over 20 years, in different forms in terms of government policy and funding. We concentrated on giving the committee a view of what is actually happening out there on the ground to clients who are coming in, and the effect of housing affordability on their pockets and their day-to-day lives when they are supporting families and trying to live. We concentrated on term of reference 1, but I would be happy just in my overview to make comments across the other terms of reference and some recommendations if that is okay with the committee and then we would be happy to take questions across all of those.

**CHAIR** - Yes, that would be really good.

**Ms TAYLOR** - Tracy is the program manager of our COSS program and Gary works in our CASH program, so these are the people who are actually servicing clients on a day-to-day basis and I thought it was more appropriate - nothing against senior managers, Mark - for those two to share some of their experiences with the committee.

The two major ways that Colony assists in terms of our programs is CASH, which is about a \$2 million program; the Colony Assistance Service for Housing. This is the PRSS program, the main vehicle of assistance, and it is funded through the Commonwealth-State Housing Agreement. About 2 000 clients through Colony benefited from the program last year. That does not mean that was 2 000 clients who walked through the door. Many more walked through the door but were unable to be assisted through PRSS. PRSS is primarily financial assistance in forms of bonds, but we also offer assistance in rental assistance and removals so it is quite a broad program.

In terms of affordability, as you would have heard on several occasions today, housing stress has a definition in Australia of more than 30 per cent of your income on either mortgage repayments or rentals. We assess clients as they come into our service and we are finding now that in fact it is unusual if someone is 30 per cent, as most of the clients we have would be around the 50 per cent of their income. It is creeping up now. In the last five years we have seen a huge change not only in the amount of income that goes to

rental or mortgage payments but in the type of client who is accessing our services. When you see some of the case studies, it is between 50 per cent and 65 per cent on rent. I spoke to another service last week and a client presented with 80 per cent of their income on rent and was seeking assistance.

**CHAIR** - Why?

**Ms TAYLOR** - They were obviously not eligible but it is just extraordinary. Sometimes we do say yes at 65 per cent. It is not common, but that is why the interview with our trained workers is important. Sometimes you go to a high rent suburb simply because your parents live next door or there is no transport to your work. We actually take your life circumstances into account, not just your rental, and those factors end up being relevant. We will say, 'Okay, you are paying more in rent but you have support or less expenses in other ways'. As we have said, the claims are increasing. The other thing that is happening is when you first apply to see if you are eligible you must find the property. Because of the supply and demand issue in Tasmania at the moment your eligibility is there for six weeks so you can go out with a piece of paper and hand to a landlord to say you are eligible for bond assistance. Often the six weeks expires and you must go through our system again, because you have not found any sort of house or flat or suitable accommodation within the six-week period. That is common practice. The stress that is putting on families in terms of the supply is enormous and we see the effect of that in some of our other programs.

Most of our clients traditionally have been on Centrelink payments. We are finding now that there is an increase in clients coming through who are working families on low incomes, who would not have dreamed of accessing services like ours in the past because they were getting by, perhaps not that well, but they were getting by. That is impossible now, so we are finding that in a range of our programs the clientele is shifting. I first joined Colony just before the Christmas party last year and the staff unanimously commented on the number of families attending our Christmas party now. The big lunch, which Colony is well known for, used to be for those who were lonely and had nowhere to go. Well, these are the same families who are accessing our programs across the board.

The submission goes on to outline exactly the interaction we have. Obviously we work daily with landlords and real estate agents under the Residential Tenancy Act. We also have a direct tenancy program where we manage 45 tenancies and these are for young people under 25 years of age. These are mainly students in rural situations coming into further study in Hobart. These seem to work a lot better and are one of the models that we would like to put forward in some of our recommendations. It is because it is holistic support. A lot of the clients that we help access housing are high-need clients and accommodation is just one of the needs that they have. The way the programs are structured at the moment you deal with an issue as it presents, instead of some sort of assessment of a client and how you actually get those clients into tenancies. One of the problems that we have when we get these high-need clients into a tenancy is that they cannot sustain it, especially with rents rising, and so they develop a record of being someone who cannot sustain a tenancy, which exacerbates their problem and places them further down the waiting list.

Our other program is the Colony Outreach Support program. This is the SAAP program, the final safety net, and the research that we saw coming out of the national housing summit was that only 7 per cent of SAAP clients actually escape the SAAP vicious circle.

**Ms FORREST** - Seven per cent?

**Ms TAYLOR** - Seven per cent. The national research is that 7 per cent of SAAP clients will actually be able to move into accommodation and maintain and change their lifestyle. A lot of the SAAP clients we see are repeat clients who were okay for a while because they have a range of high needs and they re-present in the service and that is why one of the recommendations that we will be pushing is about a range of early interventions. A lot of it is about life skills, a lot of it is about eating well, how you pay your bills and how you seek jobs. That research is available; it came out of the national housing summit.

**CHAIR** - Can we access that?

**Ms TAYLOR** - Yes, I can easily send that.

Then we move on to some of the case studies. This is fairly self-explanatory, pretty depressing I think but pretty self-explanatory about how much disposal income people have to live on over a fortnight's payment. You may have some questions about those I am sure.

**Ms FORREST** - I read this submission a week or two ago when we received it. I was at a function recently where a general practitioner was presenting to a Rotary club about health services on the north-west and he was being fairly honest with the people. In fact the group he was talking to knew nothing about health anyway let alone their own health; they were all men except for me.

His presentation was about health services and what causes increasing costs and things like that and I asked him whether in his opinion the lack of housing and homelessness were factors in poor health outcomes. The question completely stumped him. I did not think it would but it did but then he said really it is about budgeting. If they can budget they are right and I was just amazed.

I can see what you are doing here is helping people with their budgeting skills. When they have these fixed costs such as rent, if you're their rent is so high that they cannot buy decent food then obviously it is going to have a health impact. He did not get that at all. I was a bit mortified that he did not get it at all and I thought that it was not the place to have a discussion with him so I didn't.

Would you suggest that assisting people with their budgeting, as you obviously do, does have a positive impact or is it just that it is all so hard that there is no real way out of this?

