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### **THE HOUSE OF ASSEMBLY SELECT COMMITTEE ON HOUSING AFFORDABILITY MET IN COMMITTEE ROOM 1, PARLIAMENT HOUSE, HOBART ON TUESDAY 13 AUGUST 2019.**

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**Mr PETER WHITE**, AND **Ms JESSEMY STONE**, HOUSING TASMANIA, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** (Ms Standen) - Thank you very much for appearing before the committee. We purposely wanted to have the opportunity to speak with representatives from the department to provide us with context. Before you begin giving your evidence I have to ask whether you received and read the guide sent to you by the committee secretary and if so, I would like to reiterate some important aspects of that document.

A committee hearing is a proceeding of parliament. This means it receives the protection of parliamentary privilege. This is an important legal protection that allows individuals giving evidence to a parliamentary committee to speak with complete freedom without the fear of being sued or questioned in any court or place out of parliament. It applies to ensure that parliament receives the very best information when conducting its inquiries. It is important to be aware that this protection is not accorded to you if statements that may be defamatory are repeated or referred to by you outside the confines of the parliamentary proceedings.

This is a public hearing. Members of the public and journalists may be present and this means your evidence may be reported. It is important that should you wish all or part of your evidence to be heard in private you make this request and give an explanation prior to giving the relevant evidence.

I also want to advise that the House resolved to add a new term of reference to the committee's terms of reference for the inquiry, namely -

(ka) Regulation of rent price increases with particular reference to the ACT model.

You have the opportunity to speak to that if you wish while providing evidence.

I will now hand over to you to provide an opening statement if you wish and then we will kick into questions.

**Mr WHITE** - Thank you for inviting me to address the committee as part of the inquiry into housing affordability in Tasmania. I welcome the opportunity to answer any questions and explain some of the complexities around the issues that have been discussed publicly. I would also like to take the chance to quickly speak about what we are doing to ease housing stress and the progress we have made since the committee was established.

I am sure everyone here will be familiar with the Government's Affordable Housing Strategy which provides a blueprint for how we invest in reducing housing stress in the state. The strategy has been further defined by its action plans and all these documents have been developed in cooperation with the local community services sector. Indeed a lot of the funding flows to the sector to deliver the various programs and projects within the action plans.

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In terms of the projects and programs or specific actions, I am sure you can appreciate that the housing market and housing stress are both broad and complex concepts. Although anybody at any point of the socioeconomic spectrum can experience housing stress, we certainly focus on assisting those who are most vulnerable or have the potential to get the best outcomes from our assistance. There are a number of factors influencing the local housing market, some of which we don't have a lot of control over and some over which we do have a degree of control. Certainly we agree that all Tasmanians deserve a roof over their heads and it is our job to invest in areas that will help achieve this.

In direct terms, projects such as the Wirksworth Integrated Aged Care Facility, the expansions we are planning and have done around a number of the shelters around the state, new youth foyers and increased outreach services will help provide accommodation for those most vulnerable in the community.

I would also like to make the point that homelessness in some cases is more complex than simply providing a house. Some people require a number of support mechanisms in order to remain in accommodation. Wherever possible we aim to provide supported accommodation where necessary, which has increasingly been recognised as a solution to many cases for the medium-term and long-term homeless.

To move on to an example of how we can indirectly help a number of cohorts wishing to enter at different points of the housing market, I would also direct your attention to our land release schedule. For example, with Huntingfield we are proposing to provide over 400 new lots of land to the market. The subdivision will make the dream of building or owning a new home far more accessible for many Tasmanians in what has been a very constrained market in recent years. The transition of people who might otherwise rent a home into property ownership will free up more rental properties into the marketplace. This in turn will take some of the demand out of the rental market and improve affordability and make it more accessible for people to get rental properties.

A better supply of rental properties inevitably eases pressure on the price of services and the social housing system, which ends up being a win for all people trying to access at those points of the system. It also shows how integrated the system is and the flow-on impacts of strategically created supply at certain points in the market. This is often overlooked when stories around housing are being reported. These medium- and long-term actions are important as they provide strategic and sustainable approach to reinforcing the system and providing much-needed supply, but we also recognise there is an immediate need that cannot wait for these projects to mature.

We have recently seen a \$5 million investment of additional funding to go into emergency accommodation. As of last week, we have also been able to announce we have purchased the property in Hobart known as the Waratah Hotel. The actions flowing from this investment are being progressed and I certainly would say we are moving to better address that immediate need for emergency accommodation in Tasmania.

I would also like to mention that although we have taken a systemic view to many of these issues, as we work for all Tasmanians we also factor in personal experiences. We are continuously dealing with client and tenant inquiries. Every day our staff are looking after a number of clients and the services we fund as well. Whether it be helping someone into crisis accommodation, securing social housing for a young family or refurbishing a property to make it more accessible for an elderly tenant, it is the experiences of our clients that ultimately drive everything we do.

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Hopefully you have had an opportunity to go over our submission, which illustrates in far more detail that there is substantial resourcing and effort being directed towards housing affordability in Tasmania, arguably the most in our history. I am certainly happy to take questions on the content within it.

**CHAIR** - Thanks, Pete. Can I call you Pete, is that all right?

**Mr WHITE** - That's quite okay, thank you.

**CHAIR** - Thank you very much for that opening statement and all the effort you put into this comprehensive submission. I am conscious that the Affordable Housing Strategy is a 10-year comprehensive plan that was set before some of the market conditions deteriorated. I know that the Affordable Housing Action Plan stage 2 is fairly recent. To what extent you think the department has been able to respond to emerging demand and changes in the market, and how do you feel that is going to roll out over the next three or four years?

**Mr WHITE** - When the affordable housing strategy was developed in 2014 to 2015, we went through an extensive consultation process. We also called on the expertise of groups like AHURI and the University of Tasmania to look particularly at housing stress over the longer term in Tasmania. The foundations of that strategy were very strong, and since that period we have certainly seen increases in housing stress across Tasmania. We have seen property prices increasing. We have seen very low vacancy rates in the private rental market, which was certainly not the case in 2015.

What we did last year was another round of consultation in development of Action Plan 2. There was the announcement of an additional \$125 million into Action Plan 2 over five years; that was also in addition to the \$73.5 million provided under Action Plan 1.

There is a bigger investment into the housing this time around. We conducted consultation sessions in each region, with written submissions invited from the sector and stakeholders; they were able to identify needs and emerging needs, some of which were around in 2015, but some have probably have materialised since.

The actions that have flowed in terms of Action Plan 2 reflect the input from those service providers and those stakeholders. Action Plan 2, building on that strategy, provides a range of interventions across the market, including land release, more social housing, supported accommodation and homeless accommodation. Examples of initiatives in Action Plan 2 include: homeless accommodation for men on the north-west coast - we have not had that crisis accommodation before; a new youth foyer in Burnie; a second youth foyer in Hobart; and an expansion of the Launceston youth foyer, again reflecting some of the comments from our sector around the difficult issues young people have in accessing affordable accommodation, and more importantly the support they need to be engaged in education and training.

The plan continues to build on new supply of social housing. Amongst that, an additional 600-odd units of social housing are planned under Action Plan 2, a lot of which will involve working with our community housing providers and partners to deliver that new supply as well.

**CHAIR** - From what you are saying, the action plan is set, and there is probably not much flexibility to amend that moving forward - other than, say, the \$5 million package that was announced around homelessness?

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**Mr WHITE** - I think we have used the term, 'the action plan is a living document'. There are obviously the high-level targets that have been set over the two action plans: the 2400 supply, with a total of 3600 assisted. We have been able to be flexible to respond to needs as they emerge. The recent purchase of the Waratah Hotel is an example of that. We are looking to respond to need as we can. By and large, I would expect that when we arrive at 2023, the deliverables would reflect the action plan - but I suggest as well, that because of that 'living document' status, you would see some different projects materialised in that time.

**CHAIR** - I might hand over if people would like to get the call.

**Ms O'CONNOR** - Mr White, I am interested in seeking your thoughts on the causes of the housing supply crisis. You may or may not want to call it a 'crisis', but what are the causes of the situation that we are currently in? Going back to when you started to develop the affordable housing strategy, what does Housing Tasmania recognise as the inputs to the problem?

**Mr WHITE** - I think what we are looking at in Tasmania is a demographic change that has occurred in recent years, and that is certainly there. When you are talking about housing stress, you are looking at both sides of the equation: supply and demand.

If you look at the demand factors, we have seen increase in student numbers - in particular international students. While the university is responding to that, we have seen that an increase in those numbers has put pressure on the private rental markets, particularly in Hobart, and to an extent in Launceston as well.

In the demand sense, we have also had a workforce coming into the state dealing with a lot of new infrastructure projects. Again, that has caused a displacement in the marketplace, where some properties have been taken up by those workers.

Another factor we have had on the demand side has been an increase in tourism numbers. Obviously there has then been a response in the supply side and the utilisation of properties. We have seen an increase in short stay accommodation - so yes, there has been properties coming out of the private rental market due to short stay accommodation as well.

We have also seen a continuation of declining household formation. Smaller households are still part of the reason there is greater demand for homes, as you have slightly smaller households.

We have seen a reduction in the net migration out of Tasmania. Overall, our population is growing.

There are those sorts of factors that you would find with any market, and when you are talking about the property market, it is a slow market to turn around. We saw examples three or four years ago of increases in tourism numbers. We have now seen hotels being built in response to that. You are talking about a three to four-year time frame for that response to occur.

Certainly, with some of those demand pressures that have occurred, it takes time for the market to respond. A symptom of that has been the vacancy rates in the private rental market, and we have seen increases in rental prices associated with that. Again, the increase in property prices we have seen have probably been linked to those factors - investors seeing a higher return and higher occupancy rates in the state markets, so they invest in our market. Similarly, investors have been

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buying properties for use as short stay and other accommodation as well. Again, in some cases the returns there can be more attractive.

**Ms O'CONNOR** - On the short-stay element of it, we know there is some work being undertaken to gather an evidence base of the extent of listings, and what impact that might be having on housing availability and affordability. What is the information so far telling you about how much of a factor the large number of listings, particularly in greater Hobart, is having on the availability of affordable homes?

**Mr WHITE** - I personally would not be in a position to talk about that in any great detail, because I do not have that data available to indicate that. There is anecdotal evidence of properties coming into the market, with figures reported that vary from about 800 to 1500, but I do not have that sort of data to suggest those numbers, or make a commentary on that.

I would say any sort of number, if it is taking properties out of the private rental market, does have an impact on private rental availability, until such time as that supply can be replaced with new supply.

We are in that period where an imbalance has occurred from a range of those factors I have mentioned, which does mean that at the moment - when you look at the long term and you look at other jurisdictions - we have the tightest rental market of any jurisdiction across Australia.

**CHAIR** - Mr White, to complete that, before I come to Ms Rylah, you were talking about demand and supply. Would you care to comment on the supply side, because I have been trying to grapple with the situation in terms of housing stock - both public and community housing?

**Mr WHITE** - In terms of that supply, as the numbers show from the Action Plan 1, we have been delivering a lot of supply over the last four years.

The total around Action Plan 1 was, by 30 June, we had 453 new social housing dwellings delivered in that time frame. We also, importantly, had 104 properties in addition to that, refurbished across the south and also on the islands - these are social housing dwellings. Through the plan as well 291 lots had been released into the market and we have also been assisting people into private rentals, with 294 households assisted, including 183 households escaping family violence through our rapid rehousing program, 16 households assisted after exiting care and rehabilitation facilities and 95 households assisted through private rental incentives within our housing plan.

We have also developed 25 units at the youth facility at Devonport, Eveline House, which is an important part of our supported accommodation program under AHAP 1, and we have also put some units on the ground which are supporting young people in care through CYS, and we delivered six by 30 June.

**CHAIR** - Are you able to advise the net number of social housing dwellings over the five-year period of AHAP 1 at the end of June 2019?

**Mr WHITE** - I don't have the number over the five-year period but I can provide some figures on our portfolio as at 30 June if that would assist.

**CHAIR** - Is it possible to get that information about the five-year investment?

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**Mr WHITE** - Would that be for example, 30 June 2014? Is that what you're after, the stock numbers?

**CHAIR** - Yes, from 30 June 2014 to 30 June 2019. I am not trying to be tricky about this but it's just that I have had a few different sources of information such as RoGS and other things and it would be useful for the committee to have your definitive data on that.

**Mr WHITE** - The issue we have within RoGS as well is that we have to look at the comparability of numbers here. We will not have RoGS data as at 30 June 2019, but that would include housing that is owned by the Director of Housing as well as housing owned by community housing providers and other providers we are funding who are providing the social housing.

**CHAIR** - I understand the importance of apples and apples so if you would care to provide that data in whatever way you think is the most accurate for the committee's purpose that would be really helpful.

**Mr WHITE** - I am sure we can do that.

**Mrs RYLAH** - Mr White, what access does the department have to a mechanism, whether it is through ABS or the Real Estate Institute or a combination of a data collection services, that gives the department an indication of the number of rental properties available? I am particularly focused on Hobart, private and other, so we have a comprehensive view.

**Mr WHITE** - In terms of the private rental market we get information from the Rental Deposit Authority in the Department of Justice for those sorts of numbers so we can understand at least that every property rental needs to go through the authority when issuing a bond. We also use ABS data and census data to see what is going on with the private rental market. ABS census data can provide us with information on housing stress for those in the private rental market. We get data from the REIT which provides breakdowns of median rentals across the north, north-west and south and looking at that in a breakdown around bedroom numbers and that sort of thing. It allows us to monitor the activity when it comes to prices, and that work also allows us to monitor the vacancy rates, as I alluded to before, that we are seeing in the private rental market.

**Mrs RYLAH** - How up to date is that information?

**Mr WHITE** - It is typically produced quarterly.

**Mrs RYLAH** - What trends has it seen? You mentioned that the demand issue has been impacted by short-stay accommodation. What other trends have you seen in that data?

**Mr WHITE** - Certainly we have seen trends of rental prices increasing. I am here today without seeing the latest data, but certainly over the last couple of years we have seen rental prices increasing by as much as 10 per cent in certain areas over a year. We have also seen a decrease in vacancy rates, although over the last 12 months it has certainly improved on what it was. Around early 2018 we were looking at around 0.7 per cent in the Hobart market and that is now 1.5 per cent or thereabouts.

**Mrs RYLAH** - What would it normally be, if there is a norm?

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**Mr WHITE** - In your typical private rental market, if you talk about equilibrium in the market, around 2 per cent to 3 per cent is probably accepted as a percentage vacancy rate. What that means is that at any point in time if you have people moving between properties after a 12-month lease, you have about a one- to two-week average time frame, so that rate of around 2 per cent to 3 per cent vacancy is what you would expect in a normal market. When you see the vacancy rate decline below that it indicates a few things. It probably means there is less churn in the market, so tenants are renewing the leases and staying in the properties. It also suggests properties are being snapped up very quickly as they are coming onto the market and people are moving in very quickly as soon as something becomes vacant.

**Mrs RYLAH** - You mentioned two factors: the increased rental and the vacancy rate. What about the number of properties available for rental?

**Mr WHITE** - The data we received through the Rental Deposit Authority indicated that the numbers were fairly stable over the period.

**Mrs RYLAH** - Stable numbers?

**Mr WHITE** - Yes, we had not seen a -

**Mrs RYLAH** - So the short-stay accommodation issue really hadn't changed the number of properties available in the market as a quantum?

**Mr WHITE** - It didn't on the data we had seen. I would suggest that data we saw was from last year but it had not shown -

**Mrs RYLAH** - You said that the figures on vacancies, et cetera, were improving since last year, since 2018.

**Mr WHITE** - The data from the market suggests that is correct.

**Mrs RYLAH** - So we're looking at an improving market for availability of rental properties.

**Ms O'CONNOR** - That's a big call.

**Mr WHITE** - I think we have seen the figures on vacancy rates improve from last year. I really couldn't comment on current data on private rental rates because we're getting that on a lag.

**Ms STONE** - And you mean an improvement from what it had been a year before, not an improvement from what it had been five years before.

**Mrs RYLAH** - That is correct.

**Ms BUTLER** - I would like to ask about the debt under the Commonwealth-State Housing Agreement of \$157.6 million as of June 2019. Where is the forgiveness for that repayment, the negotiations, at? If there was forgiveness of that debt - and I know we've been working at it for many years - what additional services, in a perfect world, would you be able to provide as a housing provider?

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**Mr WHITE** - I am unable to provide any insight into what negotiations are occurring regarding the debt. That is happening at ministerial level so I am not privy or across what may have been discussed as part of that.

What I can say in relation to your second question is that in 2019-20, for example, our total repayments of the debt were \$15 million which comprises \$8 million in the principal repayments of that debt with a further \$7 million in interest, and those payments will reduce the outstanding debt to \$149.6 million. Certainly \$15 million a year coming out of the housing system is a significant amount of funding and represents around half the funding we receive from the Commonwealth each year.

In terms of what we would do with those funds if they were available, a proportion would go into more social housing and on an annualised basis that could certainly provide quite a significant increase in social housing. On our numbers that would probably, if you used the total, equate to around anything from about 80 to 100 homes per annum, if we look at the leverage we can potentially receive working with community housing providers.

However, it also would be prudent for us to look at other services, being the homelessness sector that we fund as well through that. I suggest that some of the money would go into some of the support, and even looking at more things such as the supported accommodation that we have on the ground around the state, and potentially looking to increase the numbers of accommodation options for people who need support.

We have heard a lot around homelessness of late, and I think we would say that people who are homeless need more than a home. The slogan of last week was 'Housing Ends Homelessness', and that is true to a large degree, but we also have to understand that the clients who are experiencing homelessness tend to have multiple and complex needs. Providing them just with a home and nothing else is not necessarily the answer for many of them. There is a need to ensure they are getting support in order to be able to have a sustainable long-term housing outcome for whatever they require.

As we have mentioned before, projects like Wirksworth are an example of that, providing an aged care facility targeting people who are very vulnerable, and that will offer, through the aged care funding, great support for those clients to provide for sustainable housing.

**Ms BUTLER** - We are talking about homelessness and people who are on the housing register at the moment. Before, you mentioned there is a really slow time frame for turnaround with the market. Do you have any projections on the number of applicants? At the moment we have 3330 applicants on the 2018-19 housing register, and it is increasing. Are there any projections your department is working on that might give us an idea of the next four years? If there is that slow turnaround, things are going to take time. What are we looking at?

**Ms STONE** - We are building new supply as well, so that is coming into it. Obviously the intention is that this will reduce the number of people coming through to the wait list.

As part of seeing what the future demand is, and what the need is, we are working with the University of Tasmania to come up with projected demand figures, taking in all the information Peter was talking on, about migration, about demography, about the rental and supply that is coming on board. That was done in 2014, to an extent, for the affordable housing strategy, so that is going



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back and doing that exercise again. By the end of this calendar year, we will have some more detail and information.

**Ms O'CONNOR** - Is that through the Institute for the Study of Social Change?

**Ms STONE** - It is through the University of Tasmania.

**CHAIR** - Dr Kathleen Flanagan and that lot.

**Ms STONE** - It is, through Richard Eccleston.

**Mr TUCKER** - Mr White, how many housing properties does the state government own?

**Mr WHITE** - As of 30 June, we own 12 504 properties across our range of programs.

**Mr TUCKER** - What is the total value of the estate?

**Mr WHITE** - The value, at the moment, of the portfolio is approximately \$1.5 billion. However, that is due for revaluation. I need to be clear here: that is a book value for accounting purposes.

**Mrs RYLAH** - Purchase price less depreciation, is it not?

**Mr WHITE** - It is actually done by the Valuer-General's office. Usually they utilise the local government valuations and adjust for market factors. It is not an historic cost basis. However, I would say there are approximately 3600 properties under the Better Housing Futures arrangements that are not captured within that accounting value, because under the accounting treatment, when they were transferred to management, they were taken off the books, even though the titles sit with the Director of Housing. There's around \$600 million, if you like, of assets sitting there that are not on our books, but we still hold title to.