**Ms TAYLOR** - Yes, is the short answer to that question. That 7 per cent I thought when I read it as well is a hugely startling statistic in the SAAP program and if SAAP are the last safety net and people are falling through, and that is what we are finding presenting to our service now, where do you go after SAAP? There is nowhere to go after SAAP

and we are turning people away because all our tenancies are full and all the accommodation sources we use are full but those are the sorts of people who do not have any strategies. They do not have any life skills and things like good health or good eating. It's modelled anyway a lot of the time and if you come from a family background that has not had a history - it has been a dysfunctional family - it is okay for someone to say to budget but if you had some skills for budgeting that would be helpful. Even some of our participants in the DTP program have a better chance of learning those skills because they are managed in the tenancy. Even though we manage our clients even in the SAAP tenancies - and Tracey might like to add here - it is a management about the accommodation, not about them exiting our services. The exit points out of SAAP are really poorly developed, it seems to me. It seems that for a long time governments have had such a preoccupation that shelter means a roof or accommodation whereas, of course, shelter means a whole range of things about safety, security, belonging to a community, a whole connection, and that has not been built into the programs.

**CHAIR** - We have heard a lot of evidence provided today, as you have just said, about the difficulty in exiting the emergency services, the crisis services. Why do you think that is? Where is the problem?

**Ms TAYLOR** - Referral points is one easy one. We have very little ability, and also once you get someone who has been at risk of homelessness for a long time into an accommodation it is really hard to evict them. Tracy might want to make a few comments there.

**Ms McLEOD** - We work on a SAAP continual support, so the idea is that the client comes in this end and we follow them through out of the system. Obviously that is not working. There is a backlog because there are no available exit points. There are no Housing Tasmania properties, private rentals are out of reach now and the only safety net is the SAAP services.

**CHAIR** - So what do you do? Let them stay in your premises?

**Ms McLEOD** - We usually end up supporting those people, but for much longer periods of time than we are funded for.

**CHAIR** - Which means you can't help more people at the other end.

**Ms McLEOD** - Our job is around homelessness and early intervention, but what we are seeing now is a whole new group of people coming through - which Therese touched on - that we are having to work with as well, which broadens the target group. Those new people are the ones who probably wouldn't have found themselves homeless two years ago. They had been renting for a long time and then the housing boom came and rental properties were sold. We would normally work closely with the shelters. We also have the joint Anglicare and COSS Colony 47 after-hours service. That is the service that runs from 5 p.m. to 9 a.m. the next morning. We sometimes have to turn people away, particularly in the periods where you have to access caravan parks, hotels, motels and those places during the tourist season. That is from now right through until about March or April next year. That is when we find it tough. Getting people into shelters can be quite difficult because they are already full and struggling with the fact that there



are no exit points for the people they have in their shelters. So we are often choosing options such as caravans, hotels and motels and our community tenants networks.

**CHAIR** - I think it is very difficult from this time of the year onwards.

**Ms TAYLOR** - The tourism industry has a massive impact on accommodation.

**Ms FORREST** - What do you see as the answer?

**Ms McLEOD** - If we are going to have SAAP continual support, if we are going to be able to see somebody come in one side and follow them through, there has to be an exit point out there somewhere. One of the most difficult referrals we get is a person who has been evicted from a Housing Tasmania property and has a number of needs. One of them might be financial difficulty so that private rental is out of the question; and, even if they did have that option, it is so hard to get now.

**Ms FORREST** - What are the exit points that need to be put in place so that you are not getting the backlog? What is the answer at this end?

**Ms TAYLOR** - I think there is a whole range of things. There will not be any silver bullet. Supply needs to change in the public housing area, but we also need to have public-private partnerships to increase the supply. So the tourism industry comes along, you have been renting happily in that house and then all of a sudden you are evicted. The people mainly affected are the children, because all of a sudden you can't find accommodation so your school has to change and your education is disrupted. This happens on a regular basis through no fault of your own. Or interest rates go up, so the rent goes up - and we have had eight interest rate rises in two years, as you know. If we had some sort of tax breaks for landlords to guarantee lower rents and longer leases for those who are going to be in the rental market, this would open up supply in a broader way than it is now. So more public supply, more public partnerships in terms of underwriting landlords in the private market. One thing I can expand on either now or later is Colony 47 is actually part of our Tasmanian Community Housing Trust with 10 other partners. TAHL took so long to set up - though this is not in competition with TAHL, because we think the solutions are many and varied - that STEPS Employment a couple of years ago floated to a few community organisations the view that we actually begin our own housing trust. It has a range of community organisations like ourselves and private investors and it is underwritten by the Macquarie Bank. We have already built 12 units at Warrane and we are having some legal difficulties in terms of the release of the land - it was Housing Tasmania land - and some of the legal difficulties of crown land moving out of government into this trust. But even though it has been frustrating, I do not think that is insurmountable. That is just the first experience, an experiment. We have already sold one of the units because it was on land that was actually incorporated into the site so it was able to be sold.

It is for profit; we get a return on it like any investor. We have already started building. That is a site dedicated to 12 units. We have already started building in Bridgewater and Gagebrook, just on two blocks of land. We have built a house in Huonville.

**CHAIR** - Are the tenants for these from Housing Tasmania's waiting list?

**Ms TAYLOR** - The tenants must be eligible for our PRSS programs and therefore must be in the target group for rental assistance.

**CHAIR** - Category 1, or not necessarily?

**Ms TAYLOR** - Not necessarily. We will take people off the housing list, but we will also take ones who present to Colony 47 through our programs. Why we see the partnership as so good is that our organisation can assist getting tenants into these properties. We will have reduced rents through the Rental Assistance Program and then there will be an opportunity to actually purchase the unit further down the track. And we can do budgeting with people and things like that while they are there.

STEPS have been asked to fly around the country to talk to other people about the scheme. If they decide to take it up - and it is our IP, I suppose - we will trade our system here and what we have done for a 5 per cent share in their housing trust, so that will generate income through the trust to be able to keep building.

**Ms FORREST** - Some of those clients may come through your door and whilst they are a tenant you give them, depending on what they need, ongoing support in budgeting and managing their household expenses and whole range of services like that?

**Ms TAYLOR** - That is what we want to do, yes.

**Ms FORREST** - That is one of your pre-identified exit points?

**Ms TAYLOR** - Yes, and that is what I mean about exit points; we need a whole range. It does need to involve the private rental market. They have to be attracted to stay in the scheme and not go for, say, tourism dollars because that does have a big effect when summer comes. We have to have a bigger supply of public housing and we have to have organisations like this. We are underwritten by the Macquarie Bank, but one of the recommendations that we have put forward is that we believe those partnerships just need to happen and the private sector could be attracted if it was underwritten by a government guarantee.