**Mr TUCKER** - You are saying there is about \$2.1 billion?

**Mr WHITE** - Possibly \$2.1 billion, and then there will be a revaluation coming through, so I would expect that to be an increase over last year's figures, once that valuation is received.

**Mr TUCKER** - With the 3600, are they on top of the 12 504?

**Mr WHITE** - They are part of that 12 504 number that I alluded to.

**Mr TUCKER** - What is the total indebtedness in relation to the total estate, on a percentage basis?

**Mr WHITE** - You're talking about the Commonwealth debt?

**Mr TUCKER** - All debt that we have there with it, with that Housing debt.

**Mr WHITE** - The only debt we hold is to the Commonwealth, so that is the figure of \$149.6 million. Off the top of my head, that would be around 7 per cent of the value of that portfolio, if you are including the full \$2.1 billion.

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**CHAIR** - In relation to the stock transfer under Better Housing Futures, do you have a view about the proportion of stock that was transferred to the community housing sector, and whether that is about right, or whether you would have a view as to where that should go in the future?

**Mr WHITE** - Under Better Housing Futures, at the time, we transferred management of around 4000 dwellings to community housing providers. That represented around 35 per cent of our social housing in total.

With the target initially, there was one worked through with the Australian Government, and that arose around the time of the Nation Building Package. There was an aspiration or target for states to look at 35 per cent, or up to 35 per cent of management.

Our experience of the management transfer, to date, has been very positive. The approach taken with those transfers was what is called a 'place-based approach'. We transferred areas such as Bridgewater, Rocherlea, Shorewell - which had quite high densities of social housing - but the requirements were that the organisations would establish an office in those regions, or those suburbs. They also had to put in place, and work with the community on, master planning for how those suburbs could look into the future. They also had to put in place things like asset plans. As part of this, they have established very close links with Neighbourhood Houses and other community organisations within those regions, and done a range of wonderful things. I was recently at Ravenswood and saw a community garden that Community Housing Ltd, for example, has established with a group of locals.

**CHAIR** - As to that figure of 35 per cent, I am not sure now whether that is something that is negotiated under the NAHA - whether, moving forward, that would be more or less, or whether that is about right.

**Mr WHITE** - It is not being really looked at. It certainly didn't form any part of the negotiations we went through on the current NAHA.

The figure, I understand, is still there at national level. I think we still are the only jurisdiction that has reached that target.

**CHAIR** - So Tasmania is at the high end?

**Mr WHITE** - Correct. The arrangements we initially had in place did give more flexibility for those providers, around allocations between priority general clients. We had a minimum of 30 per cent of priority clients being allocated to those. Our experience has been that a very high percentage of priority applicants have been housed in those areas, but, under those agreements, that wasn't the case. If we were looking at further transfers, I think you would certainly have to ensure that those transfers had obligations over housing those in priority cohorts.

**CHAIR** - Title is not transferred. Does the Government have a view about whether that 35 per cent is? Whether the envelope can be pushed on that in the future? I am sure there might be some interest and we will talk with community housing providers about this. Does Government have a position in relation to the further transfers?

**Mr WHITE** - We don't have a position as it stands. As I said, the experience we have had with the management transfers has been a positive thing. We are seeing benefits around

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maintenance liabilities being reduced, and opportunities that have opened up around some new supply in those areas as well, both in social and affordable housing.

**CHAIR** - In relation to managing what you have said is a very tight supply situation, has the department changed any of its approach to maintenance and sale in order to maximise availability of housing stock?

**Mr WHITE** - We operate under a strategic asset management plan for our portfolio. I need to state as well that it is important within these plans that you have sales of properties. There are reasons for why we want to sell properties. Last financial year, I think we looked at 43 sales across our portfolio. So if you are looking at a portfolio of roughly 12 500, an extremely small percentage of homes have been sold and, of those, quite a number have gone to people under either the Streets Ahead or our HomeShare programs. So eligible households have been able to move into home ownership.

**CHAIR** - Does that mean, though, in relation to your strategic asset plan that you have deliberately reduced sales where you can?

**Mr WHITE** - Yes. What we are doing under our plan - and it is one of the actions we have in our action plan - is looking at a reinvestment model across our portfolio in a lot of areas. Chigwell is a good example, as is Claremont and Warrane, where we have well-located sites now but often the homes are 1950s weatherboard, so we have opportunities to both renew the portfolio by, in some cases, demolition or, in other cases, we have seen upgrading those homes and then increasing the density by putting in units as part of the redevelopment. In some cases, you might have three homes that are demolished and replaced with eight units that can be two-bedroom, energy-efficient, accessible dwellings. We are also always looking to reprofile the portfolio. Some of that we have done in association with our community providers and some we have done ourselves in ensuring we have that supply of well-located stock.

As to the decision-making, we go through looking at our portfolio and those sorts of properties, we ask if they are suitable for long-term retention as rental properties. Perhaps they could be used for redevelopment, particularly where you might have a cluster of titles and properties. Similarly, we have properties we flag for potential sale, perhaps because of location it might be the slope and topography, or the age of the home, et cetera, where they are just not suitable for redevelopment, so when they become available we will look at sale of those. In some cases it is the condition of the properties to bring them up to a temporary standard.

**CHAIR** - I appreciate there are a lot of complexities but I was trying to get to the point of whether you have actually made a change of priorities in response to market conditions.

**Mr WHITE** - We are certainly trying, where possible, to retain homes even if it might involve more expenditure on them around maintenance to improve them where we can, rather than sell.

**Ms O'CONNOR** - Mr White, you were talking earlier about the trend of rental price increases by as much as 10 per cent a year. A number of us at this table have spoken to tenants who have had rental increases significantly more than that, that have put them on the edge of homelessness. I do not expect you to become political but when we ask the minister about this the response is that the way to deal with surging rental prices is to increase the supply. Given the enormity of the rental price problem, the lowest incomes in the country and rents going up so we are now the least affordable capital, are you confident that the supply program Housing Tasmania has in place will

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have a quantifiable impact on rent increases, which at the moment are showing an upward trajectory with no sign necessarily of levelling out?

**Mr WHITE** - I would have to say that what we do is a part of the market and obviously what we are doing won't have a significant impact on the price of private rentals in the marketplace. We have intervened with things like the Private Rental Incentive Scheme which has offered opportunities for landlords to make properties available at a very affordable rental for clients and we have had a successful program there under Action Plan 1 and then moving into Action Plan 2.

When you look at the private rental market, it is essentially four-and-a-half times the size of the social housing market. So when we are talking about our new supply and certainly the targets of 1000-odd properties over both action plans around social housing, you are talking around 2 per cent of the private rental market.

In terms of ability to influence it that way it is certainly not so much in my area, but things such as having efficient planning schemes that bring properties forward and having land available rezoned and released, et cetera, can offer opportunities for investors and others to build new supply for the private rental market and, in some cases, given interactions in the marketplace, affordable or home ownership opportunities as well, because people moving to home ownership then come out of private rentals and that then frees up that private rental stock.

**Mr TUCKER** - How many houses are not tenanted out of the 12 504 properties, and why?

**Mr WHITE** - I can give you the information from our report of 30 June. As at 30 June, 49 properties were normal vacancies in our portfolio, and we had an occupancy rate of 99.2 per cent. When we have vacancies in our portfolio it can be for several reasons but the obvious one is when a tenant moves out and a new tenant moves in. Because most of our tenancies can be relatively long term we often take the opportunity when we have a vacant property to do a bit of maintenance work. In some cases that could be carpeting, a new kitchen, et cetera. By the end of June we had an average 20.4 days between tenancies, from when someone moves out to someone moving in. The other reasons we may have some vacant properties is that we are looking at redevelopment and those properties are awaiting either DAs from the council or an opportunity to do that, but it would only have a very small number of properties at any point of time. It is fair to say that sometimes commentary seems to suggest we have hundreds of properties sitting around vacant but I can certainly say that is not the case and the numbers I have given you will back that up.

**Mr TUCKER** - What would be the cost of bringing those houses back to a tenantable state?

**Mr WHITE** - That is very difficult to put a figure on. Again, I would stress that it is not a reflection on the tenants that we might be spending \$15 000 dollars improving a home. It can be because we are putting an amenity upgrade in. In some cases, it can be fixing up some things. Often between tenancies the things we may do are typically repainting, some cleaning and, as I said, an opportunity maybe to replace a vanity unit or a shower unit or whatever it might be in a bathroom, or something in the kitchen as well.

**Ms BUTLER** - In relation to people who are experiencing homelessness at the moment in Tasmania, what additional services have been delivered to address that issue over and above the usual services over the last 12 months?

**Mr WHITE** - I will ask Jess to talk to that.

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**Ms STONE** - That is what we have delivered under Action Plan 1 and what we are going to deliver under Action Plan 2. Under Action Plan 1 we delivered a new supply of homeless accommodation across the region, so we delivered 121 units for short-term homelessness accommodation. That is crisis accommodation or the longer-term transitional accommodation. That included the Hobart Women's Shelter and Hobart City Mission, Dads with Kids in the south, and then when we are looking at some of those other longer term accommodation we have Eveline House, which is a youth foyer in Devonport.

Under Action Plan 2 we have a range of new initiatives we are looking at introducing. We are looking at those new youth foyers that Peter mentioned, so a Burnie Youth Foyer, expanding Thyne House in Launceston and the new Hobart Youth Foyer. We're also looking at a gap up in the north-west for older men or men with kids, so a new shelter up in the north.

There were 16 shelters across Tasmania - then under Action Plan 1, with the introduction of the Hobart Women's Shelter, which was a replacement, and the Hobart City Mission, there are now 17 shelters.

We are also looking to introduce Wirksworth, so that is working with Wintringham for 50 units. That is coming under Action Plan 2 for older men.

One of our completed projects is with CatholicCare for Women, for women escaping family violence; eight new units have been delivered under Action Plan 2. We also have a relocating Bethlehem House for men.

In total, under Action Plan 1 and 2, we are looking at a total of 121 new units of homeless accommodation across those three regions; plus we also have the supply of supported accommodation, so an additional 169. In total, we have 290 units of homeless and supported accommodation. Plus, we have the \$5 million homelessness response initiative, and we are looking at immediate new units for homeless accommodation. We are looking at working with Bethlehem House on their current site, and looking at 18 units on that site. With the Hobart Women's Shelter we are looking at an additional 17 units; that is the units next to them. Plus we are working with the University of Tasmania with some student accommodation that has come available, and we have purchased -

**CHAIR** - They are a chance for this calendar year, I understand?

**Ms STONE** - They are looking at a commencement in October and September. We have also purchased the Waratah, which will be used for supported accommodation, so homeless accommodation cohort as well.

**CHAIR** - Just as a wrap-up question in relation to Huntingfield, I am aware that back in 2015 there was a plan for some 230 lots, and I thought I heard the minister - or at least the draft supply order that I've seen suggests that it could be as high as 500. Just now in your opening statements, Mr White, I think you mentioned 400, or more than 400 lots? Could you update the committee on where that is at?

**Mr WHITE** - Happy to. I think it is important. We own about 67 hectares in total at Huntingfield. I think the proposal that is being worked on, which will come under the Housing Land Supply Act, is looking at rezoning that land to allow for future development. Once the

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rezoning is approved, we will go through the process with the council in terms of the master plan and subdivision approvals.

At the moment we are looking at approximately 450 to 460 lots, but of course that is still subject to going through that process. Within those plans, of the 67 hectares, I believe about 30 hectares will be public open space. Certainly, when you are looking across that size of site, you are talking, on average, of a block per 1500 square metres.

We have seen really good examples of work from interstate of subdivisions and developments, particularly involving different lot sizes. Part of our proposal is to look at some smaller lots that would be able to have smaller two-bedroom accessible dwellings that may be owned by people, or it might be forms of social and other forms of affordable accommodation, together with larger lots that can hold the families, et cetera. We think it is very important we don't end up with a homogenous sort of subdivision where every block is 600 square metres.

We are very focused on trying to understand and meet the needs of clients. We talk a lot about housing supply, but a lot of the new housing that is built across Tasmania tends to be larger homes. It is on average, I think, around 230 square metres. We are looking at a project that can allow for some of those larger homes to be built on that site, for sure, but also allowing for smaller homes that might be 80 square metres to 90 square metres, that meet the needs of people who don't want a big backyard and don't want other things.

As far as I understand, that will come into parliament to be tabled fairly soon, around the legislation. Then, of course, there is a further process around working on the master plan and the works we are doing there, which we have already had consultation with council and a range of other stakeholders.

**CHAIR** - I dare not ask any further questions; we have pushed the envelope as it is. Thank you, Mr White and Ms Stone, for your attendance.

As I advised you at the commencement of your evidence, what you have said to us here today is protected by parliamentary privilege. Once you leave the table, you need to be aware that privilege does not attach to comments you may make to anyone, including the media, even if you are repeating what you have just said to us. Do you understand that?

**Mr WHITE** - I do understand.

**CHAIR** - Not that I recall any defamatory statements being passed across the table here today. Thanks again for your attendance, we appreciate your time and the work you have put into the submission.

**THE WITNESSES WITHDREW.**

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**Ms PATTIE CHUGG, CEO, AND Dr CYNTHIA TOWNLEY, POLICY OFFICER, SHELTER TASMANIA, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.**

**CHAIR** - Welcome, and thank you for coming along. It is important that should you wish all or part of your evidence to be heard in private you must make this request and give an explanation prior to giving the relevant evidence.

I also want to advise that the House resolved to add a new term of reference to the committee's terms of reference for the inquiry, namely '(ka) regulation of rent prices increases with particular reference to the ACT model.' If you want to address that particular term of reference you are welcome to do so. I would like to invite you to start with an opening statement and then we will go into questions.

**Ms CHUGG** - I will start and then Cynthia can back me up. Some of you know Shelter Tasmania but some of you may not be aware so much of who Shelter Tasmania is, so I will give a brief introduction.

Shelter Tasmania is particularly interested in this area because we are the specialist peak body in housing and homelessness. Our members are all the special homelessness services, so when you hear that term it is the shelters, the transitional housing, for example women's shelters, men's shelters, youth shelters, as well as lots of other models of support. Our members also include all the large community housing providers that you heard before are now managing over 4000 stock across Tasmania, along with a lot of other people who support our aims and objectives.

We meet regularly with our members in the north, north-west and the south so we have quite a good knowledge of not only what is happening in Hobart but also what is happening in Devonport, Launceston, Sorell, wherever. We are also affiliated and the state delegates for a range of national bodies including National Shelter and Homelessness Australia; we work closely with the Council for Homeless Persons; and we are also the state body for the Community Housing Industry of Australia that represents all of those community housing providers.

We work with strong consultative mechanisms with our members and our submission is based on that. It is the knowledge and research but also the experience of delivering services. Many of our members have made their own submissions that speak to very specialised areas. We will leave some of that to them to speak to.

We are in a good position to know the history of what has happened with housing over the last two decades, the ongoing challenges to that system and the responses that are needed. We appeared in the previous Affordable Housing inquiry in 2007, with recommendations coming out in 2008. Since then we have seen changes. We have seen the Affordable Housing Strategy 2015-25, which I am sure Peter White spoke about, and the action plans that implement that strategy as well.

Since that last inquiry, though, there has been some new challenges that have arisen and underlying factors that have worsened. New social housing disruptors have come into play. We have seen the rise of demand for tourist accommodation and Airbnb now with over 4000 properties across Tasmania. The biggest change we have seen is the increase in the private rental market in relation to people's incomes and the lack of a market response to deliver new housing to that lower end of the market. This leaves the responsibility of government to deliver affordable and social

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housing, and we can unpack those terms if you need. Despite the interventions and the various plans we have had, we still have a significant gap between the need and what is being provided. Part of this, as you will hear and probably are very well aware, is the state's repayment of the Commonwealth debt, which takes half the \$30 million that comes in each year and is a detriment to the system.

In the last 10 years since that last submission, rents in Hobart have increased nearly 46 per cent. This is far beyond anyone's incomes and ability to pay. For three years now, according to the Rental Affordability Index, Hobart has been the least affordable city, which is now backed up by the last two reports by ANZ Bank and CoreLogic. This is a standard measure where you measure people's incomes to rents, but even if you take out the \$300 less a week that Tasmanians get on the national average, our medium rent now according to the last CoreLogic report is \$457 per week, which is \$1 less than the average price on medium rent in Melbourne, and that is without taking away the incomes. The really important thing to always remember is that ratio of income and rents when we are looking at it.

I would like to speak to some of the systemic issues for services and issues for people experiencing both housing stress and homelessness. On a systemic level, Tasmania's crisis is the shortage of affordable homes. The quick answer is to increase supply but it is not really quite that simple. We do not have a housing supply crisis across all levels of the market. We have a crisis at the affordable end of the market. Nationally, almost 80 per cent of new stock that is priced and built is at the upper end of the housing market. Housing is a segmented and differentiated market, so you have to look at different areas of it. The lack of supply is most intensive at the affordable end of that market. It is where the crisis exists and this lack of affordable housing is what pushes people into homelessness and keeps them there.

At the current rate, people on low incomes cannot afford the rent increases that have taken place over the last few years. The myth of cheap rent in Tasmanian housing has well and truly gone. The average weekly rent growth in Tasmania has resulted in previous low-cost properties also being occupied by much higher-income groups. Low-cost housing has become scarcer in the private rental market, where one in five Tasmanians live. Demand for lower-cost rentals has increased because people who are in work and saving up to purchase a home are also competing at that lower end of the market. This is not just a challenge in Hobart but across Tasmania. In fact, the national Rental Affordability Index shows that Tasmania's rest of state population and the Greater Hobart area has become the least affordable rest of state as well when you take into account people's incomes.

These two largest factors to relieve levels of housing stress and homelessness are people's incomes and the supply of affordable housing for people on lower and medium incomes. The viability of affordable and social housing needs need to be ensured and supply needs to be expanded, so we need to have a sustainable public and committee housing system as well.

Our submission can be summarised in three areas. We are looking at systemic issues, services, workable capacity and people and the consumer voice. We are calling for an increase in the supply of affordable and social housing with reference to the known definitions of what those are. I can go through those if you like but that is where people don't pay more than 30 per cent of their income and the lowest 40 per cent of income. We are also calling for the use of evidence and data to predict need and support effective programs, a whole-of-government approach with housing need assessment for all policies including population growth, regional development, student numbers, tourism and urban planning, just to name a few key ones.



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We would also like to see a statewide policy to mandate inclusionary zoning across all new developments. We have been advised by a developer that we need a strong lead-in time but the development industry is not actually against it, so we would want to enable developers to embed this in their planning.

The intensifying demand on the housing and homelessness sector needs to build the capacity of the sector to support the number of clients and those with higher needs. We also need to support our existing workforce, so we are calling on our current housing and homelessness workforce particularly to have benchmarks around client needs, because you cannot just add increasing numbers of support without looking at how effective that support can be. We need better integration, especially around reducing homelessness, mental health, financial services, drug and alcohol services - we need more integration. We also need to continue looking at workforce development.

Shelter Tas runs a brokerage system for capacity-building of our workforce, and we need to make sure there is proper training and infrastructure put in for those in recruitment, and how to train people in that sector. Also talking about the people who need the housing. We need homes that are affordable, but not only affordable - we need them to be appropriate, safe and secure. We know that people are often escaping family domestic violence, or the location of the property is really important.

People on low incomes have fewer choices, especially in a competitive, tight, private rental market, and they can often be forced away, seeking cheaper rentals. This can lead to people being locationally disadvantaged, with few opportunities to access work, and limited access to transport and services. We see that pattern. Often they call it the 'doughnut effect', where people are pushed further and further out. Recent research has shown people are very much in housing stress in those areas as well.

Renting privately is no longer a short-term option for many people. Over 40 per cent of people in the private rental market are now there for longer than 10 years. People need greater security and tenure, better-quality homes, and appropriate homes that meet their needs, including place-based disadvantage. We need personal approaches. All Tasmanians need a home that is affordable, appropriate and safe, and they need a service system that meet their needs.

The system is best met when people's needs are fully understood, and those needs and experiences are given voice. We need the voice of tenants, the people who have various service needs, to be part of the design of the system, to make it more appropriate and responsible.

Shelter Tas has undertaken research and significant consultations with the homeless sector and people experiencing homelessness. A key recommendation is to adopt a peer education support model, based on the council of homeless persons. We are calling on a better way to empower a consumer voice that includes people's experience of housing and homelessness, and incorporate their perspective into decisions and solutions.

We really need to update and modernise our current Residential Tenancy Act to look at better protection for tenants. We realise they are staying there a long time, and that the standards of those properties are up to scratch.

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To conclude, Shelter would like to see housing recognised as key essential infrastructure. There was a report released this morning; our budget submission is very much about seeing housing as infrastructure. It is a bedrock for all social and economic participation. Without secure stable housing, all other programs cannot be achieved. Areas such as health, education and justice would fail; we can't assume that housing will just be there. We cannot take housing for granted and assume that it will be there. Often with the NDIS and disability housing, affordable housing just currently isn't there in the quantum needed at the moment.

Right now, there is a lot of focus on homelessness issues. Last week we had National Homelessness Week, and there is significant, gradual awareness and understanding in the community about this issue. We are flooded with the community asking for ways that they can support. People are much more aware of the shortage in the private rental market; we see people queueing up to get rental properties.

Also some really good solutions have happened over the last year. There is a very strong and positive growth in the community housing sector in Tasmania, and this is actually helping to build stronger communities, and any chance of quality and quantity of buildings.

We really need to address that financial gap between what people on low incomes can reasonably pay in rent, and the cost of delivering that housing. This means an ongoing government subsidy in many areas, and both state and federal governments need to play a role.

We now have a chronically unaffordable private rental market as we need to deliver an adequate supply of well-located social housing, so we need, more than ever, well-located social housing through our public and community housing providers. To address the imbalance and current shortfall, we are calling that 10 per cent of properties need to be in that - rather than the current 6 per cent of properties. That shifts as our population grows, rather than just being numbers when you are calling for a percentage.

While we have the Affordable Housing Strategy and Housing Connect initiatives and reviews, the background conditions of the housing system remain stubborn and unaffordable. For the people who are living in housing stress and risk of homelessness, we need to look at the whole of the market, the whole of the system - public, private and community housing - and we all need to play our role.

**CHAIR** - Thank you very much. I certainly appreciate that comprehensive overview and respect your very deep knowledge and understanding. We were keen, in addition to having the department, to have the peak body here purposely to set that context.

Given that you provided input to that 2007 inquiry, you are well placed to give us a bit more in relation to that 10 per cent target for affordable social rental housing. The demand figures that I have read have been up to \$17 900, but between \$14 000 and \$18 000, let us say.

Do you think that with the plans outlined - obviously, Government is only one contributor to that - are you optimistic that on the current settings, in relation to the Government contribution at least, that we are making the right steps towards addressing those needs?

**Ms CHUGG** - I think to get to 10 per cent is a huge change in the paradigm of thinking about how do we balance the housing system. We are currently 6 per cent - that is about \$13 000 - but

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we are well aware that there are over 3300 people on the current public housing waiting list. What we have called for consistently is a better needs analysis that is broader than that.

We know that the current minister, Mr Jaensch, announced that the university will be undertaking a more comprehensive needs analysis, which we have been calling on for some time, that would sit around the Affordable Housing Strategy. That would look at demand, not only the numbers on the waiting list, but the latest data around housing stress, cohort types - whether that ranges from young people, who we know are particularly over-represented in the homeless population, to new emerging groups like older women over 55. We know that there needs to be different responses to those types of different cohorts, and we think there is a lack of rigour around that current data at the moment.

We are fully supportive of the Affordable Housing Strategy and the action plans. Tasmania has led its way in many ways around that, and we are part of that, and working with the state Government on that strategy, but we understand the system is much bigger than the strategy. We are constantly looking at that 6 per cent, rather than the whole housing system, and we think that that is where we need that rigour and that data. To solve a problem, we have to fully understand it.

There have been some great initiatives over the Affordable Housing Strategy, and Ms Stone was listing some of those more recent ones - but what we have is this fundamental shift in Tasmania's economy, housing market, tourism, population growth that we were not experiencing 10 years ago. That is why we say it is a whole-of-government response that needs to address this.

What we find is that other programs are very dependent on having affordable housing. The National Disability Insurance Scheme, for instance, the majority of properties are mainstream, which means that someone with a disability and a low income goes mainly to the private rental market, or if they are lucky they may get into public or community housing. It is quite a big shift to look at a whole-of-government approach, and we think that is essential.

**CHAIR** - You mention the NDIS, but what about Better Housing Futures? That has been a big change in the last few years. I am interested in your view about the success of that, and whether the balance is about right. Mr White indicated that about 35 per cent stock had been transferred to the community housing providers, and that from his perspective that was working very well, and delivering good outcomes for the sector and for communities. What is your view about that?

**Ms CHUGG** - We are very supportive of Better Housing Futures. We lobbied when Ms Cassy O'Connor was the minister, and we held different forums. We saw that was a circuit-breaker to a public housing system that was really under complete pressure - not only outstanding public housing debt that takes 50 per cent of their funding every year, but a very highly targeted approach that means currently probably 99 per cent of people who access public housing have some form of higher need. You have this really bad business model basically where you have starved funds coming in so you have to tightly target the service, which means lots of sole parents, older women, people on the lowest incomes who have a low rent return. They also could not garnish Commonwealth rent assistance or make the most of their GST status where they can get money back. It was a really important circuit breaker and I think Tasmania in some ways leapfrogged over hardly any stock transfer to quite a large proportion of stock transfers. Our model has been quite successful.

**CHAIR** - It is the highest level of transfer in the nation according to Mr White.

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**Ms CHUGG** - Yes. I think Tanya Plibersek at the time asked for up to 35 per cent of stock to be transferred over and that became a reality under the government and enabled Commonwealth rent assistance now to be applied to those properties. I don't know if the panel is aware that \$125 million each year is paid in Commonwealth Rent Assistance to Tasmanians. That is many times more than we get through the National Housing and Homelessness Agreement which funds our crisis and our public housing system. Those enablers are really important.

Currently those contracts are for 10 years. We would like to see those extended because we see areas of very high disadvantage. We had a very good transfer policy in Tasmania in which no tenant was forced to change the management of their tenancies. There was quite a high acceptance by tenants to be transferred and over time that has been really successful. People vote with their feet and they have voted to go over to community housing providers. They also have many more resources around community engagement. That is not to say there are not still issues that will take a lot of working through.

We are supportive of the expansion of the community housing sector. You must remember there has not been a quantum increase of social housing stock because that was a transfer of management, so those 3500 properties that were transferred before were social housing. Social housing is the broader term for public and community housing, which means that people are on fixed rents and they do not pay any more than 25 per cent to 30 per cent of their rent. They are both lumped together and now they are about half and half.

We see it as important that not-for-profit has been one of the success stories. We think not-for-profit community housing and Better Housing Futures should be assessed for its benefits and as to whether it should be expanded, we would look at the evidence around that but if it can help people remain in their homes. We also know the vast majority of properties are being built through those programs and new supplies are coming through those. There are some financial instruments that are coming through federally.

The NHFIC bond aggregator is very targeted towards lots of public housing to build new properties. I know that some of the submissions you will hear later on will go to more detail about that and how that can be captured better in Tasmania because the formula is not quite right. We know that the NHFIC wants to come down and meet with providers in October to look at how they can boost the take-up in Tasmania. Our federal minister, Michael Sukkar, when he was over here recently talked about wanting to prioritise Tasmania because he realised through lots of pressure not only from the sector and the state Government and also the media, the dire need for more housing in Tasmania.

**Ms O'CONNOR** - To be fair, Mr Sukkar may have said when he was in Perth that he wants to prioritise housing in Western Australia too. Federal ministers will talk to the audience they have at the time.

Thanks for your submission and introduction. I wanted to explore the matters you raised about the chronically unaffordable rental market, as you described it, and you were talking before about Commonwealth Rent Assistance. For people in the private rental market as the rents go up and the trajectory is that they are keeping on going up, how much of a problem do you think is the fact that there is a cap on CRA? You have people on Commonwealth Disability Support Payment, for example, who are facing increased rentals in the private market, and the CRA is not keeping up with those increases. So you are seeing a cohort of people in the private rental market being

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extremely squeezed by the rent increases and the limitations on the CRA. Do you have any thoughts on that?

**Ms CHUGG** - As I say, the two magic things to think about are people's incomes and their rents when we are looking at an affordable housing inquiry. There has been a lot of publicity lately, and well-deserved publicity, about the low level of our income support system. When Anglicare did their latest report, for anyone on Youth Allowance, which is significantly less, there was not one property available in Tasmania we could put in an affordable band. What happens is that people just end up paying huge amounts of their income in rent. We are not talking 30 per cent. We are talking 60 per cent to 80 per cent, and that does not seem too bad until you get your first electric bill, or you have to get your children to school, or pay registration for your car, when every \$5 makes a difference.

One, people's incomes are inadequate and that has not been addressed. Whereas age pensions have risen, so there has been this split between benefits and pensions, and that is totally inadequate. That is a Commonwealth issue but it affects everyone in Tasmania. Being such a low-income state we have a high proportion of people who need Commonwealth Rent Assistance. Nationally Shelter advocates for an increase to Commonwealth Rent Assistance, but I also think for that \$125 million coming in, we need to guarantee some security and improve our Residential Tenancy Act and security for people in the private rental market. We have many more people living in the private rental market than we do in our social housing system. That is why we want the balance to change and have a higher proportion of social housing to offset that.

The market trends are the market. We have a market in Tasmania which is increasing significantly and there is no end to that. We have no ability to lever who lives in that private rental market, so no matter what we do with the private rental market, we could still have people on very high incomes in the lowest cost stock remaining there for a long time.

We need to look at an income support system which is very much a Commonwealth issue. Yes, we do need to look at the adequacy of CRA, but at the same time for that money that is outlaid around CRA, we need to put some obligations or conditions around what we are getting for that extreme amount of money that comes in to support the private rental market.

**Ms O'CONNOR** - Thank you. On the private rental market, the Tenants' Union of Tasmania has called on government to look at some controls over rent increases. We had Peter White in here before who was saying on average rents have gone up about 10 per cent in a single year. In your submission you say rents have gone up by nearly 50 per cent in the past 10 years. Do you have any thoughts on what kind of model - and whether or not it would have an effect - we could have in place to limit the soaring increases in rents we are seeing, particularly over the last few years?

**Ms CHUGG** - What is really important is that the Rental Affordability Index and what National Shelter, SGS Economics, Bendigo Bank and the Brotherhood of St Laurence do is showing it is important not to just look at a snapshot but actually look at that trend. That is why we keep insisting data cannot just be snapshots. It needs to look at the trend analysis over time. We were aware this question may be asked, so we talked to the ACT Tenants' Union which is part of the National Association of Tenant Organisations, which are part of National Shelter, so we did a quick bit of research.

**Dr TOWNLEY** - We spoke to a colleague from the National Association of Tenants Organisations in the ACT, and basically I think we support the investigation of that regulatory

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framework for the increases to rent prices. The ACT is the most well developed of the Australian jurisdictions, as we see it, so that is probably the model to start from. We understand it is under review at the moment so they are looking to make some changes. We would want to look not just at the existing model, but the future version of it, the next generation. At the moment they have a benchmark for a reasonable increase in rent. That is CPI plus 20 per cent of CPI. What they are looking to do is to adjust it to CPI plus 10 per cent of CPI, so they are actually going to reduce the benchmark increase.

What is interesting about the approach is, it does not rule out any higher increases. Higher increases are permitted; it is just that there is an onus on the landlord to make a case for the higher increase. They get to go to the tribunal, the ACT Civil and Administrative Tribunal - the ACAT, and say, 'These are the reasons. We have made these improvements to the property', or 'This is the change in circumstances', or whatever their reasons might be. So it is just that there is a benchmark which everybody can access and everybody uses that. Real estates will refer to it when they make their annual adjustments to people's rent. There is a public formula that you can access, put the numbers in and see what the increase is, so even if you are not a professional landlord, if you are just an ordinary person who has one additional property that you are renting out or a couple, you can use the same framework and say, 'This is the standard, reasonable increase'. Tenants can do it too. If they are hit with a rent increase that looks to them to be unaffordable or unreasonable, there is somewhere to go to say yes, it is no, it is not.

It is really not a detriment to the market that is visible. We have not seen a sudden stagnation of rent increases in the ACT. In that sense it may not completely halt a dramatic and rapid rise in rents. What it does is it gives a reference point for people. It stops people acting in an irresponsible way without regards for the impact on tenants and just making stuff up at will.

**Ms O'CONNOR** - You mean plucking a number out of the air to charge as rent?

**CHAIR** - Because the onus is on the property owner, as you said.

**Dr TOWNLEY** - They just have to make the case, and a tribunal member will look at it and say -

**CHAIR** - Fair enough or not fair enough?

**Dr TOWNLEY** - Yes.

**Mrs RYLAH** - What happens then if they say no, it is too much?

**Dr TOWNLEY** - They probably negotiate around it. It would depend on the reasons but it would be case by case, I think.

You would not get cowboy increases which we have been seeing a bit of. Someone can say that at the moment in Tasmania we are referring to market situations, but a person might own half a dozen properties in a very small area all together, and they can just kind of spiral it up. That is a market reference that has no constraint on it or no real objective reference.

At the moment we actually do not have anything that puts a standard in place. The evidence I would suggest, if you look at the increases in the ACT or my understanding of when we talked to our colleagues, is that the rents are still going up. They have not stopped, and they are probably

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going up slightly more than CPI plus the 10 per cent or 20 per cent. But, basically, they do not need to and most people are going to be better off with a reference point than just a kind of a 'let anything happen' system.

**Ms CHUGG** - The value is that it creates a really transparent framework. At the moment there is a very complicated formula if you want to appeal against an unfair rent increase. This actually gives a framework to it. Our colleagues were saying that real estate agents use it regularly. So it is not that you cannot put the rent up. The appeals by exception - what happened before was that the tenant had to have the onus. The new changes to the legislation is that the landlord has the onus and it has been really well adapted.

What we find, especially in Tasmania, is that high percentage of Mum and Dad investors and they really do not have that clear signal and information. So it is an educational tool as well as a standard tool. It can be seen as a quite modernising and progressive move rather than a detrimental move. It lays out a clear pattern of what happens in those cases. It is not all the cases; it is just when we need to adjudicate around something.

**Mrs RYLAH** - Does it just apply to the lower end of the market, or does it apply to -

**Ms CHUGG** - No, it applies across all the private rental market.

**Mrs RYLAH** - The second question is, what is the cost of operating the system?

**Ms CHUGG** - I do not know. We would have to check that out.

**Dr TOWNLEY** - We can find out for you.

**CHAIR** - You will be able to come back to the committee with that information do you think? Thank you.

**Ms CHUGG** - One thing that they said is that it is quite minimal. We have a different system here - we have a tenancy commissioner; we do not have a tribunal. We would have to look at the mechanism around that - and other states and territories do, so we have a slightly different system.

**Dr TOWNLEY** - It might be hard to work out what proportion of the ACAT, the Civil and Administrative Appeals Tribunal, is devoted to this. That might be tricky to get the information, but we can certainly ask the question.

**Ms CHUGG** - At a really simple level what the Tenants' Union has a on their website - we can send you the link if you like - is basically like a spreadsheet system that takes every quarter, looks at the CPI not for commercial buildings but for rental buildings, they do a calculation on that and that is put up and anyone can access it. Real estate agents access it, private landlords access it, and tenants access it. I do not think that is a particularly difficult model to implement.

**Mrs RYLAH** - The tribunal versus the commissioner?

**Dr TOWNEY** - And who does the data calculation -

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**Ms CHUGG** - The Tenants' Union, because the Taxation department, that is how rents are calculated often, there are formulas that come out through the Taxation department or through Centrelink that actually do those calculation.

**Dr TOWNEY** - So you get the CPI, there is a special kind of housing CPI so it is a slight variant of the bulk-standard CPI, and then you just kind of calculate the 10 per cent or 20 per cent additional to that.

**Mrs RYLAH** - Do we have one in Tasmania?

**Ms CHUGG** - No, we do not.

**Mrs RYLAH** - No, I didn't think we had a housing CPI.

**Ms CHUGG** - Oh, yes, we do. We have a commercial and housing CPI. They come through the Taxation department. I know that the community housing providers have to adjust their rent every six months so they actually have formulas that come out through the Australian Taxation Office.

**Mr TUCKER** - Coming back to planning, with the infilling and access to services you briefly mentioned that and your thoughts on that, and also about the home ownership and renting especially within greater Hobart with the planning scheme. In your opinion should we be bringing in, with developments with housing, a higher percentage or a percentage that should be rented in those housing things in the planning scheme when they are doing those development schemes as a statutory figure?

**Ms CHUGG** -Yes. I will give you this report if you like. We have advocated - National Shelter our peak body, has done consultations just this year all around Australia on what we call inclusionary zoning - there are different names for it. It has been implemented in South Australia, a variation of it. It is a really good way of how to plan our cities so we do not get pockets of disadvantage and inter-growth throughout a community. We know we have made mistakes in the past. John, are you from Launceston?

**Mr TUCKER** - No. St Helens.

**Ms CHUGG** - If you look at places like Rochlea, Ravenswood, the Bridgewater/Gagebrook, places like that, they are very much concentrated social housing, this type of housing. A way of overcoming that - and SGS Economics who are economists in this area have suggested the inclusion of inclusionary zoning. In South Australia, for example, that is where, where there are new developments of over 20 dwellings, 15 per cent of that is used for affordable housing and 5 per cent is used for disability housing. So you have this structure, when you are doing developments, they can be mixed. They could be a mixture of different levels of rental home ownership. There are many of examples of that where large community housing providers like St George's in Sydney do, what we call, a mixture of tenure. You can have home ownership, you can have renting, you can have private renting and you can have social renting. We think that is a much more sophisticated way to change and incorporate a range of housing types. We know that people move through those different types and different sized dwellings as well. There is also the ability to cross-subsidise so there you can maybe charge a commercial rent over there, sell a home product there, and then subsidise it say for another single woman living in that property there. It is a way to actually be smarter about our cities and our development.



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**Dr TOWNLEY** - It is about the diversity of the community too. As Pattie says, it is about thinking through what can we learn from the mistakes we have made. We have very concentrated areas of lower incomes and disadvantage, and that isn't great. So how do we think to do it better? You have to think about diversity in your housing offerings and you have to think about the diverse community and putting a mixture of residential types together. It seems to me that if you are not going to do all of a kind, you have to do diversity, and one way to make that happen is to say that we are going to use inclusion rezoning as one of the planning tools to support diverse communities.

**Mr TUCKER** - How do you propose that we could increase the number of rental properties through our planning scheme? I mean, at the present moment, it is 75 per cent home ownership in Tasmania, and 25 per cent rental compared to other cities. I think Sydney is 40 per cent home ownership and 60 per cent rental. That seems to be, in my opinion, one of the issues here with this. How do you propose that we could lift that?

**Dr TOWNLEY** - That's a really important question because we have an increase in population, which we didn't used to have. It's one of the big changes that we've seen. We have an older population, which is why we have increased dependence on home ownership and the legacy of having much cheaper properties in the state. We just aren't in that game anymore. So I think you are absolutely right. We have to think about that shift to a greater proportion of rental properties. The risk is that we look at rental properties all of a kind, whereas as Pattie was saying in the beginning, we need to think about that differentiated and segmented market. You can build as many high-value rental properties as you like, they are going to be unaffordable.