**CHAIR** - Is that what TAHL is about?

**Ms TAYLOR** - It is, yes. To be honest, I have only been around the edges of TAHL because Colony is not directly involved. But that is the general philosophy behind TAHL as well. But this would be with crown land. The slow start of TAHL has been really unfortunate for all of us, and I am in some doubt as to whether the 700 houses will even get up in the time period.

**Mrs RATTRAY-WAGNER** - There is a bet going around.

**Ms TAYLOR** - I tried to say it as least cynically as possible, did you notice that?

**CHAIR** - Be a bit more subtle.

**Ms TAYLOR** - Well, there's the release of the \$10 million of crown land and what that looks like. Do we need broadacre? I am not totally against broadacre but some of the things

that we have talked about in Colony are high-need clients and access to services, and that some of our tenants were evicted from their flats in the city around North Hobart.

The next one they can possibly afford by way of rentals is way out, transport is difficult and at the same time they are on the methadone program and there are only a couple of pharmacies in Tasmania, in Hobart, eligible to supply, and one is in North Hobart. So you go from being able to keep your life under control by being able to walk from Austins Ferry or Bridgewater or Kingston or wherever to try to access that daily need. Those are the practical challenges that are faced by many of the clients who are trying to find their way through this.

**Mr REDMOND** - Some of the exit points could be facilitated more by a whole-of-government approach, through the local government and through the Commonwealth Government. One example is the immediate boarding house applications happening in Sandy Bay and Claremont which have been circumvented through local government, and proposals in council now regarding turning car parks into a suitable and very appropriate range of low-cost accommodation. So there are a whole range of factors in a local area geographically to meet a short-term supply need. A supply and diversity of supply I think is important as well. A lot of immigrants, new migrants, humanitarian entrants into the State now with larger families cannot find housing which is appropriate to their needs to maintain a quality of life that you were talking about before.

**Ms TAYLOR** - In terms of our humanitarian entrants, one of the distressing things that we have found is that not only could you not find suitable accommodation in terms of size, landlords who have a large house when you present with the client now ask where are they from. If you say they have just arrived from Sudan they will say not to bother bringing them.

**Ms FORREST** - Just say they are from Hobart.

**Ms TAYLOR** - You cannot even get past first base, and that is just a new development. There have been no evictions or whatever of any of our humanitarian entrants.

**Ms FORREST** - They are good tenants then?

**Ms TAYLOR** - Yes.

**Ms FORREST** - They are probably grateful to have anything.

**Ms TAYLOR** - That is right.

**CHAIR** - Agents under DDA would not be allowed to say that.

**Ms TAYLOR** - That is exactly right, and agents are not allowed to throw people's furniture out in the front yard either, but it does happen.

**CHAIR** - Probably landlords more than agents.

**Ms TAYLOR** - I am sure that you have had lots of submissions around those.

**CHAIR** - Therese, do you have any points on the other terms of reference?

**Ms TAYLOR** – Regarding term of reference 2, about the broader economic and social wellbeing, and I suppose we touched on some of these with some of the broader comments, obviously with the disconnect in Tasmania between the prosperity that is happening in the economy and housing affordability, the gaps are getting wider. The danger target group are humanitarian entrants, migrants, the older citizens and youth.

Also in relation to those sort of cohorts of most-at-risk target groups, Housing Tasmania's policy of allocating them homes has created a whole range of compounding problems because now you have a lot of single parents, people with disabilities, people who have been refused every other sort of accommodation in very concentrated housing areas so the impact that services like ours are getting and feedback from Housing Tasmania is that the social problems are starting to have a high impact with neighbourhood violence and people being frightened and those sorts of things. So putting those together in the short term for that high-need category certainly has not seemed to be successful. From our point of view the biggest impact in broader issues has been on children. And then there is changing addresses, often because of rising rents, combined this with the new Centrelink penalties around breaching - I am not sure if you are familiar or if anyone has outlined those today -

**CHAIR** - No, it is the first time it has been raised.

**Ms McLEOD** - I think it is called participatory failure.

**Ms TAYLOR** - Participatory failures. I think the shorthand we use is 'breaching'. It is a co-responsibility agreement and you need to comply with different appointments et cetera and reach different milestones and if you do not do that - it has just been introduced -

**Ms McLEOD** - Last year.

**Ms TAYLOR** - last year - you lose your benefits for eight weeks. No-one has reserves or very few people have reserves to keep them going for eight weeks if they fail to comply with the co-responsibility so we have people presenting -

**CHAIR** - For the sake of the record, could you explain what they have to do?

**Ms McLEOD** - One of the examples we have had recently is that people have to attend job agency appointments and ensure that they get to Centrelink appointments and that sort of thing. Unfortunately sometimes people do not speak with Centrelink and there can be some confusion there and they get cut off without knowing until rent is due that day and then it is too late. They go to Centrelink to try to sort it out but it is too late, they have left it a bit late to pay their rent.

In one of the cases we had it caused this man to be homeless. He was breached for eight weeks and it was a mistake. The mistake was overturned but it was too late because he had already lost his accommodation. This happens more often now and we are seeing them come in quite frequently.

**Mrs SMITH** - What were the terms of his accommodation? You can't put someone out because they didn't pay their rent this week. There is a process.

**Ms McLEOD** - He did not have private rental, he stayed in a boarding house. He figured he could not pay the rent so he needed to come to us because he did not know what to do. It was worked out in the end but by that stage that room had already been let, so we are having those sorts of examples.

**Mrs RATTRAY-WAGNER** - He lost his place through no fault of his own.

**Ms McLEOD** - Yes, and in fact at the time Centrelink said he was supposed to have an appointment with them he was at the Job Network place having an appointment with them.

**Ms FORREST** - So communication problems between those employment agencies and Centrelink.

**CHAIR** - Gary, are you seeing people like that too?

**Mr COOPER** - Yes, ours are linked in very closely with the COSS service. The CASH service is technically a non-crisis service so we see people come in and if they have had that breach - and I agree there are numerous reasons for it but we are seeing an awful lot more of them in recent times - because of the nature of the service that we have, if someone has no income whatsoever we are unable to see them because we are not a crisis centre so our guidelines do not allow us to assist people if they have no income. So they come to our door and tell us they can't pay their rent, we have to tell them politely to go away until they can prove to us that their income is up and running again so they end up being then referred to the COSS door, to access whoever.

There are ways that people need to be exited from a property, they cannot just be thrown out into the street. However, eight weeks can be a very long time and even if somehow or other they manage to get through that eight-week period, how can someone on a low income then catch up six, seven or eight weeks in rent? Our service can come into it if we have some evidence that the income will be up and running again. We can then intervene because all we need is some evidence from Centrelink that their income will be starting from a certain date so therefore we can jump in, but if there is not that, they are basically in our door, sideways to COSS and who knows where that may lead. That is absolutely no disrespect for COSS. It is a huge issue for COSS to have to deal with on any number of levels, from food to rent to health. And that issue about the doctor before, I was flabbergasted.

**Ms FORREST** - I just about fell off my chair.

**Ms McLEOD** - We are in a housing crisis now and what is not being reflected is our brokerage funding. We have been funded a certain amount of money to broker people in emergency situations and it is not adequate for what we are seeing now. Eight-week breaches in particular take a lot of money out of that pot.

**Ms TAYLOR** - We have not mentioned breaching, but I think that is something -

**Mr COOPER** - It is not even just the eight-week one, there are other ones, such as increases in breaches or suspension of payments in circumstances that change. I think that if you are in a de facto or a married relationship and then separate there is a suspension of your payments while they sort out what payment you will be on. We get this with single parents, particularly single mothers, who will have been on a parenting payment and a family tax allowance. When they separate it will usually take Centrelink at least two to four weeks to clarify what payment that person then is due. They will not take the family tax allowance away but the parenting payment will be suspended. That obviously has a huge effect. A single person with two children paying \$200 a week rent would have only the family tax allowance of no more than \$350 a fortnight. It is basic maths; it does not work.

**Mrs SMITH** - Is that because it is a parenting payment so they have to sort out where the children might be, with partner A or partner B? Is that the rationale behind that?

**Mr COOPER** - I am not 100 per cent sure on that, or whether they are therefore entitled to get a single parenting payment.

**Mrs SMITH** - Usually they would be getting more because they are not in a de facto relationship so eventually, because they are single, their step-up would be more but you have this gap in the middle to sort out.

**Mr COOPER** - That is right. And if the partner has been working they may not have been getting a parenting payment. They have to wait until their claim is processed for the parenting payment, which is understandable on one level but extraordinarily slow. That has a really huge impact on our housing which is ultimately what we are here about.

**Mrs SMITH** - The one that made one appointment and not the other, was that a breakdown between departments or was it because that person got notification from two bodies that he had to appear before and did not grasp that this was for the same day, same time and he should inform one or the other? Are we dealing with people who have some low IQ issues or is it a problem between departments? We need to clarify whether it is a departmental issue or just an individual who did not realise that he should let them know he could not make it on that day, he could not make both at the one time.

**Ms McLEOD** - I think perhaps it was a bit of both. There are communication issues between those two departments and that is the way that participatory failures are set up. What do you think, Gary?

**Mr COOPER** - I think a lot of it is due to the fact that there is an awful lot going on sometimes. They have a lot of requirements around their mutual obligations and around this and around that. Sometimes it can be the IQ thing or whatever, but I think it is sometimes a simple case of your life being very complicated.

**Ms McLEOD** - I think when you are in crisis, you cannot manage that as well.

**Mr REDMOND** - There is a whole lot of new players in the field around that area. At Centrelink there are JCAs which are the Job Capacity Assessors and there is a whole rollout which is quite new. There is a very quick turnaround if someone does not turn up for an appointment. Providers are obliged to notify Centrelink within two days, so there

are very short time frames quite often and sometimes people who miss appointments get caught in the middle of that communication.

**Ms FORREST** - You say there are a number of challenges for these people. Obviously there are other things going on in their lives, probably personal stuff at times, but do you think what people have to do is getting a bit complicated? It is not just turning up to Centrelink, and perhaps maybe going to a job agency as well. Is there duplication? There so many things that people are required to do. I have trouble with that. If I did not have an electronic diary I would not turn up anywhere. I am sure they do not have access to the technology that I have.

**Mr REDMOND** - The requirement to participate in some form of activity is becoming very onerous.

**Ms FORREST** - Do you think if activity was streamlined in some way, so that rather than having to report to 10 people they only had to report to two, or something like that, it would make it much easier for people to be compliant?

**Ms TAYLOR** - We are getting off strictly housing, but just to summarise that point, that is a discussion that is currently happening in community organisations like ours because the Commonwealth Government has become far more draconian about this welfare to work. The emphasis is on the work, there is no two ways about it, the welfare is lost and so the reporting regimes around client activity have become onerous on organisations like ours. Which is fine. Organisations like ours should be accountable. But it crosses the line between mandatory reporting and activity when our workers feel that we are supposed to be assisting someone along that pathway to work, but not actually being part of the punishment system along that pathway to work. This is a fine line and we have had discussions with the Commonwealth Government about this reporting if someone does not turn up for this or that appointment. If you are going to come to Colony 47 for assistance and you trust, and then you perceive that we have also been involved in reporting your activity that has led to your payment being stopped, it is a really fine line.

**CHAIR** - The problem is we are a quarter of an hour over time and I was relaxed until I saw the next witness walk in.

**Ms TAYLOR** - What I might do is go to some recommendations.

**CHAIR** - Yes.

**Ms TAYLOR** - Would that be sensible?

**CHAIR** - If you have more comments to make I would be happy to receive them.

**Ms TAYLOR** - I am going to send these comments in that we have already discussed, about what that mutual obligation and breaching means. I might also make some of these summary comments about where it leads, what is support and what is reporting, about clients and also about the SAAP figures. I will add some of these others.

**CHAIR** - We would certainly welcome that.

**Ms TAYLOR** - Thanks Terry. A couple of things that we think are important are that SAAP funding needs to be increased, even though exit points need to be developed and the whole program needs to be looked at. As Tracy said, the whole target base of SAAP has changed so significantly over such a short time that our funding is not coping at all and, if that is the last safety net, too many people are falling through that safety net. We think there should be a one-off financial hardship payment and we could get into detail around what that should look like, but we see plenty of people presenting in circumstances way out of their control. They need to be given assistance to get over that hump and then they can keep their accommodation.