One way to do it, in a really simplistic answer to your question, and I accept that this is probably not the whole solution, is to continue to build the community and social housing portfolio because that is always going to be the vast majority rental. So that increased investment, just by its nature, is going to build your proportion of rentals. If you think about what we're talking about, that 10 per cent of social housing and affordable housing, again, that is going to be virtually all rental. There is a little bit of it, a slither of it, that is going to be people on the lower incomes who can afford to buy, but most of them are going to be in rental accommodation.

Maybe just really work at that affordable end. Build to rent is another model but, again, you have to focus on that being a rental return that is available to people to manage. Probably the not-for-profit sector has to be the solution there for the lower income end because you can't make the profit that developers are looking at in that lower end. That's why the majority of rebuilds, even for rental options, are at the 80 per cent level, rather than - we are talking the bottom two quintiles, the bottom 40 per cent level.

Probably it is about the not-for-profit sector, and it is about the building of affordable social rental, and programs like the National Rental Affordability Scheme - that was a Commonwealth program - but that kind of model that brings the rental in at the lower end and maintains it over time.

**Ms BUTLER** - In relation to the condition of the private rental properties here in Tasmania, and we, as members, hear a lot of complaints about the actual condition of these. Is there a model being used in Australia for private rentals, in another state in Australia, which we may be able to look at? What do you think we can do to help improve the condition of some of the private rentals?

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**Ms CHUGG** - We lobbied for over 10 years for minimal standards in the private rental market, and so Tasmania and South Australia are leading the way, unbelievably, in minimal standards. So that is a condition now that when you are renting a property. What we find is, there is often changes to legislation and we are obviously wanting to improve those minimal standards around energy efficiency and the costs that go on to people, because we know housing is their biggest cost.

There is not a very strong compliance with those measures, so even though those are in our legislation, I don't think we know of one case where someone has been prosecuted or investigated around those minimal standards. When we are talking minimal standards, we are talking a heater in one room, we are talking about hot and cold running water, and we are talking about proper plumbing. It is important that those conditions are investigated.

We also know from a report that National Shelter and Choice did last year, it is called *Disrupted*, is unfortunately in a competitive market the onus is on the tenant to make the complaint around those conditions and it doesn't happen. The longer someone has been renting, the less likely they are to make a complaint because they know that they can't put their tenancy at risk. It goes unmonitored and under-reported.

**Ms BUTLER** - You mentioned in your report that some of the tenants are afraid that their rent may increase, or they may be compromised if they make those complaints, if they jump up and down and become a problem tenant of sorts. Would giving protections to tenants around that process be a positive step?

**Dr TOWNLEY** - Yes, of course protections for tenants are positive. What you need is a third-party monitoring system. We don't leave it up to people to decide that their cars are roadworthy; we have a system that says you have to get your car checked. In some jurisdictions you have to get checked by a mechanic before you can register it. It is standard in New South Wales. That would be one way to do it. Or you might do a system of spot checks - a system whereby a proportion of rental properties are checked by a third party every so often, so there is an incentive to be compliant because there is a risk that things will happen if you are not.

That takes the onus away from tenants and it gives you a systemic approach that says we don't think it is okay for anyone to be living in standards that aren't consistent with the legislation and the act. So how do we make that happen? The simplest way is to put in some monitoring and enforcement around it. You wouldn't have to do 100 per cent. If you know there is a 10 per cent risk, that is enough to keep people compliant.

**Ms CHUGG** - In addition, we have asked for a review of the current Residential Tenancy Act to modernise it and bring it up to the reality of such a large percentage of our citizens living there but also living there long term. We know from other submissions we have done, the health standards - mould, young people, older frail people - are at risk in unhealthy premises. We know there are many unhealthy premises that are being rented out there. We need to be vigilant around all of those things. That is why I am saying the link between \$125 million coming in Commonwealth rent, there are no obligations around that. It is a Commonwealth payment. All our residential tenancy acts are state-based. Our tenancy act is one of the few that does have those minimal standards.

**Ms O'CONNOR** - I wanted to talk about how we might improve the Residential Tenancy Act to provide better protections for tenants. I was interested to hear you talk about a review. It was reviewed in 2010-11-12 and a set of amendments to the act were enacted by both Houses of

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parliament that did lift the minimal standards. As you are aware, some of those minimal standards weren't ultimately implemented by the government once it was elected. Did you want to talk about some of those minimal standards that are currently missing from the act to the detriment of tenants? What would you like to see in a review process and future amendments to the Residential Tenancy Act?

**Ms CHUGG** - I would have to take that on notice. We usually defer to the Tenants' Union around those issues and they sit on our policy advisory board. There are things around energy efficiency. There are exemptions for curtains for the social housing providers, which has been frustrating because people need curtains in their properties. I know constituents have come to you around this issue around where contractors go in, strip out the curtains, and then often you would have a situation where the woman is being rehoused from a women's shelter with children into a property without any curtains or fittings. That one really needs to be reviewed. Imagine living in a house this winter without any curtains. There has been lots of work being done around energy efficiency and how we can look at some models there that need to be looked at. We would also be looking at things about longer-term secure leases.

**Ms O'CONNOR** - Standard leases?

**Ms CHUGG** - Yes, of course; we sort of take those things for granted. Thank you, Cassy - standard leases, standard agreements. We know there are still private landlords out there who are not depositing their bond. You can do a quick audit now of how many bonds are in at the Rental Bond Authority and how many are actually there for the 9000 private rental properties. The standardisation and clearness around them is really important.

**Dr TOWNLEY** - We would also want to look at best practice on things like pets, on the energy efficiencies that are really good, but also making sure we are prepared for the disruptive technologies that come in where people can do rent-bidding. There are vulnerabilities for tenants and there are also exploitation risks for people around the apps and the ways you can borrow money to pay bond, but in fact it costs you a lot of money to use that facility.

**Ms O'CONNOR** - Is it happening now in Tasmania?

**Dr TOWNLEY** - We don't really have that much in Tasmania, no. It is partly because we are a small market so we tend to get that later than other jurisdictions, but we know it is happening in other jurisdictions and we don't necessarily have the legislative framework to grab it really fast and protect people quickly.

**CHAIR** - Just on that, you have digital rights and protections within your comments about the RTA, so that's not about those apps, or is it access to the internet or what?

**Dr TOWNLEY** - That's part of it but it's also about the way landlords are going to use collection of information and the protection of information around tenants and the applications people make when they're moving into properties. Are there the right privacy protections around that? Are there the right responsibilities for looking after data? These days there are significant rental applications which ask for an enormous amount of personal information, so is that protected appropriately? At the moment a lot of it is still done in handwritten copies and in some ways that is a safer document, but as soon as it is done electronically, are people protected around that? There is a bunch of issues around privacy rights and protection of data that I'm not sure we have quite got covered in the RTA just yet.

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**Ms CHUGG** - We are seeing a lot of exploitation of people on sites like Gumtree which are really not filtered in any way. People are posing as landlords asking for money to be deposited through PayPal so there are a lot of digital changes that aren't covered properly. We hear of brokerage bodies coming in saying, 'We can pay this for you', and filtering through. We really need to be vigilant around that and make sure our legislation covers that because those things can happen really rapidly. We have been approached by a few different cases but the Tenants' Union is the expert around that area.

**Mrs RYLAH** - You might need to give me some more information on this. In your opening statement you said that the rental increase has been from 45.7 per cent over 10 years, so from \$100 to \$145.70, or 3.84 per cent over that period compound. I have just tried to look up the Tasmanian component of CPI for the housing section and the closest number I can get, but it is obviously not comprehensive, is 4 per cent. That implies that the rental increase is lower than the housing CPI but I am suspecting that is not right. Would you be able to provide us with that information so we can compare those two numbers?

**Ms CHUGG** - That's quite a technical question and I'm not sure who could give you the right answer to that. I don't know if anyone has any other suggestions around that. I don't know. We will follow up.

**CHAIR** - I have to say your best guess is probably better than ours, but if you had some advice about who would be the go-to people for the committee -

**Mrs RYLAH** - I just want to understand. I can do the calculations, that's not a problem, if you can give me the data.

**Ms CHUGG** - We take our data from the other recognised resources. We don't do it ourselves.

**Dr TOWNLEY** - That one was from CoreLogic, and from my recollection of their report the 45.7 per cent increase in Hobart was anomalous compared to other jurisdictions, so I think you're probably right that it shouldn't be within the normal CPI increase. I would have thought it would have been outside it from how I read the report, but we'll have to go back and look at that.

**Mrs RYLAH** - If you could can get me some information that would be helpful. Thank you.

**CHAIR** - I want to come to a bit of a change and focus on homelessness, if that is all right. Mr White just gave us an overview of a range of initiatives within AHAP 2 so we are across those.

In relation to the \$5 million additional package that has been announced by the Government, I am interested in your take on this. From my understanding there will be additional accommodation at the Hobart Women's Shelter and at Bethlehem House, and also purchase of the Waratah. Given that homelessness is a statewide issue, I appreciate there are limited resources, and the Government has to make decisions about priorities and so on, but from my point of view it appears that families and regional Tasmanians experiencing homelessness are particularly at risk in that context. Would you care to comment on gaps in our response to homelessness at this time and where we need to go next?

**Ms CHUGG** - The \$5 million is very welcome because we always like to see additional money on top of existing allocations because often they are within that funding envelope when you hear

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about different changes. Of course in a perfect world we don't really want to build up our homelessness response. The Housing First approach is mentioned all the time. Different people claim that basically the model is Finland, where they have reduced their homelessness sector because they put lots of money into long-term housing and a lot of extra money into support. It is one of the few countries in the world that is reducing its homelessness population.

The \$5 million is very much going to be taken up by those additional properties. We argue that any additional money needs to be filtered through the existing homelessness services, so we lobbied very strongly that places like Hobart Women's Shelter and Bethlehem House, with specialised knowledge and experience in that area, are better placed to manage those than some unknown body, and at the time that was mooted.

It definitely is a statewide issue, there is no doubt. My understanding is that some of that money will go into broker accommodation in Launceston as well, but I don't have any details. That is a government question really. Not only does Shelter meet regularly with members, they are Shelter. Our management committee and policy group are all made up of the housing and homelessness services so they are actually living and working in it day to day. It is not just a theory for them. We know, and we repeatedly know, that there is a shortage of housing right across the state. When there is a shortage of housing and lack of support services the risk of people falling into homelessness or being able to exit out of those shelters is exacerbated, so we definitely support a statewide response to that.

The actual epicentre and the pressure is in Hobart - 57 per cent of the homeless population is in the south. Most of those are actually in Hobart but that does not take away the need and the housing situation of all people across the state. In St Helens you would realise that the lack of services - whether they are drug and alcohol or mental health - are acute in those rural areas as well. Whether it is Tasman Peninsula or the north-west, all along those areas there is a chronic shortage of services, so that's why there desperately needs to be a statewide response to all of those things.

**CHAIR** - Finally, the winding back of the Common Ground model - do you have any comment in relation to that, whether that has been a good thing, a bad thing, and whether that should be revisited at all?

**Ms CHUGG** - No, not really. That is a Government decision. There was a review of Common Ground and a model which looks at mixed tenure is always appropriate. I also think it is important that the Common Ground model is incorporated with the rest of the housing system. When Common Ground initially started it was a standalone system. Any service receiving scarce government dollars is accountable and is part of that broader housing system, and that people who go through our public and community housing waiting list - that's how you filter. Housing Connect will tell you how that works. It makes a lot of common sense to have people from that rather than using a parallel system of vulnerability index that is no longer used being used. We all need transparency around all our services and to be accountable in how that is put in place, but I am not an expert on that particular model.

**CHAIR** - It is just after 11 o'clock so we'd better wrap. Thank you very much indeed for your time. I am required to read a final statement to remind of the proceedings here.

As I advised at the commencement of your evidence, what you have said to us here today is protected by parliamentary privilege. Once you leave the table, you need to be aware that privilege

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does not attach to comments you may make to anyone, including the media, even if you are just repeating what you said to us. Do you understand?

**Ms CHUGG** - We certainly do. Thank you.

**CHAIR** - Thank you once again for your time and the work you have put into your submission as well as appearing before us today.

**Ms CHUGG** - We have many documents and we know that you have many documents to read so we did not include those, but because inclusionary zoning is quite interesting we thought you might be interested in that, Chair. We can email it to you.

**CHAIR** - Yes, thank you.

**Dr TOWNLEY** - I can send an electronic version if that is helpful.

**THE WITNESSES WITHDREW.**

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**Mr SCOTT GADD**, CHIEF EXECUTIVE OFFICER, ROYAL AGRICULTURAL SOCIETY OF TASMANIA, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIR** - We are all present and accounted for so we might get underway. We have about three-quarters of an hour. Before you begin giving your evidence, I ask whether you received and read the guide sent to you by the committee secretary.

**Mr GADD** - I certainly did.

**CHAIR** - I will reiterate some important aspects of that document. First, a committee hearing is a proceeding in parliament. This means it received the protection of parliamentary privilege. This is an important legal protection that allows individuals giving evidence to a parliamentary committee to speak with complete freedom without the fear of being sued or questioned in any court of place out of parliament. It applies to ensure that parliament receives the very best information when conducting its inquiries. Second, it is important to be aware that this protection is not accorded to you if statements that may be defamatory are repeated or referred to by you outside the confines of the parliamentary proceedings. Third, this is a public hearing; members of the public and journalists may be present and this means your evidence may be reported. It is important that should you wish all or your part of your evidence to be heard in private, you must make this request and give an explanation prior to giving the relevant evidence. Do you understand?

**Mr GADD** - I do.

**CHAIR** - Finally, also I advise that the House resolved to add a new term of reference to the committee's terms of reference for the inquiry: (ka) regulation of rent price increases, with particular reference to the ACT model. If you want to reference that in this hearing, then that would be welcome.

We appreciate your time and thank you for the effort that you have put into your submission. I might hand over to you for a quick overview if you like, and then we will get into some questions.

**Mr GADD** - Much of what I have put into the submission covers most of what we would like to present to this committee. Our experience was limited; we haven't really been able to comment on all of the terms of reference, just the ones that we've had first-hand experience with. That is the nature of the submission. We appreciate the opportunity to present to you.

It was a very difficult year last year. We have very limited resources, but we did the best we could. We see ourselves as a community-based organisation and we often find ourselves stepping up to jobs that we didn't foresee coming; for example, animal shelters during bushfires - that sort of thing due to the flexibility of our facilities. We really didn't anticipate the homelessness crisis. It came on very quickly and it was very noticeable. We were in a position where it was clear that there were no other solutions available and we really just had to do what most people would do; that is, the best we can, in dealing with it and providing some options, albeit short-term.

In the end, it had such an impact on us that we really did have to make the decision - which was a difficult decision - to say we can't keep doing this. It was having a major impact on our staff and our resources. Whilst, by the end of it, we were getting a lot of communication support from

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various agencies involved in the sector, we weren't really getting any support for those immediate impacts on our business. So the board had to draw the line.

**CHAIR** - If you are happy to follow on from that, what do you see now as the current situation in terms of demand? I am not sure of the number of people that the Royal Agricultural Society would have assisted at the showground. Perhaps you could elaborate on that. You have provided a level of detail within your submission that you are still doing some things below the radar as it were. I am sure that is a difficult decision in itself. What do you see as the current demand and where people have gone?

**Mr GADD** - In the last few months we've seen very few presentations to the showground. I believe word has got out that we can't help them, so we are seeing less and less. For an initial period there we were turning away probably two or three a week straight after last year's show when we decided to close the gates. We wouldn't actually turn anybody away that was in a desperate circumstance, particularly if there were children involved, so we would probably accommodate them for a few nights and lobby some of the services to see if we could get an outcome.

I find that, under those circumstances, I get a really good response now. I have a very good relationship with Housing Connect and they are very quick to put a solution in place if it is possible. I know from being involved in other forums, and one more recently where some evidence was given by some people who are still working, that in fact the demand is much greater than it was when we were in full flight. A statement was made to me by somebody who works on the street that if I opened the showground now I would be shocked, in fact overwhelmed by what I would be presented with, so that clearly tells me there is still a lot of demand.

It's not clear to me where they have all gone. I move around Hobart, I see things, but to me it's not that obvious where they all are. We still see a lot of people using our showers and toilet facilities and camp kitchen facilities, but they tend to do it after dark and try to avoid times when we are about, but it's clear they are still using them. We don't have a problem with that. The facilities are there and they're maintained, so at the end of the day a lot of people who are travelling still use them. As long as they're doing the right thing then we're not too bothered by that.

**CHAIR** - You indicated you made a difficult commercial decision to close your doors in regard to this emergency response to homeless people. It is probably speaking hypothetically but you indicated that that was about impact on your ongoing operations. If the settings were right and you were able to receive resourcing remuneration for services, could you see a time where the Royal Agricultural Society would consider providing this kind of service as an ongoing thing, or is it out of the mix?

**Mr GADD** - Yes, and no, it's not. We have lots of visions for the site, it's a very strategic site now. One of the things we have toyed with is some medium-density housing development on the site. We've done some modelling that suggests that maybe we could get up to 400 medium density. We would like to see a mix in that of affordable and private ownership to make it work.

In terms of an emergency response, we're happy to do it, but the biggest impact is on our staff. We don't have qualified staff and in fact most of it fell to me to go out and liaise with these people. I would tend to do that on a daily basis to make sure things were moving in the right direction, so that's a big impact.



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Commercially there is a real conflict between doing that and running a motorhome park. The people who frequent motorhome parks, quite a number have an inherent bias towards people who are perceived as homeless, or from lower socioeconomic backgrounds, and that's a community that communicates really well outside of your normal communication forums. They have all sorts of apps they use like WikiCamps and others, and we find that word gets around very quickly about whether you would go to a campground or not go to a particular campground for whatever reason.

**Ms O'CONNOR** - I'm sorry to interrupt but you said bias 'towards' homeless but what you meant was bias against homeless people.

**Mr GADD** - Against, yes - not everyone but a significant proportion. The impacts of doing what we were doing and still trying to run what is Tasmania's biggest motorhome park close to the CBD had a commercial impact. I don't know how you could manage both and manage that impact. I struggled with that.

**Ms O'CONNOR** - Mr Gadd, in your submission you talk about some of the types of individuals and families who came to the showgrounds because they had nowhere else to go. Would you mind fleshing out some of those human stories of the people who arrived on your doorstep?

**Mr GADD** - Yes, sure. I put that in deliberately because one thing I've noticed is often we have a lot of forums and discussion around homelessness but the very people that are affected are often not represented in a true sense at those forums. I found we had the whole gambit, quite frankly. The thing that started it for me was when I left work one afternoon and I noticed a young lady who I since found out was about 14. She was in a school uniform and she was sitting in our camp kitchen, which at the time had very poor lighting. When I investigated I noticed that one out of four lights were working and she was struggling to do her homework in our camp kitchen on a cold night. There was another male in the kitchen who was another camper, who there wasn't an issue with but I didn't know that, and I was presented by that picture and I thought, 'Gee, that's not a good situation on a number of fronts', so I investigated further and was comfortable -

**CHAIR** - In relation to safety, you mean?

**Mr GADD** - Yes, because there was no parent present, there was a strange male there, we had a 14-year-old girl trying to do her homework in her school uniform and no-one else around. As I do, I poked my nose in and had a look and a bit of a chat to everybody and I left quite emotionally impacted by that. Within a couple of days I noticed the same girl. I came to work early one day about 6 o'clock in the morning and I noticed the same girl sneaking out through the front gate. I thought, 'Gee, she's off to school early', and went and had a chat to her mum a little bit later that day and her mum said, 'Oh no, she's really embarrassed about our situation so she gets out of here before any of the local kids spot that she's coming from the showground'. That's when I decided something had to happen and that triggered me to write a letter to the editor, which never got published by the way, but the flood started in terms of the media storm that day and that went on, as you know, for about a year after that.

That's what started it. I have four kids like yourself, so anything that involves kids in those situations has a big impact on me, and that's what I was seeing. The more I engaged with these people the more I began to realise that they weren't your traditional cohort of homeless people. They were genuine people who had been pushed out of their housing. I put one example in there where the rents went up \$50 a week. The father had worked all his life, he had adult kids, but \$50 was the tipping point. This was for a house in Lutana, I might add, so nothing flash. He just could

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not get another house, the supply just wasn't there. We had two teenage kids and a dad struggling, still working, and that's the family I mentioned. In the end the daughter went to Melbourne to get work, the son went to live with relatives because that was a more stable environment, and dad struggled on. I think he ended up living in his car after he left us.

**Ms O'CONNOR** - I want to explore with you a conversation we had at the time that was happening, and you've just touched on it then, about the different demographics of people who were presenting at the showgrounds because they could not find a home - working families, people who were bordering on middle income who were squeezed out of the housing market. Is that your observation?

**Mr GADD** - That's exactly right. That's when I knew something wasn't right. I was seeing people and thinking, 'Why are you homeless?' It just did not make any sense. We had working people, children, kids going to school. These were functional families who just couldn't crack the rental market. They had been squeezed out. As we now know, there was a perfect storm of things conspiring against housing affordability at the time, and it is still the case, I suspect.

We had always dealt with homeless people at the showgrounds - they come and go - but they were the traditional cohort that you could immediately identify factors that would have perpetuated their situation, and I wasn't seeing those factors in any of these people around that December, January, February period.

**Ms O'CONNOR** - In your conversations with these people, how was that experience of homelessness affecting them?

**Mr GADD** - It was devastating for most of them. A lot of them were losing their self-esteem at a rapid rate, they were losing their confidence and they felt that whilst there were a number of referral agencies - and I found this myself because I ended up advocating on behalf of others who were less capable - it was a nightmare to navigate your way through. These people would have to interact with three or four different agencies, depending on who their case workers were and what their situation was.

Many had given up. Many thought it was all too hard and they just couldn't work their way through it. Others persevered but then were faced with really difficult decisions like splitting the family up, for example. I mentioned I had two cases where fully functional family units made the decision for their children's wellbeing for mum and the kids to go to a women's shelter and dad stayed at the showgrounds. They would come together for tea of an evening and then mum would go back to the shelter because obviously dad was not allowed to be at the shelter, and the only option available for the father was Bethlehem House, which really isn't suited to a working man with a family.

Another issue I mention is the payment situation where you had to commit 80 per cent or 85 per cent of your income for this supported accommodation which often didn't work because a lot of these people had debts or were trying to save, or had car registration to save for, or the car was clapped out. You're never going to get anywhere with only 15 per cent of your income available to start to save towards those goals. But, generally, they would go downhill very quickly and become disillusioned and lose faith.

**Ms O'CONNOR** - Thank you.

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**Ms BUTLER** - I am curious about the facilities that you offered at the showgrounds for people who were experiencing homelessness at that time. Are there, to your knowledge, facilities around the state, such as showers with tokens, a stadium sheltered area, a safe enclosed area. Why do you think more numbers than normal started to congregate at the showgrounds at that time? Are there any other places in Tasmania that have similar facilities that can attract people to reside there while they are experiencing homelessness?

**Mr GADD** - Once the media got hold of the showgrounds, I had media there every day for months on end, and word got around that there was a place to go. It escalated very quickly once happened. People thought, that is handy, that is close to whatever. They came in in droves.

Other facilities? Well, every showground around the state has similar facilities. Then there are other public venues where there are arenas and sporting grounds that have facilities - showers and change rooms and often some form of shelter. In most cases, they would not have staff or paid staff there most days to manage it. I know some of the agencies involved in this sector do have facilities like showers and those sorts of things for people to access, but I don't have a great deal of knowledge of what is out there.

**Ms BUTLER** - Did you receive this as a supplementary? Did you receive any offers of assistance from any other local councils or sporting groups that might have the similar kind of facilities, to open them up for people experiencing homelessness to utilise at time of crisis?

**Mr GADD** - Not facilities, as such. We were overwhelmed by community support in a number of forms. People started dropping goods off - everything from blankets, to clothes, to food, to pet food; it would just arrive. We had numerous church groups contact us and ask, 'What can we do? What do you need?' But not anyone that had the ability to open up facilities, as such, and say, 'Let us take some of the pressure off you'.

**Mr TUCKER** - Mr Gadd, you are obviously very community minded. Do you believe that the greater Hobart area is lacking community - especially with your comments here about the Common Ground model, and that being taken away?

**Mr GADD** - I don't think Hobart lacks a community spirit. What we see and prove is there are a lot of people out there who care about these issues and care about other people. They just weren't sure what they could do to make a difference, and some would take it upon themselves to do whatever they could - like donate goods, or turn up and cook soup, or whatever. Some of it was useful, some of it not so.

I have had some first-hand experience with the Common Ground model. I know a resident of Common Ground. I have been onsite at Common Ground for many functions in relation to that particular resident. She used to be my son's nanny, and is now a bit of a matriarch at Common Ground. I have seen firsthand how that model works. It is not great, it is not flash accommodation, but it is comfortable accommodation, and you have all sorts of people in that facility. You have people with drug problems, mental health problems, disabilities of all sorts, but they work as a community and they support each other, and that is the value. I am not sure if it is still the case, but you used to have some paid presence there. So, you had some form of security and management that sat over the top of it all. It wasn't 'in your face' security or management, but it was there if it was needed.

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I have seen the positive impacts of that whole environment. I have seen 20-year to 30-year drug addicts turning their lives around with the support of those other people. I have seen people with disabilities finally relating to people and becoming active members of the community, supporting each other, celebrating birthdays, cooking, having Sunday cook-ups, going out and working on the local community vegie garden, going shopping together. I just thought, gee, that is a model for that very strong cohort that needs a lot of support. A roof over their head is just not going to be the solution. They need a whole range of different support services to come in behind them if they are going to become functioning members of the community, and Common Ground, to me, was the obvious model.

They say it was expensive, but I look back now at the money we have spent, just in the last two years, since this became an issue. When you look at that, we still have a problem that is probably worse than we had back when we kicked it off in December 2017. How much more expensive is the Common Ground model at the end of the day, compared to with what this is costing us in terms of picking up the pieces afterwards through the Justice system, through the Community Based networks, through the lack of education that these kids are getting, through the domestic violence and the drug abuse, and everything else that is coming out the back end of it?

I can't go past that model. Particularly for those difficult cases, because at the moment they are just cast aside.

**Ms O'CONNOR** - The Common Ground model has been hybridised for an update, and it was very, very expensive. One of the issues with it, was the lack of transparency about placements, which was a source of frustration to the minister at the time. It is now managed through a different process, but I take on board what you are saying.

**CHAIR** - There are so many things to explore really.

Back to pets and so on. I am reminded, obviously, of the bushfire response in response to the last summer atrocious fires across the state including in my electorate down South Huonville way. There are only so many facilities that can take pets, particularly larger livestock and so on. I am interested in your insights into that. I know that pets, in regard to private rental as well as public housing, is a bug-bear, an issue. I don't know whether the Government has cast the net as far as to you, in relation to the brokerage accommodation measure it announced this year. It strikes me that only certain providers are able to look after the pets. Do you have any thoughts on that?

**Mr GADD** - Pets were a common factor in many cases. It is the same during an emergency situation. People will put their lives in danger rather than leave their pets behind. People won't present to an emergency evacuation centre if their dogs can't come with them. We have seen that. We have actually done a deal, at the request of Glenorchy council, because the main evacuation centre for Southern Tasmania is the Derwent Entertainment Centre. It begs the question what is going to happen to that if current plans go ahead, but that is another story. We are a companion site for animals in regard to emergency situations. We have often been asked to open. We have stabling facilities. We have kennelling facilities. We have pens. We can, by virtue of the fact that we are a showground, accommodate anything from a ferret to a bull, within reason, and we do.

**Ms O'CONNOR** - A companion ferret?

**Mr GADD** - A companion ferret, yes. The trick with managing animals is you need someone to manage the animals, so the owners do have to take responsibility, but otherwise the facilities are

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there. There are 25 or 26 showgrounds throughout Tasmania, all with varying levels of similar facilities, or with the ability to draw on it.

**CHAIR** - This is what happened at Ranelagh. The council did have an on-site manager but owners had to take responsibility for their pets.

**Mr GADD** - The Huon Show Society, which runs the ground, was there. A show society immediately gives you a network of volunteers to tap into, who know how to handle animals.

We have veterinary guys on standby. We have cattle experts, goat experts. It is all there. They are a good resource in that sense.

We noted, in a tight housing market, people with pets were being shoved down the list and had no hope of cracking a private rental. I noticed it was with children as well. Landlords were clearly being selective in taking singles and couples over families.

**CHAIR** - In relation to caravan parks, because you operate a commercial caravan park still, I am aware of some of my constituents who have presented, in and out of shelters, but have looked at caravan parks as an option, but the pricing is eye-watering.

**Mr GADD** - It is.

**CHAIR** - I was wondering how you see that part of the market. I think the Government provides some subsidies in relation to emergency brokerage but I am not quite sure how that works. Are you able to provide any insight into that?

**Mr GADD** - What I do know is that the showgrounds is one of the cheapest caravan parks in the state, just on the caravan park site. Our basic fee is \$25 a night and you get your seventh night free, so there is \$150 a week already, and that's about the bottom of the cost tree as far as Tasmania goes. I had one example where a couple in desperate circumstances had rented a caravan privately, a pop-top caravan, the ones with the canvas bits that pop out. It was the worst caravan I have ever seen; I honestly would not have let my dogs sleep in it. They were paying \$150 a week in park fees and \$300 a week to rent this particular caravan.

**CHAIR** - Wow!

**Mrs RYLAH** - A week?

**Mr GADD** - A week. I was shocked. When I found out where the caravan came from I had more of an understanding about that. It was a fairly unscrupulous individual who is well known in the northern suburbs for taking advantage of desperate people, but they had no option so that's the situation they were forced into. We encouraged them to look elsewhere for a better deal and at the end of the day I'm not sure where they went or what happened to them. A caravan park ends up, if you've got to rent the caravan, probably costing as much as private rental potentially would anyway, and it's a far less satisfactory form of accommodation.

**Ms O'CONNOR** - Mr Gadd, you've said, and it is in your submission as well, that people are not presenting anymore and that is because it is possible that word has got around. In your observation since the decision was made by the showgrounds not to accept people who don't have a home, what are you hearing in the community and at the showgrounds about the level of demand?

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You have said you don't know where these people are but someone said to you that if you opened the showgrounds now you would be shocked. Presumably you're still in contact with people in the housing provider space and the anecdotal evidence is that it's as bad as it was when people were presenting at the showgrounds.

**Mr GADD** - Worse, significantly worse, is what I'm told, and here we are, one winter on, almost through that winter -

**Mrs RYLAH** - So why haven't you opened?

**Mr GADD** - The impact on our business and our staff. We just don't have the capacity. I don't have any social workers or welfare workers available to me. I only have around a dozen staff, four of whom are outdoor staff. In order to protect them I had to deal with most of the issues. I lost count of the number of times I have been threatened with physical violence just trying to enforce a level of law and order in the park. My staff have been threatened by people who couldn't pay the money or didn't want to abide by the rules. Most of the people we helped never paid any rent and that's something we needed to keep relatively quiet. So we had a pretence of 'you need to pay' but the reality is very few actually paid anything. A few service providers paid rent on people's behalf here and there, but economically we didn't get anything out of it, and not that it was a significant cost, but we were still paying for power and water and maintaining the facilities.

**Mrs RYLAH** - So it was a business model that couldn't work.

**Mr GADD** - That's right, and it was incompatible with our other business model. The motorhome park represents our second biggest income stream, so it was a risk to that as well.

We didn't want to do it and, to be frank, we still wouldn't turn anybody away, but we worked pretty hard to get better solutions for them very quickly. Those levers are now available to me, mainly as a result of the publicity we've had. I do think there is a reasonable desire somewhere within the system to avoid us having anyone at this point in time because of the publicity we get - which we don't seek, I might add, but because we are very close to the city it's very easy to pop out there with a television camera and get some very dramatic shots and get a good story up very quickly.

**Ms O'CONNOR** - Having experienced that last season where there were homeless people at the showgrounds and camped on the lawns of Parliament House, if we're not seeing such evidence of homelessness in the community and it's not so in the face of Tasmanians, what do you think is happening here? What are your observations?

**Mr GADD** - In terms of where they are going or our perceptions as a community?

**Ms O'CONNOR** - Where our homeless people are going.

**Mr GADD** - They're in backyards, on couches, in caravans in backyards, under trees on the Domain, in the car park at Bellerive Beach. They are anywhere they can go without being hassled, basically, and they're hidden so they're largely underground when that happens. The one thing that happened when we hit the spotlight is suddenly it was in everybody's face and when it's in everybody's face a lot of emotion is generated. That forces community action, but when it's hidden and buried people tend to not worry about it and move onto other things.

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**Ms O'CONNOR** - That is a worry, though, in terms of our response to it, and that's not taking anything away from Housing Tasmania's efforts but that is a real worry.

**Mr GADD** - It's a big worry. I applaud the efforts because there have been significant efforts to date but the problem is there is no immediate fix to this. You can't just flick a switch and solve the problem, and it's a very complex problem and every case presents as unique. The biggest thing is supply. Quite frankly we should have seen this coming years ago, and I will go back even as far as when I was involved in various levels of government. We should have seen this coming and we should have been doing things back then, so I'm not being partisan in that comment.

I go back to those days when I worked in the Premier's office and I don't know if it's still the case but any policy that came forward back then or any decision that went to Cabinet had to be accompanied by a range of impact statements and they were regulatory, environmental, economic and social. That is where the agencies were forced to look at the implications of every decision. I don't know if that still happens but if that had been done properly in relation to some of the decisions we've seen then some of this could have been identified earlier and measures put in place to alleviate it.

**Ms BUTLER** - I have a question, and it is certainly not to name and shame the service providers that were providing assistance to you during that time or still do provide assistance to people who are experiencing homelessness, but what service provision was effective, what was duplicated and what was ineffective? It is a big question. What worked and what didn't work? I don't want you to name and shame, I just need to know what works.

**Mr GADD** - The one thing I realised is that everybody who works in this sector is trying their level best to do the right thing and get the right outcomes. The fact is that it is a very disjointed sector and the resources were overwhelmed by the demand. It's hard to say what worked and what didn't because, as I said, every case was different. As a couple of examples, we had people who work in this space, particularly on the street, come into the park and they were able to deal with anyone. They had the ability and the skills to deal with your mental health issues, your drug issues, right through to your functional families, and work out individual solutions and pathways for them, so those guys were all really good and we had a mix of different agencies that would come in eventually and try to support us through that.

I noted some of the temporary solutions that were offered via the Government through Housing Connect. Housing Connect was very good and at some time into the situation we had a really good communication with them. They would do what they could within the constraints of what they had. When the temporary stuff became available, that was reasonably effective, but I did notice a fair bounce-back, particularly when we were putting higher-needs people into hotels; that was never going to work. They would get kicked out after the first party, or when the next pay cheque came in, and then they would all be out again.

There wasn't really a solution for people with animals. I know Housing Connect managed to get a couple of rentals that would take people with animals, and that worked, but overall they were very limited options.

Categorically what didn't work is that we have a system in this state where mental health teams are assigned caseloads to work with significant mental health cases. They are clearly so under-resourced it is not funny. I had quite a few mental health cases in the park, and these guys were behind the eight ball. They were often a week or two behind the client in terms of trying to track

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them down. I put in the submission one particular case where a family - a mother and father - actually dropped their son into my care one day, which just blew me away, that they were so desperate they felt, that by giving him to us, that something might happen.

**Mrs RYLAH** - Thank you, Mr Gadd. Some of the stories you tell are absolutely heart-rendering, but I note your comments with regard to supply. You've said that the biggest issue is supply, but also in your submission and this other document, you've talked continuously about support; that you are seeing an issue with support. You mentioned the mental health teams being under-resourced. You are also saying that the Government has 'rusted hinges' in terms of funding for what has been committed. Are you still of that view, even with all the things that have happened to date? Do you still think there is a lack of commitment, or desire? Or what is that is causing these 'rusted hinges', as you said?

**Mr GADD** - I don't think it is a lack of commitment; I think that is evident. Significant dollars are being generated, and all sorts of ideas are now being trialled. The issue is there is a lag time in terms of being able to implement the outcomes. In this space, you cannot just build a house. You have to go through planning, find builders - and even with a container/temporary housing idea, you still have to source them, you have to find somewhere to put them, plug in sewerage, electricity. It goes back to what I said: there is not a quick-fix solution in most cases. A lot of stuff we are seeing is going to hopefully have an impact, but it has to be medium- to long-term. That is the bottom line.

One of my fears is that all these efforts with the temporary stuff will be seen as having addressed part of the problem, and that we might find ourselves with temporary solutions still in effect in three, four, five years time, because we get some level of alleviation, but we will still have containers at the back of the Waratah Hotel in five or six years. To me, that would be devastating, because that is not a permanent solution. It is a great temporary solution. If you are going to leave that there for five or 10 years, you are going to create a ghetto; you are going to bring in a whole range of other issues. We have learnt, from public housing policies of the past, the sort of nightmares that has the potential to create.

All of this stuff is great, but we have to accept there is a lag. Ultimately we still need to be working on the long-term solutions now, recognising that they will take five years to make an impact.

What we do in the meantime? If I had the answer, I would be talking to you long before now about what I thought the answer was, but I don't have any magic solution, and clearly there is not any one solution. As I have said, every case is different. Everyone needs to be taken on its merits.

The element of support services? Clearly, we need more support services. Clearly, we need more people in this space who have the skills to work with all sorts of people, work out their individual path, and then mentor them through that. Caseloads of 70 people is completely unworkable. Clearly, there is a need for more resourcing. Again, you cannot say, 'Here are 100 new jobs', and then go and find the people with the qualifications or the skills to fill them. We should have been thinking about this 10 to 20 years ago. In that sense, even I have to accept some of the responsibility for that, because I was in those positions 10 to 20 years ago.

**CHAIR** - I know you cannot speak for the whole sector in terms of showgrounds right across the state, but one of my concerns is in relation to the \$50 million emergency package which, in my opinion, will not impact this winter. The sector spoke passionately about the preferred model for



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extending existing shelters, and that is going to be realised through Bethlehem House and the Hobart Women's Shelter; and of course, the purchase of the Waratah Hotel will come online next year or sometime after.

Hypothetically, you have talked about the costs for rental of caravans; the costs to purchase containers must be comparable? I know that it is \$5 million package is limited, but I am concerned about families and regional Tasmanians missing out in relation to this, with a homeless problem right across the state.

In your view, is there any potential for showgrounds to assist in the short term, noting your concerns about creating ghettos and lack of exit points, and staffing, and all the rest of it? Hypothetically, if the government was to explore the purchase of caravans that were placed in those sorts of facilities statewide, is there some potential for particularly higher-functioning families with the right support services?

**Mr GADD** - The short answer is yes. I qualify that by saying there would still be a level of planning approval potentially required, depending on the structure you are talking about putting in place. There would still need to be some front-end management. Winter is still a downtime in the motorhome space. I know the tourism boom has pushed the shoulders out due to some great initiatives, but I can tell you now that my motorhome park goes dead straight after Easter and does not kick up again until December. There is definitely potential in those winter months to provide some respite through us and potentially other showgrounds.

You would need to front-end manage it, though, because what you cannot do - and this goes back to when I saw the girl in the shed with the strange man who turned out to be fine - you cannot put families next to drug addicts and mental health issues. You do need to manage who goes into where, and then you need to somehow manage that on an ongoing basis. But, yes, it could be done, and I don't think it would take a huge amount of resources to cover those qualifiers, either, at the end of the day. But you would want to get it right; the potential for catastrophe is significant.

**Ms O'CONNOR** - You would need support. You would need resourcing support, and the support to deliver the supports to people who need them.