**CHAIR** - Have you had any ideas on the parameters you would put around that?

**Ms TAYLOR** - Yes, we have some ideas around that.

**CHAIR** - I'll be happy to see that.

**Ms TAYLOR** - Yes, and early intervention programs. We think that some of the clients who present to us needed earlier intervention in terms of life skills, some training, some health issues and we do not do that any more. We treat the problem once it arrives with us, and so I think that there should be some better assessments of clients as they walk through some entry door, whether it is a Housing Tasmania entry door or whether it is an entry door like that of our organisation - early intervention. We think there should be tax breaks for private landlords to keep people in their accommodation and keep rents low. We think there should be some sort of mini housing summit in Tasmania because planners and local government have a massive role to play. We need short-term fixes but we need a longer-term fix about the supply and demand. Some of the supply, I think, needs to be looked at really closely, and how you attract private investors. Superannuation funds that are investing offshore should be investing, we think, within our own State but there are no actual incentives for them to do that. We need a plan. It is a pity about the Affordable Housing Strategy. I think that is one of the real shames in Tasmania. Organisations like us in conjunction with TasCOSS are grasping at straws and looking at short-term solutions because there is no plan, no bigger picture. What is going to happen after the Commonwealth-State Housing Agreement? Even if that is continued for some reason we don't have any forward planning about how this State is going to respond to that in any unified way. It is very ad hoc. We do not think there is a silver bullet. I think Colony's involvement in the Tasmanian Community Housing Trust puts up one model that has done it off their own bat with no government assistance at all. Obviously we had Housing Tasmania land to start off with but we won't always. The blocks we have bought are private blocks as well, with private investors who will get a return. That fourth sector about for profit for community involvement needs to be part of our dialogue in conversation in our community. Once we start fostering that I think you would be surprised at the superannuation funds or others that would be interested in those sorts of schemes.

**CHAIR** - The government strategy that replaced the Affordable Housing Strategy was the Tasmanian Affordable Housing Limited. You don't think that is an adequate replacement?

**Ms TAYLOR** - I don't know. I haven't seen much about it yet.



**Mrs SMITH** - I think you have had the template that they were going to adopt, by the sounds of it. The Government is releasing crown land at market value for private enterprise to build and then to facilitate for rental. It sounds very familiar I think to what was given as the template.

**CHAIR** - It is not really an all-encompassing plan like you were expecting.

**Ms TAYLOR** - No, it is not a plan. It is one strategy and I think we need a whole range of solutions. We need some short-term ones now because there are people who need this now. That is why we need, I think, a small summit to have councils and planners involved because we need something in Tasmania in 10 and 20 years. TAHL isn't that; that is about bricks and mortar. It is not about support and a range of the other issues that we have just spent time talking about.

**CHAIR** - So you will be providing us with more written information?

**Ms TAYLOR** - Yes.

**CHAIR** - Thank you for your submission and for your time today.

**THE WITNESSES WITHDREW.**

**Mr PAUL MASON, COMMISSIONER FOR CHILDREN, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.**

**CHAIR** (Mr Martin) - Paul, welcome to the committee.

**Mr MASON** - Thank you very much.

**CHAIR** - We do not have a written submission.

**Mr MASON** - You don't have a written submission, I am sorry.

What I do have is a presentation. My office focuses quite obsessively and single-mindedly on one issue, and that is putting before government the position of children and young people.

As far as housing goes, the families of children are affected as well as young people themselves when they enter the housing market, and kids will enter the housing market at the age of 15 plus. So you have two separate areas of need and both have different responses in terms of affordability.

My essential submission to this committee is not going to be about real estate and the Commonwealth-State Housing Agreement or anything like that because frankly, I do not know very much about it all and I have not come here to address you about that.

I think it is pretty common knowledge that poverty is at the root of the problem. If there were more income and more capital at the bottom end of the socioeconomic spectrum then there would be more demand leading to more supply. However, no doubt you have heard experts talk about supply and demand and stock and availability and things like that. What I have come to talk to you about is the fiscal importance to government of breaking intergenerational cycles of housing difficulty and I want to put it to you like this. This is current child protection thinking.

Child protection is being renamed. What you and I think of child protection is now being called child rescue. We deal with children who have been harmed or are about to be harmed.

Child protection is building child-friendly communities. That is not something that can be done within an electoral cycle, it is something that will take 25 years, a whole generation, to see it flow through but the current thinking throughout the Western World is that the problems of child safety have to be tackled on a community basis as much as on an individual basis. So the thrust of Western thinking is to move the money from the back end to the front end of the child protection spectrum and that includes Tasmania. Currently the Department of Health and Human Services is undertaking a top to bottom review of child protection services and it is focusing very much on primary services which are family support services, helping at-risk families in the community.

As you may have heard or divined, at-risk families with children at risk have to move around frequently and children lose continuity at school and in communities. Parents, and young parents in particular, lose continuity in community and become isolated in the

community. Single mothers in particular become vulnerable to predatory relationships, if I can put it that way. They become vulnerable to depression which they seek to resolve pharmaceutically and by making unwise relationship choices which fail to protect their children.

You will know about the Australian Housing and Urban Research Institute definition of stress, of housing stress, and how it affects children, cognitively and in their physical health. Also children living in housing stress situations experience higher rates of respiratory disorders which are lifelong and higher rates of gastric disorders which are lifelong and which can lead to cancers and all sorts of things. It is pretty hard to distinguish those effects of housing instability from general poverty. I am not going to stand here and say that is all the problem of housing; it is not, as you would realise.

To come back to my central theme, to create a Tasmania where the community looks after children and protects children has enormous long-term effects. If you start at the back end, if you look at the expenses of antisocial behaviour for the community, they include the residents at Risdon, the people who barely escape from Risdon who absorb disproportionate amounts of money in police services, ambulance services, court services, you name it. Working back from there, those people very often as a cohort of population are over-represented in the population of Ashley or those young people who avoid Ashley by the skin of their teeth.

They are people who have dropped out of school early and, continuing to work back, they are people who have experienced abuse in the home - physical, sexual, emotional - or deprivation or instability. Working back through the life cycle into their early childhood, they are kids who are born with small birth weights and have suffered physical and emotional deprivation in infancy, so this is the long-term plan obviously.

You can spend all your money fixing up kids who break the law and watch them continue to break the law until they wind up in Risdon; you can spend all your money taking children away from families because the families are incapable of looking after them, but if you are really going to do something serious about rates of crime, rates of antisocial behaviour and rates of child abuse you are going to focus on supporting families at the front end. So how can an affordability inquiry address those things? The National Association for the Prevention of Child Abuse and Neglect is called NAPCAN. Their current focus for child protection, last week being Child Protection Week, was building child-friendly communities.