**Mr GADD** - That is right. One thing I found is that I had to engage with anyone who was in the park on a daily basis, to keep them moving in the right direction, and keep some level of pressure on them. Not everyone was motivated to change their situation, particularly when all the donations rolled in. Some ended up thinking, 'Hey, this is alright!' It is a balancing act. There had to be a degree of discomfort about the whole thing to make sure they were heading in the right direction. Some were better at being motivated than others, obviously. Particularly people with kids - the last thing they wanted to do as a parent was see their kids in that situation, so they were generally better to work with. The younger ones and the more problematic cases, it was varying.

**CHAIR** - It is 12.15 p.m. or thereabouts and we need to wind up. Thank you very much indeed for your time.

As I advised you at the commencement of your evidence what you have said to us here today is protected by parliamentary privilege. Once you leave the table you need to be aware that privilege does not attach to comments that you may make to anyone, including to the media, even if you are just repeating what you have just said to us. Do you understand that?

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**Mr GADD** - I certainly do.

**CHAIR** - Thank you very much, Mr Gadd, I appreciate your time. Some of those insights into personal circumstances were very helpful.

**Mr GADD** - This is only the beginning for you. You are going to hear a lot of tough stuff, I think, over the next few weeks, so good on you all.

**CHAIR** - We have 36 submissions and a range of interested parties over four days. Yes, it has been interesting already.

**Ms O'CONNOR** - Thanks, just for being a good man.

**Members** - Hear, hear.

**THE WITNESS WITHDREW.**

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**Dr JED DONOGHUE**, HOUSING AND HOMELESSNESS STATE MANAGER, THE SALVATION ARMY, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIR** - Welcome once again, very nice to see you. Before you begin giving your evidence I would like to ask whether you received and read the guide sent to you by the committee secretary? If so, I would like to reiterate some important aspects of that document.

A committee hearing is a proceeding in parliament. This means that it receives the protection of parliamentary privilege. This is an important legal protection that allows individuals giving evidence to a parliamentary committee to speak with complete freedom without the fear of being sued or questioned in any court or place out of parliament. It applies to ensure that parliament receives the very best information when conducting its inquiries. It is important to be aware that this protection is not accorded to you if statements that may be defamatory are repeated or referred to by you outside the confines of the parliamentary proceedings.

This is a public hearing. Members of the public and journalists may be present and this means that your evidence may be reported. It is important that should you wish all or part of your evidence to be heard in private, you must make this request and give an explanation prior to giving the relevant evidence. Do you understand?

Finally, I want to advise that the House resolved to add a new term of reference to the committee's terms of reference for the inquiry, namely, (ka), regulation of rent price increases with particular reference to the ACT model, if you want to refer to that.

We will get you to sit forward, Jed, so that you are speaking into the microphone for the purposes of *Hansard*.

We have met - I am Alison Standen, the Chair of the committee; Cassy O'Connor is the Deputy Chair, John Tucker, Joan Rylah and Jen Butler are all members of this committee. We welcome you. Thank you for the time that you have put into your submission. We are looking forward to hearing from you. We have three quarters of an hour. I invite you to make an opening statement before we get into some questions.

**Dr DONOGHUE** - I guess the headline for us that now that it is more expensive to rent a property in Hobart than it is in Melbourne. The median average price in Hobart for a house is \$450 a week and in Melbourne it is \$440. That is the main access, the last quarter at April 2019. That has a significant effect on people on a pension or benefit. If you are on Newstart and you are getting \$455 a fortnight, your options are not to look at renting a house. If you are looking at renting a unit, the average middle price is \$380 for a unit per week. There is not a lot of scope to rent in Hobart, which means that the people who live in Hobart on a pension or benefit have to look elsewhere. That is the opening statement.

**CHAIR** - We have received evidence from the department for Housing Tasmania and from Shelter Tas. We are conscious, Dr Donoghue, that you have significant experience in this sector in Tasmania. Having travelled that path for some time now, would you care to make any statements about the context around affordable housing in Tasmania? I know that you know that there is an affordable housing strategy with underpinning action plans. How do you see the settings in those public policy documents and are we heading in the right direction?

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**Dr DONOGHUE** - I think the intentions are good but we need to do more. The Commonwealth is investing over \$4 billion per annum in Commonwealth Rent Assistance, which goes to the private sector, and the private sector has failed people on a pension or benefit.

People on a pension or benefit cannot afford to enter the private rental market. Perhaps there needs to be a national housing and homeless strategy because the last strategy we had was in 1990 and it is a different world. House prices started to change at end of 1999 to early 2000. House prices increased and there was a legislative inquiry into that 40 per cent increase in property prices which flowed through to rents in 2006.

I think the situation is much worse now, and the direction we are going to head in is, we are going to see more people in and around our metropolitan cities who are sleeping rough unless there is a dramatic increase in the supply of affordable social housing.

**Ms BUTLER** - Dr Donoghue, I am seeking your expertise. Could you outline what you think were some of the main contributing factors to that 40 per cent increase at that time? Just very generally. Subsequent to that, what steps should we have undertaken to stop this from happening, where we are at, at the moment?

**Dr DONOGHUE** - In pure economic terms, it is a question of supply and demand. In the 1990s, there were more vacant properties in the private rental sector. Vacancy rates were usually up to 3 per cent. Now they are under 1 per cent. That is specifically in Hobart, but I think, Launceston and Burnie, the vacancy rates are tightening as well. Prices have tightened as well. It is one of those situations where the pot has been boiling slowly and now it is at boiling point.

**Mrs RYLAH** - The boiling frog.

**Dr DONOGHUE** - I was running with that one. There are a number of issues which affect the situation now. Obviously, the increase in university students. The change since 2017 with short-stay accommodation - there are over 4000 properties participating in that. That reduces the supply of affordable housing, the supply of rental housing. If the general supply is reduced, or there is more competition for it, which we are seeing, the people who are going to be successful in that, are successful in the market place, successful in terms of tertiary education. In a competitive market, the people with the skills are going to be the winners. The people who are unemployed, who have less skills, less social capital, or economic capital, are going to be the losers. That is what we are seeing. There are a number of factors.

I know you are seeing Richard from Social Change Unit on the third day. If you can absorb any more detailed information, I am sure he will supply that.

**Ms O'CONNOR** - Dr Donoghue, as we know the Salvation Army is the one of the most effective not-for-profit organisations at the frontline of homelessness. What is your observation of the changing demographics of homelessness, if there are any in your observation?

**Dr DONOGHUE** - From my colleague's submission, as well as our observation at our homeless services, and our doorways and emergency relief services, it was that people coming to us aren't the traditional service users. It is affecting more families. The homeless system is set up so that it primarily focuses on women and children, or men, not on family groups. So that is the gap in the market now, in the not-for-profit market. We don't have the readily available emergency accommodation for traditional family groups - male, female and children.

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That is who we are seeing coming to our services. If there is a change in employment, or a change in health, they are dramatically affected by increases in rental costs. Rental costs that can increase \$100 per week is a significant amount, a significant proportion, of people's weekly or fortnightly income.

I was just going to add the data from UTAS last year was that there were 25 000 people in housing stress, so they are paying more than 30 per cent of their household income on their rent. It is not sustainable if rent increases. I will predict that the property prices will increase in spring and summer to stay at the top of the market, so house prices have not really dropped off in Tasmania. They will bounce, they will increase, and rent will increase again, which will actually make the situation worse.

**Ms O'CONNOR** - Just before you came to the table we had Scott Gadd from the show society. He was talking about the harrowing experience of the showgrounds last year. I asked him about - well, there is no visibility on that cohort of homeless people at the showgrounds now, and we are not having people camp on the lawns of Parliament House as they were last year, but what is your insight into the level of homelessness in our community and where these people are now?

**Dr DONOGHUE** - From the ABS data which is old, it is three years old, it is 2016, they were saying 1622 and 139 people expressing primary homelessness sleeping rough, which is a smaller category - 8 per cent of the homeless group. Most are either couch surfing, staying with friends or family or in homeless service and that population has increased. We did a rough calculation this morning and my colleague, Don McRae [TBC] came up with 67 people he knew that were sleeping rough in and around Hobart in 15 minutes - just off the top of his head he had 67 people.

**Ms O'CONNOR** - Without exposing those people to intrusion in broad terms, where are our rough sleepers, as they are called, staying?

**Dr DONOGHUE** - They are staying in places which are discreet. Many people do go to the Domain or to the Regatta Grounds because they are seeking safety by being hard to find, which is understandable. People are looking for buildings which are unoccupied although that would be illegal, but they feel that if they can find something that provides a roof and gives them a sense of security that is the primary option. It varies from region to region, but in Tasmania, in winter, people want to find some form of shelter that gives them a sense of security and safety.

**CHAIR** - As a supplementary to that, we tend to be rather focused on the Hobart situation. I am conscious that there must be, of that 1622 people and plus since the 2016 census, a number of people outside, in regional Tasmania, in our population centres as well as other places. Do you, through your services, have much insight into the extent of the problem statewide?

**Dr DONOGHUE** - A lot of the data we collect is anecdotal. One of those examples would be our 14 churches around the stat. We regularly get people sleeping outside the church - I imagine that is the same for the other denominations - because the church is a place of safety and sanctuary. The dilemma for all the churches is whether they open up their facilities at night and leave them basically unattended, which there are risks.

**Ms BUTLER** - A few are in the regional areas discreetly have their doors open at night time.

**CHAIR** - Can you tell us where those 14 churches are in broad terms?

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**Dr DONOGHUE** - In and around population areas -

**CHAIR** - Burnie, Devonport, Launceston, Hobart.

**Dr DONOGHUE** - Yes.

**CHAIR** - East coast, west coast or not?

**Dr DONOGHUE** - We have a church in St Helens.

**CHAIR** - I am testing you, I know, it's cruel.

**Dr DONOGHUE** - I do not want to give you the wrong information.

**CHAIR** - When you say 'our churches', are you talking about Salvation Army churches?

**Dr DONOGHUE** - Yes, I meant the Salvation Army churches.

**CHAIR** - I am sure other denominations are doing what they can too.

**Dr DONOGHUE** - Absolutely, yes. They do. The risk is in leaving the property open without providing support. We can't guarantee the safety of the people who are there and how they're going to interact, so that's a major dilemma for us.

**Mrs RYLAH** - In your submission you write that the current planning provisions in Tasmania do not allow for development approvals of non-government owned land to be fast-tracked. Since you wrote that, you would be aware that legislation has gone through and that we have put forward the Huntingfield land. Could you give me your view on that? You also go on to say that the approval process often takes longer than the construction process and we need to do something about that, but the issue around making more public land available with higher density and different sized land blocks, et cetera, is that what you were trying to get to there?

**Dr DONOGHUE** - I think there is a desire for consistency across the state. From my conversations with the community housing providers in Tasmania, they find there has been inconsistency in the past between the councils and approval processes and the time it takes. Also when dealing with government enterprises, simple things like getting your power or water connected seem to take a very long time when those organisations have been informed at the beginning of the development process. We experienced this ourselves. We started building in December of last year and completed nine units in June for people off the public housing waiting list at our own expense, but it still took months to get power and water connected and then reconnected when we wanted to install solar. There are some improvements that could be made in terms of those government enterprises.

**Mr TUCKER** - In Tasmania we have 75 per cent of owners occupying houses and 25 per cent occupying rental houses. There has also been discussion with the planning scheme about infilling areas. What are your thoughts on both of those things within the planning scheme and what we should be including there?

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**Dr DONOGHUE** - Infill is a positive move because you're building on existing infrastructure and using land which is vacant, so that's a positive. Home ownership rates nationally have gone down to 65 per cent. Tasmania still probably has high levels of home ownership outright - over 30 per cent as well as over 30 per cent purchasing. But it's definitely changing. It's harder to purchase because of the cost of housing and the cost of buying into property, so there is a lag. It is the 20- to 35-year-old group who seem to be choosing to rent, or choosing to save and rent. We should put some more pressure on people who are in employment.

**Mr TUCKER** - You also mention in your submission that historically the greatest need for public housing was in three-bedroom units, however demand has shifted to one- and two-bedroom units. Do you have percentages of the shift in the state?

**Dr DONOGHUE** - I have not prepared an answer to that but there has been a shift though in the demographics with smaller families and family fragmentation, so there is more demand for singles. From memory, I would say that about 30 per cent of the demand is for younger, single people seeking accommodation but that is an approximation. I am sure Peter White and his team would be able to answer that.

**CHAIR** - We have fairly comprehensive submissions and that might be buried within it.

Thank you for throwing a light on mental illness and substance abuse as part of the significant issue here, with 50 per cent of those engaged in your crisis accommodation program with mental health conditions and 50 per cent with a substance use disorder. Reflecting on that and thinking about the issues for workforce support, retention and development, particularly as the Government is exploring alternative options to extend services and so on, it must be extraordinarily difficult to work in this sector with a complex skill set that I cannot begin to comprehend. I know how it is in an electorate office dealing with people with complex needs and how difficult that can be. What are your observations around your workforce? What do you do to retain those people? Is there a need for us to expand the workforce in order to meet demand in the medium term, and how do we approach that?

**Dr DONOGHUE** - I guess over the last seven years we've seen a gradual increase in the number of people experiencing homelessness our staff are working with. Probably up until the year 2000 homeless services worked with up to 15 people and tried to provide quality time, and in a working week you'd work with up to 15 people and a mix of people with different levels of need. Nowadays we have caseloads of 30 or 40 people. That is not just within the Salvation Army; that is across the whole homelessness sector throughout Housing Connect. So our staff are under more pressure.

My philosophy, which I reiterate to staff who keep wanting to give, and they give as much as they can, but if you have 40 people you are working with who have various levels of need in that they could be in crisis or they could just need regular maintenance to make sure they don't go into crisis, is that we try to do the best we can with the resources available. That would be the same for all NGOs as well as the public sector. If we had more resources we could do more work. There isn't any slippage or misuse of resources in the community sector because most of the NGOs put more in than they receive from government. They make a contribution and value-add to the proposition. The Salvation Army puts in \$2 million for the Red Shield Appeal.

**Ms O'CONNOR** - Particularly in Tasmania, I think. Sorry to interrupt, but I think there is a particular culture of not-for-profits giving more here relative to their funding.

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**Dr DONOGHUE** - Yes, I think so. I think that's a traditional part of the culture of the sector here and part of the culture of the community.

In terms of trying to avoid worker burnout, that's a difficult one. For us, we have been very fortunate in our services in that we've had people who have remained with our organisation for a long time. We would probably have people engaging with the organisation over 10 to 15 years average.

**CHAIR** - That is extraordinary, a very low turnover.

**Dr DONOGHUE** - At the end of the day, though, if we're going to provide a good service to our clients we have to look after our staff. Sometimes that's easier said than done. Our desire is to be a preferred employer and that's easier said than done as well. We focus on training and engage with our peak body, Shelter, and their workforce development program so we can ensure that the training available and provided to the community sector is appropriate, especially in the homeless sector in terms of trauma, the changing use of alcohol and drugs, the changing nature of those substances and the effect, because it does seem to be more aggressive and more confronting in terms of frontline staff.

**CHAIR** - What about the workforce profile? Are you able to provide some insight into whether the majority of staff are university- or TAFE-trained, or whether you train your own staff?

**Dr DONOGHUE** - We are looking at our national data for the Salvation Army and I'm not sure if it is reflective of all the other NGOs, but we're finding that the majority of our staff have a tertiary qualification. Traditionally we employ people who have practical experience and have done the community welfare course at TAFE because they seem to have more of a cultural understanding than people with a social work degree. That's our approach on those but I know some of our sister agencies tend to focus on people coming out of university. I think jobs are done to merit, try to get the best people, and if they work for someone else we will try to get them.

**Ms O'CONNOR** - I want to go back to a statement in your previous answer about the experience of people who are working on the front line. It actually gels with other anecdotal stories I have heard about substance abuse, and the increased apparent prevalence of methamphetamine use. Other service providers have talked about their concerns for their staff in those circumstances. Is this something that is a relatively recent trend in the housing and homelessness service sector?

**Dr DONOGHUE** - Ten years ago, people would not have been asking for panic buttons and now they are, and that is just one indicator. But there are more cases of people who may have mental health issues, or they may be affected by inappropriate drug use. The homeless sector seems to be more confrontational, and that may be due to a level of frustration as well that people experience. There is an expectation that if you get referred to a service we can provide a house, but there are 3330 people on the waiting list as of 30 June, including the 42 who are suspended. There is a waiting list, they know that, but predominantly households; they are not individual applications. So there is a level of frustration, and probably perhaps the frustration is due to the lack of understanding about what has happened with the housing market.

**Ms O'CONNOR** - You made a prediction about house prices, and the likelihood of rent increases. One of our additional terms of reference relates specifically to measures that could be put in place to prevent sky-rocketing rents. We heard from Shelter Tasmania, for example, that



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rents are going up about 10 per cent a year. Some renters are experiencing 60 per cent to 80 per cent of their income going in rent. Have you had a look at the question of rent increases, and what measures might be taken to address that?

**Dr DONOGHUE** - I was looking at the Domain Access this morning and comparing. They have suggested that it is a 7 per cent increase in the price of housing property, and 8 per cent in terms of a unit over the last 12 months. There is a bit of variation, depending on how you do the measurement and what is included, because some properties - outliers in Battery Point or Sandy Bay - may push your medium higher.

With the Rental Affordability Index, which reported in November - I think the next one is coming out later in the year, which National Shelter is involved with, as well as the SGS - they are predicting increases. I hope I am wrong, but if you look at the state of trade between the United States and China, it is going to have an effect on everybody. Where is the safe place to invest? Tasmania is a beautiful place, it is safe, it is stable and a good place to invest, and that will drive up the price of housing, and it will drive up the price of rent.

That means that people on a pension or benefit will not be living in Hobart. There are quite a few people I have talked to who are moving to the west coast, because you can get rental accommodation much cheaper, but there are no jobs.

**Mrs RYLAH** - There are very few services; it is a disaster.

**Ms O'CONNOR** - The question specifically relates also to a regulatory approach that may become necessary if rents keep going up, at the same time as incomes - whether they be Commonwealth support or other wages - are stagnating. Does the Salvation Army have a view on regulating rent increases?

**Dr DONOGHUE** - The Salvation Army does not have a view, but I will be happy to express my view, which I will take back to the organisation.

I think there has to be some regulation so the market cannot outstrip what the public can afford. In normal circumstances you would expect a market correction, but there is a shortage of supply. Australia's population is growing at 1.4 per cent per year. Tasmania's population is growing, not as fast as Melbourne, but it is growing fast. That is especially true of Hobart, and you add the 2.7 million tourists who come here every year - which is going to increase as well - that means that we need to start building affordable property.

After the Second World War, when we were building houses fit for heroes, we increased the supply of stock, and property prices went down. Obviously, people who have a property do not want their property price to go down. But we still have to look at the whole of society, what is good for everybody. A small reduction in our house prices, if we can house people on a pension or benefit, that is a positive thing for our justice system, our health system, our social wellbeing. It makes for a better place.

**Ms BUTLER** - I wanted to have a quick discussion with you around the residential tenancy laws, and for you to provide some information about how it could potentially benefit Tasmanians experiencing rental stress if they had longer-term leases.

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**Dr DONOGHUE** - We have made some real progress with the reform of the Residential Tenancy Act. We have legislation that was leading the country, in terms of minimum standards. I think that we have the potential, we have the track record, of showing the rest of the country how we can introduce progressive legislation which is beneficial to all the community; longer leases, as they have in Europe. The irony is that in Holland and Germany where they had five-year leases, for example, they are reducing them, because they are looking at the Anglo-Saxon method of having 12-month leases, so while we look at them, they look at us.

In Europe and many countries, people rent, and they rent because it is safe, secure and stable, and it is long term. If we were providing two- or three-year leases, instead of 12-month, that allows people to put down roots, to engage with the community, and get their kids to school; education is the key for all of us if we want to change our situation.

So it is a beneficial thing. It doesn't mean that property cannot be inspected on a 12-month basis. You have to inspect in order improve and to maintain the asset.

**Ms BUTLER** - We also heard this morning about how Tasmania and South Australia have quite robust requirements in the private rental sector, i.e. for conditions of properties, but there is a problem with compliance and checking up on whether those rentals are up to a certain standard. Do you find that, in your experience, this has been an issue? Would you potentially support an independent body of sorts, which kept an eye on or monitored that, but which was separate to, say, the Tenants' Union? An independent body that did regular checks and liaised with renters and landlords?

**Dr DONOGHUE** - Nobody wants to see rental properties coming out of the market, but we do want to see a minimum standard, and the minimum standards being regulated. So, it is a carrot and a stick - you want people to be encouraged to maintain their asset, and provide a good property that can be rented at a minimum standard. The legislation is there. We should enforce it. I do not want to make it sound too strong, but perhaps it is a role for the Tenants' Union. It is about encouraging people to do the right thing. They might feel good if they did the right thing.

**Mrs RYLAH** - I note that you make a suggestion regarding 'assertive outreach'. It is an interesting concept. Could you flesh out what you mean? I gather it is to get reliable data on who is in there.

**Dr DONOGHUE** - Before I was responsible for Salvation Army housing I was employed in Tasmania by CatholicCare and Colony 47 as a support worker. As a parent, sometimes you have to encourage people vigorously to go through the options, make decisions and work with them to ensure they have the resources and the means to fulfil what they want to do. Case management is all about setting goals that are achievable for the person you're working with. That takes time because you have to develop a relationship, an understanding, which is based on trust and respect, and those things take time when you're dealing with a stranger and you're being paid to support them. That being said, you have to be honest and say, 'This is what I think you need to do; what do you think you need to do?'.

My view of assertion is a frank exchange of views but there is no compulsion. At the end of the day, especially if there are addiction issues, it's a very slow process. People have to want to make a change themselves. There has to be a reason. Whether that is based on family or their children, there has to be something within us all that makes us determined to take action or to be motivated. It is about motivation, and all we can do is try to support people and put them in a

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situation with resources where they can make the decision they decide is best for them. Obviously, there will be lapses in the AOD addiction and treatment services areas. There are often lapses and we have to work with people who lapse. We have to understand that there are lapses and you have to start again. The common one is smoking. We all know how hard it is but we encourage people to keep trying.

**CHAIR** - Whilst you are on AOD, one of the things I have heard recently is access to the Bridge Program, which people speak very highly of, incidentally, but say it is a pity that it is not for a longer period of time. Is there a best-practice time frame for AOD rehabilitation services?

**Dr DONOGHUE** -As with many practices, it is contested. We are currently working 8 to 12 weeks with people and we are also providing day rehabilitation, so not live-in.

**CHAIR** - Outpatient?

**Dr DONOGHUE** - Yes, people come into the centre on a daily basis. Some services run for over 40 weeks because the notion is that if you have an addiction it can take up to 40-plus weeks to deal with it physically and mentally. We used to run longer-term residential rehabilitation but we have gone to shorter ones because we wanted people to maintain their relationships and their situation. Having said that, the challenge often is we don't want people to go back into the same situation they were in. If they were using excessive amounts of alcohol and drugs, we want them to return to a situation where that is not going to happen. We don't want them to walk out of our centre and they have been clean and dry for 12 weeks and the first thing they do is go to the pub and have a drink to celebrate. We want to change the culture, change the proposition, so that people are aware that they can make a change and we want to reduce the harm they will do to themselves.

**Mrs RYLAH** - Going back to assertive outreach, are you saying that the outreach we are currently doing to solve the problems that many of the people who are facing homelessness or inability to afford the current rental or property market is not tough enough love? I can't think of another way of putting it. You are saying that we need more money but I am trying to find out what you are trying to get to here.

**Dr DONOGHUE** - There are a number of things happening in this space. Traditionally, the homeless services have worked with people who are change-ready. It is easy to work in addiction or homelessness or any area if people want to make a change and say they want to make a change - 'Help me' - easy, let's go and do it. I am sure somebody will talk to you about Finland over the course of the next three days. That is the Housing First model that gets people into stable accommodation first and then gets the support around them. Unfortunately we don't have the resources to put that support around people. If we are good enough to get somebody housed we traditionally have focused on trying to get the next person housed. It's a very difficult thing getting people housed now; you have to be a very good advocate and know who's got a vacancy and what levers with the gatekeepers you have to push to get someone housed. The supply of social housing has not increased so it's competitive to get housing. If you're good you get people housed and then you can give them a certain limited amount of support.

The problem is that many people need ongoing support. Most of our homeless people have had housing in the past and if we can get them rehoused then the challenge begins to actually keep them in the house and address the issues which caused them to become homeless. Those issues can take a lot of resources and time; it can take one worker all day all week just to reach some kind of level of stability.

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**Mrs RYLAH** - So more individualised support?

**Dr DONOGHUE** - I think all of us have limited time to do what we do so we can be pragmatic about it, and that means we work with people who we can effectively make a change with quickly. Some workers tend to focus on people they can get a quick result with and some of the workforce focus on the people no-one else wants, the most difficult cases, because that is their challenge and what they want to contribute. Often it comes back to workers' model of practice rather than the way the community sector is set up.

**Ms O'CONNOR** - Is there a waiting list for the Bridge Program treatment?

**Dr DONOGUE** - I don't know; it's not my area of responsibility, but I'm happy to find out.

**Ms O'CONNOR** - That would be great, because there is a cohort of people who want help but if the help is not available at the time then they can potentially slide further.

**Dr DONOGHUE** - Absolutely. I think there is a waiting list because people coming out of detox would be waiting to get in, but I'm not sure.

**Ms O'CONNOR** - I wanted to specifically talk about what used to be known as REO, the Reintegrating Ex-Offenders program, and the potential for the people coming out of the correctional system to exit into homelessness, and young people coming out of Ashley to exit into homelessness. What is the situation now as far as you know, given that REO as it was under the previous government had its funding end and a new program was put in place? What do you know about the success of efforts to home people who exit Risdon or Ashley or any other correctional facility?

**Dr DONOGHUE** - People who are coming out of the justice system and prison services are getting pre- and post-release support from Beyond the Wire - that's what we've called our REO2 program - and that has been funded by the Justice department. We are reducing recidivism or reoffending rates. Last month we worked with 33 people pre- and post-release and we have two workers based in Hobart and one in Burnie. For the majority of people coming out of prison on parole or on remand that is much more difficult because we need a stable address. I don't know if there has been much interaction with Ashley. I would have to clarify that with the program manager.

**Ms O'CONNOR** - Are you confident that Beyond the Wire, as it is now, with as I understand it somewhat less funding than REO had, is capturing the majority of people who exit the correctional system or the majority of people who exit the system who need a home?

**Dr DONOGHUE** - We are not capturing all the people. I'm not sure what the percentage would be, but the people who identify to their correctional worker that they want to get support because of their concern about being homeless when they leave prison are definitely being addressed in that they are being referred to us. It depends on the level of communication between the people in the prison and the correctional workers whether they want to disclose that they will be homeless when they leave. Sometimes people in prison expect that they will be able to renew their housing or maintain their relationship, but then find they are homeless when they are released. Sometimes we don't get any warning when people turn up. We try to be flexible and responsive to people but with three staff we are limited in what we can do. The organisation makes the contribution to that program as well.

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**Ms O'CONNOR** - And limited because of the supply issues we are dealing with.

**Dr DONOGHUE** - That's right. That expectation is difficult to manage because people expect, once they've got to see you, that you're going to be able to provide them a house. We can't do that. The houses are occupied.

**CHAIR** - On that, Dr Donoghue, you and others talk about exit points. What are exit points? Are they permanent, secure, affordable housing, or are there other interpretations of what that means?

**Dr DONOGHUE** - An exit point would be any rental property. Social or private rental would be a good exit point.

**Mr TUCKER** - Dr Donoghue, you have talked a lot about mental health and local government, and this is something that my local government was involved with, because I was on Break O'Day Council for five years. Have you had any contact with local government in regard to mental health? In our council we set up a Mental Health Action Group. It was interesting the situation that occurred in our community, because every community is different and they need different things. State government seems to think blanketly across the state, whereas we need communication from local government back to us on what is happening in every area, because every area is different. The interesting thing that really came out to us was the lack of communication and the services we had that we didn't need, and the services we didn't have that we did need. Now, as a council, we can communicate that with the Health minister. I was wondering whether you have had any contact with local government in the Hobart area or around the state.

**Dr DONOGHUE** - This may reflect my Hobart base, but we are regularly in contact with the Hobart City Council, and one of our homeless managers, Don McRae, regularly interacts with the council workers and provides training to the council in terms of people who are sleeping rough, so that they know they can contact us and we can interact with that person. Primarily, because our focus is on housing and homelessness, alcohol and drugs, or emergency relief, we're not a specialist provider in the mental health space. However, as I indicated, 50 per cent of our clients have experienced mental health issues. It's patchy and it's often based on local workers in the regions developing those relationships themselves, rather than it being a strategic approach.

**CHAIR** - We are going to have to wind up. Thank you very much, Dr Donoghue, for your comprehensive advice and the work you put into your submission. Please also thank Natalie Hayes for her submission.

I am obliged to read a short statement: as I advised you at the commencement of your evidence, what you have said to us here today is protected by parliamentary privilege. Once you leave the table you need to be aware that privilege does not attach to comments you may make to anyone, including the media, even if you are just repeating what you have said to us. Do you understand that?

**Dr DONOGHUE** - Yes, I do.

**CHAIR** - Thank you again, including Ms Hayes, because your depth of experience is very valuable and the lived experience that is reflected in some of her case studies and science is also very helpful to inform the committee.

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**Dr DONOGHUE** - Thank you.

**THE WITNESS WITHDREW.**

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**Mr QUINTEN VILLANUEVA**, QAPITAL INVESTMENTS, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIR** - I am Alison Standen, I am the chair of the committee. Cassy O'Connor, deputy chair; John, who is not far away; Joan Rylah and Jenna Butler, members of the committee.

I need to read a statement before you provide evidence. Just before you begin giving your evidence, I would like to ask whether you received and have read the guide sent to you by the committee secretary, and if so, I would like to reiterate some important aspects of that document.

First, a committee hearing is a proceeding in parliament, this means it receives the protection of parliamentary privilege. This is an important legal protection that allows individuals giving evidence to a parliamentary committee to speak with complete freedom without the fear of being sued or questioned in any court or place out of parliament. It applies to ensure that parliament receives the very best information when conducting its enquiries.

Second, it is important to be aware that this protection is not accorded to you if statements that may be defamatory are repeated or referred to by you outside the confines of the parliamentary proceedings.

Third, this is a public hearing. Members of the public and journalists may be present and this means your evidence may be reported. It is important that should you wish all or part of your evidence to be heard in private you must make this request and give an explanation prior to giving the relevant evidence. Do you understand?

Finally, I want to advise that the House resolved to add a new term of reference to the committee's terms of reference for the inquiry, namely:

(ka) regulation of rent price increases with particular reference to the ACT model.

If you would like to make reference to that in your submission and hearing, we would welcome that.

We would like to invite you to provide a brief statement or overview; take as long as you like. We have about three-quarters of an hour in total for the hearing, and then we go to questions.

**Mr VILLANUEVA** - First, I would like to thank the members of the committee for allowing me to give evidence today on this important topic. In my being here today, I am here in my personal capacity as Director for Qapital Investments. I am not here to speak about any specific development or development application. My submission to this committee is about the general developmental environment and some of the challenges that impact viability, feasibility, which ultimately impacts the construction of more housing.

For the majority of the last three years I have primarily focused on identifying and acquiring development sites in the greater Hobart area suitable for a residential development. Since undertaking this exercise, it has given me an intimate understanding of the current environment and some of the challenges for developing more housing in Tasmania. The development capacity of a parcel of land is dictated by the planning scheme, meaning there are usually restrictions on how many dwellings can be developed, or restrictions on what massing and height and bulk can be constructed. Whatever the land costs and any other fixed costs are for the given site, this is then

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divided over the number of dwellings that can be constructed. Therefore, the less density achievable, or total number of dwellings, in many cases, the higher the median cost of the dwellings for that site.

An additional challenge faced today is that there are not many opportunities for residential development. Land that is zoned appropriately is often occupied by someone who is living there and is not motivated to sell; or the purchase price of the property is impacted by other forces, such as a lease, which forces the property to be purchased on a rental yield, and not a square metre rate. And with a lowering of interest rates, one can only expect these yields to go lower, forcing property prices for these properties to go even higher.

Density and economies of scale play a big role in the development of more affordable housing. As I mentioned in my written submission, an increase in density of just four additional dwellings on a small residential site could lead to a reduction of median price of nearly 11 per cent, and a drop in average rental rates of about \$50 per week.

One of the main factors limiting the ability to better utilise the available land, as I have mentioned, is the current planning scheme and the heritage code, along with the volatility, whether perceived or otherwise, about navigating applications through council.

I believe planning controls surrounding residential development have the capacity to either stagnate and worsen the housing crisis our state is experiencing, or accelerate and help facilitate the development of much-needed housing.

**CHAIR** - Thank you very much, Mr Villanueva. To be clear from the outset, your focus is mostly in the greater Hobart area?

**Mr VILLANUEVA** - Yes.

**CHAIR** - Okay. We've been hearing some interesting submissions this morning from a range of Government and non-government people about the deepening housing and homelessness situation within Tasmania. You are the first, though, in the property development space. I noted that you made a call to action, I suppose, around immediate changes to the planning scheme which, in your view, are required to presumably boost housing supply. Would you like to outline in your view what they would look like?

**Mr VILLANUEVA** - Sure. To make it very clear, it is a multifaceted approach that is required. There has been some talk and commentary of late about mandatory inclusionary zoning, based on the feasibility model that I gave you, around densities for an eight-dwelling or 12-dwelling development. If you mandated a certain portion of that to be social affordable housing, it reduces the capacity for that development to sometimes be feasible. However, if you incentivised it with additional massing or density, you can get the social benefit by also increasing the uplift in housing across the board, without impacting negatively the economies of actually developing that property.

I feel that the planning scheme could be weighted about providing a social and economic benefit, rather than just some physical and aesthetic attributes. There could be heavier weighting to the social benefit versus the impact of any sole development.

**Ms O'CONNOR** - Sorry to interrupt you, what do you mean by 'weighting', relative to a specific provision within the planning scheme?



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**Mr VILLANUEVA** - Sure. Under the planning scheme, it prescribes height in a certain area, or it might say that you cannot have a greater density of four dwellings, or that you need to have a minimum lot size of 300 square metres. However, if you've committed that, say, 50 per cent of those dwellings were going to be deemed affordable - whatever the mechanism was to define the affordability - and provided an additional density, you can provide the additional housing, while also not impacting the viability of the development.

**Ms O'CONNOR** - Okay, then, even though you used the word 'weighting', it would be a specific provision within the planning scheme, not a nice motherhood statement about social outcomes.

**Mr VILLANUEVA** - One has to be weighted against the other, in the sense that, does the benefit to the community in a social construct carry a greater weight than the perceived impact?

Like I said, the planning scheme is there with specific provisions to enhance sensible development in the area, but I feel that it doesn't necessarily accommodate what is needed in the community at that very time.

**Mr TUCKER** - You say in your submission, 'input from both the private and public sectors is needed'. In your opinion as a developer, how can we get more affordable developments to occur in the greater Hobart area looking at the planning scheme and what changes could we make to bring more incentive or some mechanism to bring more affordable housing into the city?

**Mr VILLANUEVA** - There is a reality around economies of scale when you have fixed costs for any project, whether it be land costs or other site preparation costs. The fewer dwellings that you absorb those across, the greater the median value becomes. An increase in density, specifically for the smaller developments of eight to 12 dwellings, makes a huge impact. In my written submission you can clearly see the take-home income is impacted and the rental amount is \$50 per week, so I feel increase in density certainly has a direct correlation to increase in affordability.

**Ms O'CONNOR** - What are the obstacles to increasing density in the planning scheme as it is now?

**Mr VILLANUEVA** - There are many obstacles. When I look to assess a site for its suitability for residential development, first I have to assess where the demand is and where people want to live as well. It is not necessarily a case of just build it and they will come, so to speak. In the areas that are most in demand, and I think everyone agrees that is the greater Hobart region, it reaches as far as Sandy Bay, West Hobart and up towards Lenah Valley. Despite a lot of commentary, there are not many development opportunities available at this present stage.

**Ms O'CONNOR** - You mean land?

**Mr VILLANUEVA** - Yes, land and property, and that is impacted by properties largely being purchased on yield, not a square metre rate. In the CBD we have a large number of properties that are currently tenanted, so just because properties are underdeveloped it doesn't necessarily make them a development opportunity. Understanding the areas that have the greatest capacity to receive a large amount of residential development, I think it need to be enhanced. Hobart has a lot of Heritage properties which are very difficult to navigate around. There are a lot of Heritage properties in Hobart that can't be developed for good reason, but closer towards North Hobart and

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stretching up to Moonah, just because there are properties that are underdeveloped it doesn't necessarily make them economical to be developed. When the land cost is already a fixed cost and you can only already achieve a certain density, it makes it really tricky to get it to stack up.

**Ms O'CONNOR** - We have had some submitters give evidence this morning and there is clearly an issue with incentivising developers to invest in social and affordable housing. The evidence is all around us. How confident are you that even if the planning laws were changed and we went for more density developers would sacrifice those extra margins in order to deliver social and affordable housing when they don't have to and they can make more money by building places they can charge more for?

**Mr VILLANUEVA** - It's a good question. Like I said, incentivising developers through bonuses, whether or not it's height or massing or density, is a critical requirement. In Melbourne they have height density bonuses now so if you commit 10 per cent as an example of the total development towards affordable housing, whether or not it was a rental market for a period of time, they will provide you with an additional 10 per cent in height, massing or density. If you have a development which is essentially on the wire of feasibility and it's really on that line and you get a 10 per cent uplift by providing 10 per cent affordable housing, it would likely mean that the lower levels would be provided for the affordable housing and the upper levels would command a higher price anyway, which can then push the development over the line to becoming economically viable. Providing that incentivised model can then increase the capacity for development across the board.

**Ms BUTLER** - I would like to ask a question in relation to the building and construction sector and the availability of skills to construct any developments, and also the competing factor of the lack of skilled workers in the building and construction sector. Then you also have the other issue of large not-for-profit groups building large quantities of housing which requires skilled workers but because the churn is there and because of the sheer scope and size of those developments, the builders make more money out of that because it is regular work for them over a long period of time. How would private developers compete in the Tasmanian market at the moment with those conditions?

**Mr VILLANUEVA** - The lack of labour force in Tasmania is certainly scary. I am consulting and working with development groups all across Australia and some of our trades are 50 per cent higher for a square metre rate than that of Melbourne - tiling, for instance - so a lack of labour is certainly concerning. The private sector is pretty nimble in looking at ways to mitigate these factors. I think a lot of people in Australia are looking more and more to modular fabricated housing which increases the efficiencies and reduces costs in a lot of ways, whether or not that is constructed entirely within Australia or partially.

**Ms BUTLER** - Does that then promote or potentially provide more of an issue with those modular housings? Some of the materials could be ACP cladding materials of which we are not exactly sure of the make-up. Could that potentially be creating more problems in trying to provide more dwellings, but potentially creating more hazards for ourselves with the materials we have to use on those buildings?

**Mr VILLANUEVA** - I believe there is a risk with everything if it's not monitored carefully. That said, there are existing examples in Australia where there have been medium-density modular construction which, to my knowledge, is compliant with Australian codes and standards. I am certainly seeing a lot of people start to investigate this in a lot more detail and carefully, understanding that while we have a restricted labour force here at the moment if there is a surplus

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of labour in other states and these modular constructions can be constructed elsewhere and brought in, we are circumnavigating the lack of labour in Tasmania.