A child-friendly community is one which enables firstly social services to be available to targeted risk groups, but is also one that avoids risk groups developing in situ. One of the problems about housing, whether it is public or private or partnership housing, is that the building, real estate and planning communities, certainly at this end of the planet, seem to operate with very few models. They have the broadacre, they have the quarter-acre block with the brick-and-tile or brick-and-tin three-bedroom home with the garden around it, built in degraded farming land around urban settlements where the trees have been stripped 150 years ago, the cattle have been through it, or the sheep or the crops, and now it has been turned into housing with endless kerbs, streets of houses and the isolated shopping centre here and there.

My most earnest submission to this committee is that in any government intervention in addressing housing affordability, whether it is public or partnership or even in encouraging the supply side private development, the Government has a very direct role in planning. Before I came here I quickly Googled images of medium-density housing and the medium housing schemes have a number of things in common. One is that they build communities, and they do not have to be Housing Commission communities. You can have a community that is closer a metropolis, or closer to services, which includes Housing Commission target groups and includes fully employed groups and well employed groups of people. An important thing is the actual visual amenity of the place. Think to yourselves of all the cities you have been to. Think about the expression 'leafy suburbs' and you think the leafy suburbs is an expression that is used to refer to where the rich people live. If you go to the Housing Commission places in any of the cities around Australia you will find no leafy suburbs. You will find great big expanses and you will find lots of roads and lots of houses and you will have your public reserves, which are there with a few sticks of grass and maybe swings or whatever, and then you will have in the remote distance, maybe a short bus ride away, your shops collected in one spot.

Government has a significant role to play in changing the shape of communities in ways that will enable children to play in streets. There was a study recently by the Children's Commission in New South Wales of how children perceive wellbeing in their own lives. He spoke to some 400 kids of various ages. One of the things that they identified was traffic as a negative, that traffic around their homes hinders their ability to experience wellbeing. If you look at the medium density housing schemes around the world, particularly on the other side of the planet in Europe, you will find shops broken up into various shopping services. So you do not necessarily have your doctor, your chemist, your supermarket, your hairdresser, and your newsagency around in one group. You split those up. You can have the communities able to move around the communities without motor vehicles so there are billions of ways of doing that. You also do not need to go into high-rise development. Medium density is obviously what it says it is. You have clustered buildings with common walls with privacy a very important thing. There are private gardens areas. The leafiness is an important part of children's experience of wellbeing. If children are experiencing wellbeing in their communities but have a horror home to go home to, they will find it easier themselves to connect with social services and bring in the help that they need in their families. It is when children are living in isolated and isolating suburbs that they are unable to call in those services themselves. It is an odd thing, my job is to sit here and speak for people who are not normally asked so an essential part of planning for child-friendly communities is to ask the children; that is a really important thing. Some councils do and some don't and there are some councils who actively include consultation with children in their planning processes. Many don't because they have not thought of it, many don't because they do not have the resources when you have small councils, many don't because some of them discard the idea -

**Ms FORREST** - What age are you talking about there?

**Mr MASON** - Six, five. Ask them, 'What do you want in your community, what do you want in your suburb?' They are not always going to say they want free ice cream; that is the great fear of adults, that if I ask the kids they will say they want free ice cream. Some of them will, for sure, but most of them will have some very sensible ideas. They will say they cannot ride their bike around because there aren't any pavements and some whiz-bang town planner would have this wonderful pavement-free environment which

will look great on paper. Kids will say they need trees to climb up and councils will say, 'Oh gee, you are going to fall out of the trees'. Well, hell, let them!

**Mrs SMITH** - Or they planted them 20 years ago and they wrecked them as they planted them; I have been there.

**Mr MASON** - That is true.

Very good studies have been done both in Australia and in Europe about how to plant trees so that they will survive vandals.

**Mrs SMITH** - We got them to plant them themselves, we thought that might work.

**Mr MASON** - There are different ways of doing it and, sure, those are problems that have to be tackled head-on. If at first you don't succeed you keep going. If that didn't work let us try something else. The visual amenity is very important for communities, for the welfare of the young families of young children in the lower socioeconomic group. You do have this cohort that are very prone to depression, prone to using drugs, prone to indulging in violent family behaviour and part of that is just this whole cultural milieu in which they are by necessity situated. We see what happens with tower blocks in cities. They create their own problems but what I am saying is that the broadacre development creates other problems that are just as dangerous. Isolation is as dangerous as overcrowding and that is the important thing to remember.

So ask the kids. Always tell, as government, direct private investors of the kind of designs that you are willing to look at. Have regard to the impact of designs on families and on children. That moves me to the other end of the youth spectrum, the 15, 16 and 17-year-olds who are moving out and the 18 and 19-year-olds.

They suffer housing stress as much as any other part of the community but they are quite happy to live in much more dense housing - not medium-density but high-density housing. As long as government is exerting any control over who should live where, government can house young people in groups. You go to somewhere like the ACT where I was a couple of weeks ago and I was there 30 years ago when I was at university - one of the unusual things about the ACT with a population of 350 000 all living in one spot - not in three spots like Tasmania - but a similar population size, is the large number of three and four-storey flats close to the inner city. This makes it easier for the community to function, it makes it easier for young people to function and get together and develop than sticking them either in remote suburbs or leaving them to the vagaries of trying to find a shared house or an inner-city flat. We just do not have enough of those in Hobart or Launceston or Burnie. I had my staff look at the 'to let' ads over the last couple of weeks and I saw somewhere in Burnie that on some of the days they have one place to let.

**CHAIR** - The statistics are horrible.

**Mr MASON** - Not a lot of money, \$95 a week. That is not too bad. It compares favourably with \$120 or something like that in Hobart.

**Ms FORREST** - There is one in the paper this week for Burnie - in Saturday's paper - that required no bond. I think it was a short lease. It was \$90 but I wonder what else she had to do to get it.

**Mr MASON** - Free electricity.

**Ms FORREST** - Free electricity, yes, and I wonder what else she had to do to get it, though.

**Mr MASON** - You have to wonder about it.

**Ms FORREST** - I did almost ring up to find out.

**Mrs SMITH** - It might be under a person's house.

**Ms FORREST** - It could be.

**Mrs SMITH** - And the meter is connected and they will just pick the right person.

**Ms FORREST** - It could be. I just was a bit -

**Mr MASON** - So it could be innocent or it could not be innocent.

**Ms FORREST** - It could be. It probably is innocent.

**Mr MASON** - One interesting thing on the horizon that my staff did pick up was that - I forget who it was - there was a survey of how Housing Commission people felt their services were and they all felt that their transport over the weekend was pretty good. The adequacy of access, the National Social Housing Survey in 2005 surveyed social housing tenants and reported that 95 per cent of Tasmanians surveyed said the availability of public transport was important and adequate.

**Ms FORREST** - They must have rung up people in Hobart only.

**Mrs RATTRAY-WAGNER** - And Launceston.

**Mr MASON** - And Launceston.

**Mrs RATTRAY-WAGNER** - I do not think they went any further.

**Mr MASON** - Even in Hobart you would wonder.

**CHAIR** - You cannot get buses after six o'clock in most Glenorchy suburbs.

**Mrs SMITH** - But then they might not want to go anywhere outside of Glenorchy. They might be happy at home in their own environment.

**Mr MASON** - Transport has to match needs. Young families may not need to go out after 6 o'clock but young people do and that is the important thing.

**Mrs SMITH** - It depends who you ask and if they do not have a lot of money in their pocket they cannot go far anyway.

**Ms FORREST** - They cannot have a drink when they get there.

**Mr MASON** – Well, that is not a bad thing. If they spent the money on the bus that is good. That is true - young people are happy to just hang for hours and hours and hours and then go home.

**Mrs SMITH** - You can sit on the post office steps at Ulverstone and it costs you nothing. You will not wear your sneakers out getting from your house.

**Mrs RATTRAY-WAGNER** - And you will not miss a thing, I have been told.

**Mr MASON** - That is right. Kids have been doing that for millions of years, literally, you know.

**Mrs SMITH** - Tradition.

**Ms FORREST** - That is where she goes and does her campaigning.

**Mrs SMITH** - It is where I catch up on what is happening.

**CHAIR**- I will just start with asking a few questions and this is very much devil's advocate; it does not reflect my view. Should young people under 18 by law be allowed to leave home and live independently?

**Mr MASON** - Absolutely. You are allowed to go and fight for your country at 17 so I do not see why you should not be able to live by yourself. The law is that they are and to change that law would be ineffectual.

**Mrs RATTRAY-WAGNER** - What about assisting them to live?

**Mr MASON** - That is a different question.

**CHAIR** - Some people say that government benefits encourage young people to leave home early.

**Mrs RATTRAY-WAGNER** - Are you talking about assisted or unassisted?

**CHAIR** - Both.

**Mr MASON** - My answer to your question, Tania, is that as long as the Federal Government is going to provide Youth Allowance it is on the basis that young people 16 and over have the cognitive ability to live by themselves or live with people other than their parents. There are a lot of them who have a need to, and if a kid does move out there is a need there as well as a want. Kids who stay at home with their parents do not have to move out and that is a good thing. They get the allowance.

**Ms FORREST** - Up to a point.

**Mr MASON** - Up to a point. If they have to move out then they should be assisted. They should have some kind of accommodation available to them, but not a three-bedroom house on a quarter-acre block at Gagebrook. You do not need to do that. They do not want that. They would rather live in a flat near Claremont College or near Rosny College.

**Mrs SMITH** - If they are looking at public housing they will not get that, because they are quite clear and categorical.

**Mr MASON** - It is not there.

**Mrs SMITH** - If you are home on your own you are entitled to one bedroom. The fact that there are no one bedrooms does not seem to matter. I have had people who said they wanted a two-bedroom unit because their family comes to visit. Rules are, one.

**Mr MASON** - That may be an attractive thing for public/private partnerships because the cost per housing unit per person is lower for flats than it is for houses. If you had a block of flats that accommodated 20 people you could design something that would attract, say, college-aged kids who needed to move out of home which provided a return for the developer. I am thinking about the kind of group accommodation I stayed in in the ACT when I was at university in the early 1970s. That was accommodation on site at the university but it had things like common kitchens, common laundry and separate accommodation.,. You can make them pretty vandal-proof. In a university setting you did not normally have people with mental disorders. You might expose yourself to that in the public housing market. I am talking about young singles who need somewhere to live that is close to services, close to shops and close to educational services, but who are not catered for in the current mix.

**Ms FORREST** - Something like nurses homes. That is what nurses did. The same sort of communal living.

**Mrs SMITH** - Backpackers, they share a communal kitchen.

**Mr MASON** - Backpackers, the same sort of facility. Young people, 20 and under, are quite happy to do that.

**CHAIR** - Do you know the scale of youth homelessness in Tasmania?

**Mr MASON** - No. I thought you guys would have had that.

**Ms FORREST** - We have not had the department yet.

**Mr MASON** - You have not got to the department?

**CHAIR** - We have waiting on the government submission. We have been promised, but we have not got it yet. It is supposed to be whole of government.

**Mr MASON** - My figures come from St Vincent de Paul. In 2005-06, that is fairly current, in Tasmania adults seeking emergency accommodation from SAAP were accompanied



by 2 000 children aged 0 to 17. In that 2005-06 year you have 2 000 kids with families who were looking for supported accommodation.

**CHAIR** - What we do not know is the number of kids not with families. It could just be the tip of the iceberg.

**Mr MASON** - The critical thing for me, which I have actually underlined in there, is that of those 2 000 kids 0 to 17 half were between 0 and 4. They are the critical kids there, kids who are pre-school. Their whole lives are patterned in those years. They are called the early years and the Government is just beginning to pour significant money into the protection of kids in their homes in the early years, because that is when brain development is at its maximum. It is when social learning is at its maximum. That is when you learn your manners, it is when you learn how to behave to the rest of the family.

**CHAIR** - The other scary thing is that the figure is 39 per cent higher than it was five years ago. When you consider we are in the best economic conditions we have had for decades, there is something wrong, isn't there?

**Mr MASON** - It is not running through.

**Mrs SMITH** - It is not always economic, family abuse for instance.

**Mr MASON** - What I have tried to avoid is coming here to suggest to the committee that you need to address poverty, because that is a big problem, possibly too big for the upper House in Tasmania.

**Ms FORREST** - Addressing the housing problem would assist in addressing poverty.

**Mr MASON** - It certainly would. What I am saying is that it is not just bricks and mortar, it is what the bricks and mortar are, where they are and how would you can get the trees growing. I agree it is difficult but it is not impossible. If you build somewhere like Bridgewater or Gagebrook and you plant trees around it, they might well get pulled up as soon as you plant them, but if you build a community that is built around other houses so that the houses are looking at each other without the road thoroughfares between them, you have a different sort of community. You have a community that is more likely to look after itself and look after each other and that is a community that will support trees and will support the amenities.

**Mrs SMITH** - We have had a submission where the houses were built fronting on to a community common, very much like the English scenario. Lots of houses and they all own the community common in the middle.

**Mr MASON** From when I was six months to when I was five years old I grew up on the first housing experiment in England. It was designed as a heating experiment, so every six months every family had to move along one house to randomise the energy used between families and where the house was located in the block. But it was built around a common and there was a field in the middle which -

**Ms FORREST** - At least that stayed the same.

**Mr MASON** - That did, and that was where the kids played games and where their mums took the kids and the babies for walks and there was a big focus. When we first moved in there - I have seen photos - there were zero trees and by the time we left the trees were head height and taller. I went back there when I was 22 and it was unrecognisable. It was just a forest with a park in the middle and all these little houses through the trees but the heating experiment worked.

**Mrs RATTRAY-WAGNER** - We are looking at trying to house people for a longer term than six months, though.

**Mr MASON** - Sure.

**Ms FORREST** - They were still housed all the time; it was just a different house.

**Mr MASON** - Everyone knew each other, so it didn't actually hurt. I hadn't thought of that.

**Ms FORREST** - You wouldn't have collected much junk.

**Mr MASON** - We moved within the community. When Housing has to boot someone out, they boot them out from Moonah to Gagebrook across the river and the kids all move school and the shops all change and everyone is confused. They only move away from the friends they have made, they are moved away from family all that sort of thing -

**CHAIR** - And the buses get attacked.

**Mr MASON** - That is right. You could design a community where people who went into it knew that every say, not six months that was a bunch of scientific families and we were prepared to do this - if you said to them every two years you are going to have to move around one house and that really builds communities it really does.

**Ms FORREST** - The other thing too though if you had a range of house sizes say one, two and three bedroom houses in this area then as the needs of the families change you could move them around within that set-up without having to leave the community so if the children grew up and left home then the family of that house move that person into the one or two bedroom place depending on what their needs were.

**Mr MASON** - That is right. And at the other end, when they grow old and the kids move and they become empty-nesters they can move back into the two bedroom and the one bedroom.

**Ms FORREST** - That is what I am saying, you shift them around to meet their needs.

**Mr MASON** - I think that mix is really important, not to have suburbs -

**Mrs RATTRAY-WAGNER** - So they do leave sometime then, Paul?

**Mr MASON** - They do. Even that messy home over here too.

One of the beautiful things I have seen is that place down at Kingston where they have the preschool in the nursing home. That is really good way of building communities because it means that the young families do not move too far away. They are always there for the next generation up.

**CHAIR** - I am very conscious of the time.

**Mrs SMITH** - I am comforted by the fact that a little boy wanted somewhere to ride his bike instead of somewhere to play the PlayStation so you are giving me some confidence.

**Mr MASON** - That is exactly right.

**Mrs SMITH** - Everyone I see is stuck in front of the television.

**Mr MASON** - Those are my messages: a mix and amenity and ask the kids about design. Developers will cop it; as long as they can see they are getting a return they will fit whatever design they can if you can sell it to them as cheap housing units.

**Ms FORREST** - It is interesting what you say about traffic being a disincentive for play. All the complaints that I get in my office about hooning are in the lower socioeconomic areas where the little kids are, and the other places never get complaints. It is only in those places that cars rip round all the streets and they are set up in a way that makes it easier to do it and a bit of a challenge as well. They have the nice corners as well.

**Mr MASON** - That is the other problem. My sister is a traffic expert and talks to me about traffic calming - but people do not hoon much around Battery Point. They do a bit.

**Ms FORREST** - Not like they do in parts of -

**Mrs SMITH** - They used to. I remember the great argument to cut the speed limit down to 40 to stop it.

**Ms FORREST** - In Battery Point?

**Mr MASON** - But that does not stop people breaking the speed limit.

**CHAIR** - I have just one last out-of-left-field question. We have had a submission put to us that we should have an affordable housing commissioner similar to the Children's Commissioner to deal with housing issues. Do you have a view on that?

**Mr MASON** - What would the functions of that commissioner be? Would it be to deal with complaints about housing or -

**Mrs SMITH** - The same as the Health Commissioner, or the Ombudsman but specific to housing issues.

**Mr MASON** - But we do not have a health commissioner.

**Ms FORREST** - Health Complaints Commissioner.

**Mr MASON** - Health Complaints Commissioner. I would just stick the complaints in the Ombudsman's Office. As far as a commissioner there to urge and direct government to pursue affordable housing options is concerned, I think that is the politicians' job or the department's.

**CHAIR** - Yes, yours is a very different role than has probably been suggested here.

**Mr MASON** - As I said at the outset, the affordable housing issue is a poverty issue. Maybe you need a poverty commissioner. Basically, the idea of the Children's Commissioner, as I see it, is to speak for the people who aren't asked, and do not very often have a voice - pre-verbal children of age two and under.

**Ms FORREST** - Maybe the question needs to be: do we need a minister for housing and a minister for health?

**Mr MASON** - That is something that I would love to speak to you about. I actually put that earlier in the year. There are statutory or administrative rules about a limited number of ministers anyway in a parliament this size so it is a matter of how you chop up and how you divide up the portfolios. I certainly think that acute care and disabilities should be hived off from children and child protection and youth justice because I think they get short shrift when you have such intense budgetary pressures for hospitals. The Chief Executive in the ACT looks after kids, youth justice, housing and disabilities. She was housing and then they lumbered child protection on top of her other jobs and she said that was a blessing because she says now if she gets a family with a child in need or if someone floats to the top of the housing needs she is the Secretary for Housing and can just go boomp, there is your house, just by executive fiat.

**Ms FORREST** - She does not have health?

**Mr MASON** - No, she has not.

**Ms FORREST** - She has all the other things except for health.

**Mr MASON** - She does not have health and she does not want health.

**Ms FORREST** - So acute services and primary health are the things that should be separated off. Then you have disability services, housing.

**Mrs SMITH** - One is preventative medicine and one is curing.

**Ms FORREST** - Well, primary is preventative. Primary is very labour intensive.

**Mr MASON** - Primary is preventative, population health and all that sort of stuff. You would have that in with your medical health model.

**Ms FORREST** - And your acute services. Acute and primary, and the rest over there.

**Mr MASON** - Kids and housing together and youth justice.

**CHAIR** - Thanks, Paul, for coming in.

**Mr MASON** - Thanks for your time. I am more than happy to help the committees.

**THE WITNESS WITHDREW.**