**Mrs RYLAH** - Thank you for coming in and providing your simplified example of the differences and benefits of more dense property development. I gather that you are using a yield on residential property at 7 per cent, is that right?

**Mr VILLANUEVA** - No.

**Mrs RYLAH** - That was the commercial yield?

**Mr VILLANUEVA** - Yes, that the was commercial yield I referred to.

**Mrs RYLAH** - What yield are you expecting on residential at the moment in the current interest rate environment?

**Mr VILLANUEVA** - I expect all yields across commercial and residential to go down, so if interest rates stay as low as they are, commercial yields should start getting closer to the 3 per cent to 3.5 per cent mark.

**Mrs RYLAH** - That is relevant. An issue that has not been raised in our hearings is the interest rate environment, and what is happening. Further to that, what cost are you seeing? Is it more expensive to build a higher-density residential building in Tasmania, and specifically in Hobart? Is it higher here relative to Melbourne or Sydney? I'm thinking in terms of the previous questions with regard to difficulty in getting trades.

**Mr VILLANUEVA** - As I said, there is certainly escalation in prices across the board, and that is supply and demand. We have an influx of work, but we haven't had an influx in the skilled trades.

**Ms O'CONNOR** - We are importing a lot of labour.

**Mr VILLANUEVA** - I cannot substantiate that myself, but that is what I hear.

**Ms O'CONNOR** - That is what we heard from the Director of Housing this morning, too. Part of what has placed pressure on availability of affordable housing.

**Mr VILLANUEVA** - Yes. That is what I have heard anecdotally. Tiling, for instance: \$40 per square metre in Melbourne; \$65 per square metre in Tasmania.

**Mrs RYLAH** - That is a good example. That is great.

The issues in terms of importing material to the state, because most of our windows, doors, frames, you name it, come from the mainland. What is the cost difference that you see as a developer, between sourcing from Melbourne and sourcing them here?

**Mr VILLANUEVA** - I cannot comment on that accurately. What I can say is that talking about economies of scale with development, it comes down to even a micro-detail with buying power. The more of a particular product or unit you are buying, the stronger your buying power.

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That is where density certainly does come into it. If I need 500 windows of a certain size, it makes a big difference to whether I need 10.

**Mrs RYLAH** - Could I assume from that, you source most of your material directly out of Melbourne?

**Mr VILLANUEVA** - Collectively, materials are sourced wherever is the cheapest at the time in Australia.

**Mrs RYLAH** - What I am trying to get to is the cost of getting them here, and how that affects affordable housing.

**Mr VILLANUEVA** - I cannot comment on that specifically, because I don't have the data on that.

**CHAIR** - Following on from the question about building products, I had the experience of visiting South Australia recently with the Lightsview development; it was very exciting to see first-hand the range of products that are possible in terms of high density, clever urban design, and so on. One of the things they showed me was a newish product - aerated concrete, which was being used for quicker construction. It struck me that there may be an opportunity for local economic development, new industries, innovation and so on. I am interested in your insights into what potential there is for local economic development?

**Mr VILLANUEVA** - There is a gentleman, whose name escapes me at the moment, but he is a quite decorated local scientist, with a carbon-positive concrete that he developed. There has been a lot of interest in using different building methodologies to increase the environmental factor. It is something everyone has to be interested and passionate about today, because the end consumers who are inhabiting those dwellings certainly want to be leaving as minimal a footprint as possible.

**CHAIR** - Sure. The environmental impact is one, but cost is perhaps another. The MONA pier for instance - I don't know a great deal about it, but I understand it is also based upon aerated concrete products. I wondered whether there are other sorts of things that you are aware of in terms of interstate interests and so on.

**Ms O'CONNOR** - Plastics as well.

**Mr VILLANUEVA** - There is certainly a trend in looking at recycled goods as much as possible, and like I said, around increasing the efficiencies with all buildings, whether that's with segmented garbage chutes, whether it's renewable energies, or just overall energy ratings.

As general as that is, I think that is a common trend. Every developer is starting to explore all these different avenues.

**CHAIR** - Robert Pradolin - I know you have taken an active interest in the various forums that have been undertaken. The Hobart City Council had a Melbourne-based developer here speaking about his so-called pop-up shelters. I was very impressed with the leadership that he is showing in that regard. I'm interested in your insights around what it would take to see a real kind of 'stepping up' of the private sector, and providing leadership around innovative things of that nature.

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**Mr VILLANUEVA** - I don't think the solution can be achieved by any one party. The private sector certainly has an advantage in the sense that you are not obliged to go to tender. You can draw on the networks that you already have. In terms of providing a nimble and quick response to social or affordable or crisis accommodation, for me, I have advocated towards looking at modular construction. The rate of being able to supply these dwellings, I believe, is much faster than that of being able to construct them locally.

When I say modular, it doesn't mean some cold, sterile environment, which is shipping containers, because I think that, from a psychological aspect, wouldn't be something that would be good for those members of the community. It is a pop-up shelter that acts as a community hub, that can foster an environment which helps people have the right kind of emotional mindsets, to help get them out of those situations.

If you are looking to work with the private sector with providing solutions, all levels of government, local and state, and the private sector, need to come together. It doesn't necessarily need to be a profiteering exercise, because it is bad PR for the state, as long as there is media saying that there is a housing crisis. I don't think anyone wants that. Tasmania is in a unique and fortunate space where people actually want to live here, for once. I see people wanting to not come here as long as we have this negative cloud hanging over us.

**Ms O'CONNOR** - It's based on fact.

**Mr VILLANUEVA** - One hundred per cent.

**Mr TUCKER** - The cost of these modulares compared to conventional buildings - a conventional building is about \$3000 a square metre, these days. Is that correct?

**Mr VILLANUEVA** - Depending on the quality of the build, yes.

**Mr TUCKER** - What does it cost to build the modulares compared to that, per square metre?

**Mr VILLANUEVA** - Again, it is economies of scale, because logistics are a critical requirement. If you are looking at 50 pods, or 100 pods at a time, they can have them landed here in Tasmania - that is, two-bedroom pods at about 24 metres each - for about \$40 000 each.

**Mr TUCKER** - That was the next question I was going to head to, because I know we don't have the available people here at the moment to build things.

If we did go down this path, would it be possible for the prison population to become involved with that, and give them more skills and pride, because they would actually benefit from it as they are leaving prison? Building these houses, they would know they had accommodation. What would your thoughts on that be?

**Mr VILLANUEVA** - Right now, there are a range of different things we are looking at. If we are talking about immediate responses, whether or not we are using prison population or trainees, et cetera, would be the most appropriate solution. Probably for an immediate response - no. But certainly for a long-term strategy to upskill members of the community that are coming out of prison, and also provide some housing. Just looking at it at face value perhaps gives you a pride in your house that you will be occupying. Maybe it is a good model that needs to be explored.

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**Ms BUTLER** - You referred before to mechanisms to define affordable housing. We are using the concept that affordable housing is defined around 30 per cent of the household income, and whether that can be achieved at all. What do you think can be done by the private sector to help incentivise or help reach that 30 per cent mark of affordable housing to make it affordable to the consumer? Do you think there is a possibility of finding a balance between looking after the private sector, i.e., please build these because you can make some profit from it, and it actually being realistically affordable housing to the public?

**Mr VILLANUEVA** - For me, increased supply across the board makes a huge difference. When we have various socioeconomic groups of our society, whether you want to class them low income, middle income competing for the same properties, that is concerning to me. It is very concerning. Even the other ranges of income competing for the same properties, it is very concerning.

I think that the planning scheme around assisting to facilitate or develop opportunities is a positive first step. Unfortunately, due to commercial confidentiality I cannot talk to you about all of the sites across the greater Hobart area, but it could quite easily be verified that specifically in Hobart central zone if you have a property that can be developed, I have knocked on your door in the last two years. I have an extremely intimate understanding of the greater Hobart area of what properties can be developed and what properties cannot.

Looking at ways to facilitate that development across these various sites which are in high demand increases the supply. By increasing the supply, it will then inherently bring down those median values and rents.

My eldest daughter is 8 years old and even she understands that if I have one lollipop and all her friends want it, they have money in their pocket, they are all going to pay as much as they possibly can depending on how much they want it.

For me, we desperately need to increase supply in a responsible and sustainable way and look at the best mechanisms in order to achieve that.

**Ms O'CONNOR** - There has not been any evidence of the private sector being willing or prepared to contribute towards the increase in supply of social and affordable energy efficient housing, and I -

**Mrs RYLAH** - Steve Kons - he has done lots good stuff in Burnie.

**Ms O'CONNOR** - Okay. I have not seen any evidence of the private sector doing that. When you talk about making changes to the planning scheme that make it easier for developers to develop on a given site - the obvious question that comes to my mind is, why should we take the development fraternity on faith on that, given that there has been no evidence, apparently apart from Mr Kons in the north-west - I bet he made a tidy profit, and no one is taking that away from him. There has been no evidence that private developers will want to cut their margins by building social and affordable.

**Mr VILLANUEVA** - It is good to ask these questions because without asking those questions you do not understand what is going to be the key to motivating them to do so. That is where I bring it back to incentivised modelling around increased density or massing that will achieve

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additional residential dwellings. That, in itself, is a fantastic incentive that would help facilitate further development where it's needed most.

**Ms O'CONNOR** - How do you see that genuinely contributing towards the supply of social and affordable housing, given that sometimes you are dealing with a cohort of particularly low income people? What private developer who requires themselves to maximise profits or yields, as you describe it, what kind of developer if we give them the opportunity to increase density is going to want to make any of them social and affordable given that they will make less money on it, why wouldn't they just increase density and sell them all for maximum price?

**Mr VILLANUEVA** - Certainly I'm not suggesting that it means that they make less money. What I am suggesting is that it gives a developer incentive to look at different modelling for the subject site. Not every property is suitable for a prestigious apartment building. You are targeting different socioeconomic groups and different target markets. If I was looking at a development in Moonah, it certainly wouldn't be catering to the same development that I'd be developing in Battery Point. If I can achieve a better result from supplying some affordable housing, and we would have to have a look what are those key definitions of 'affordable housing' or 'social housing', it would be crazy for people not to take it seriously.

Like I said, from what I understand, they are doing this in other states at the moment and have been doing it in Victoria for some time.

**Ms O'CONNOR** - When you say 'doing it', is that changing the planning schemes to increase density particularly?

**Mr VILLANUEVA** - Yes, that's right. In Victoria, I believe, there is a bonus height or density for supplying certain things that are required, for instance, affordable housing.

**Ms O'CONNOR** - Thank you.

**Mrs RYLAH** - The idea of changing the planning scheme to get more density, I can see the logic of that. But, getting to Cassy's point, ensuring that it is then provided as rental or sold for affordable housing, what other roadblocks are there either at the local council level or at the state government level that need to be addressed to ensure, in your view, that developers have the incentive to build affordable housing?

**Mr VILLANUEVA** - There has certainly been a lot of interesting commentary around the environment for developers, particularly in Hobart -

**Ms O'CONNOR** - Particularly developers who want to go up in height. Controversial projects.

**Mr VILLANUEVA** - Yes. One of my previous developments in Bathurst Street, which was for 33 apartments, was approved in February. The existing building wasn't heritage-listed on the Tasmanian Heritage Register or the council register. However, at that point in time, I was advised that it would be not recommended for approval by Heritage unless I retained the building even though it wasn't heritage-listed and wasn't within a heritage precinct. From a point of view with how that impacts the economies of the development, it certainly impacts it because the retention can be costly at times and also the cost to redesigning. When you secure a site you can say, 'Well, it says x, y and z but there's a variable which I couldn't account for', which is the one that I've just discussed now.

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Certainly, having a clear and transparent understanding of what you can do and can't do is something that is going to be important moving forward.

Hobart and greater Tasmania is in a really interesting period of time where we have a lot of people wanting to move here and a lot of people who are willing to develop Hobart. It certainly has to be done in a sustainable and responsible way, but the key to that is having an open and transparent dialogue between all the various stakeholders.

**Mrs RYLAH** - You are saying it needs to be clear and transparent. Are you implying within the example that you gave that at the time of purchase you had not been advised by Heritage that you were going to have to retain the building? Is that what you are saying?

**Mr VILLANUEVA** - Yes, that is correct.

**Mrs RYLAH** - That was late - after you had purchased the building, when you went through to development application or something like that, they then told you that they would resist it unless you retained the building?

**Ms O'CONNOR** - Who is they?

**Mr VILLANUEVA** - Heritage officer at council. That building was not controversial. It was inside the building envelope and the intent was not really to push the boundaries, so to speak. My mandate that I put forward to my team was to achieve something that is more affordable than anything else on the market. From retention of that existing building, I then retain it and built the three levels on top of it, which I was allowed to do under the scheme but then I was advised that by building on top of a degrade, the integrity of that building and I would have to set it back even further which resulted in a loss of another nine apartments.

**Mrs RYLAH** - Nine out of 33?

**Mr VILLANUEVA** - No, it was actually 42 and then it was cut down to 33. Again, to my point, impacts the median values because your fixed costs are then absorbed across fewer dwellings.

**Mrs RYLAH** - It goes from affordable to not affordable housing.

**Mr VILLANUEVA** - Yes, the costs certainly do go up.

**Mrs RYLAH** - That was a really interesting example, thank you very much.

**CHAIR** - Do you have some comments in regard to community consultation? I have certainly been exposed to a number of contentious developments, government and private, within my own electorate. It seems to me, particularly when communities are broadsided with ideas around development, that that can go very poorly. Do you have any insights that you have around who should be responsible for ensuring that we get the balance right in relation to community consultation to bring communities along with us? If, as you are saying, you have a proponent for more dense housing developments, how would you advise we move forward in that regard?

**Mr VILLANUEVA** - Anyone proposing any development, it is certainly their responsibility to try to bring all the stakeholders, including the community, along with them on that journey so



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they can invest in their project and the vision of what you are trying to create. It is the responsibility of the developer. However, if we are wanting to make the most of the time that we are in and the interest that is in Tasmania, both local government and state government certainly have a responsibility in how to protect that and provide a smooth process which assists the community with understanding more about the project, and assists the person putting forward that project in a successful facilitation of whatever it is they are trying to develop.

**CHAIR** - We are out of time. We might wrap it up, thank you very much Mr Villanueva for your contribution today. I will complete a statement after you have provided evidence to wrap up.

As I advised you at the commencement of your evidence, what you have said to us here today is protected by parliamentary privilege. Once you leave the table you need to be aware that privilege does not attach to comments you may make to anyone including the media even if you are just repeating what you said to us. Do you understand that?

**Mr VILLANUEVA** - I understand.

**CHAIR** - Thank you again for making a submission and appearing before us again today, we appreciate it very much.

**THE WITNESS WITHDREW.**

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**Mr NOEL MUNDAY**, GENERAL MANAGER - HOUSING AND COMMUNITY SERVICES; **Ms LOUISE BIESER**, STATE MANAGER, HOUSING CONNECT & SUPPORTED RESIDENTIAL SERVICES; **Ms REBEKKA GALE**, YOUTH SUPPORT WORKER, TRINITY HILL, AND **Ms MARGIE LAW**, POLICY ANALYST, ANGLICARE, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** - Just before you begin giving your evidence I would like to ask whether you received and read the guide sent to by the committee secretary. I do not know who to look to as principal respondent, Mr Mundy. If so I would like to reiterate some important aspects of that document.

A committee hearing is a proceeding of parliament, this means it received the protection parliamentary privilege this is an important legal protection that allows individuals giving evidence to a parliamentary committee to speak with complete freedom without the fear of being sued or questioned in any court or place out of parliament. It applies to ensure parliament receives the very best information when conducting its enquiries. It is important to be aware that this protection is not accorded to you as statements that may be defamatory are repeated or referred to by you outside the confines of the parliamentary proceedings, this is a public hearing, members of the public and journalists may be present and this means your evidence may be reported. It is important that should you wish all or part of your evidence to be heard in private you must make this request a give an explanation prior to giving the relevant evidence. Do you understand?

**Mr MUNDY** - Yes.

**CHAIR** - And finally I just wanted to advise the House resolved to add a new term of reference to the committee's terms of reference for the inquiry namely, (ka) regulation of rent price increases with particular reference to the ACT model. If you wish to add to your evidence we would be interested in your insights to that, or any of the terms of reference.

**Mr MUNDY** - Thank you for the opportunity to come and speak further on Anglicare's submission to this inquiry. It is a very important enquiry at this time. As you have heard, I am Noel Mundy. I am the General Manager of Housing and Community Services for Anglicare. Rebekka Gale is our youth worker at youth supported accommodation in North Hobart at Trinity Hill. Louise Bieser is our State Manager for Housing and Support Services; and Margie Law is a very well recognised researcher from our social action research team at Anglicare. We will share the answers.

Just a few opening remarks from me. We believe that we can bring both the research and evidence from our research team as well as the experience of delivering housing and support services across the state. As you may be aware, Anglicare is a large community services organisation with a statewide footprint. We deliver services from the west coast to the east coast, so from Zeelan to St Helens, and right across the north, north-west and southern parts of the state. So we have a very broad footprint.

Our services in the housing space are around crisis and short-term and long-term accommodation supports. We also deliver services in mental health, acquired injury disabilities, aged care, alcohol and drugs, financial counselling and gambling counselling, and children and family support services. In addition, we have the research policy and advocacy work of our action research centre.

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Specifically in housing, which is very relevant to this committee, the Housing Connect provider in the north and north-west of Tasmania - the front door - we provide assistance through that for crisis accommodation, advice and support around private rentals, and the application for public and social housing through that. Louise has carriage of that for us.

We have 10 long-term supported accommodation sites around the state. There are communal and independent living. We also have three youth supported facilities. Rebekka is part of our team in Hobart at Trinity Hill. We have a facility at Launceston, and also on the north-west coast. In southern Tasmania, we have crisis accommodation for males between the ages of 13 and 20. We have a very strong footprint across the state.

Through our research centre, we have done recent research and policy work around annual rental affordability snapshots. Particularly accommodation challenges for people with mental ill health, youth homelessness, a need for stable housing and care for unaccompanied homeless children, and the need for stable housing and support for services for families that are involved in the child protection system as well.

We are very strong supporters of the Government's affordable housing strategy for 2015-2025, but we believe it relies a lot on the private rental market to support some of those goals. We believe that disadvantaged Tasmanians cannot achieve secure accommodation in that private rental market.

We believe the effectiveness of housing and homeless services as provided by community organisations like ours, and a number of others across the state, and it is restricted by the lack of exit points from a lot of our services, so moving people on to their own sustainable accommodation.

We believe that the housing system is full and blocked at the moment for most people who want to enter it. There is nowhere for exiting crisis to go, nowhere for people exiting supported accommodation to go. They are very key issues for us.

Our recommendations - I will just highlight a few of those. We believe there are more options for supported accommodation, including for particular cohorts such as single people on income support payments, unaccompanied homeless children, and the families in the child safety system who are working towards reunification. That is one of our recommendations.

Another recommendation being affordable housing being denied being mandated for inclusion in developments at a specified percentage and protected as affordable work for a specific time as well; and landlords being supported to provide an increased number of long-term rentals and better energy efficient homes for people.

**Ms LAW** - It was affordable housing being defined.

**Mr MUNDY** - Defined. What did I say?

**Ms LAW** - Just for *Hansard*, you said denied.

**Mr MUNDY** - We believe the goal of this committee must be to result in real long-term improvements for Tasmanians on low income experiencing homelessness or housing stress. Thank you again for the opportunity.

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**CHAIR** - Thank you very much for that comprehensive overview. Why don't we start on the definition of affordable housing? We have had a range of submissions this morning starting with Housing Tasmania and Shelter Tas, the peak body. We had some input from Jed Donoghue from another major community sector organisation's point of view.

I do not want to miss the opportunity of thanking you very much, particularly Ms Law for including some case studies within your submission. It is valuable to get that insight into personal experiences of housing stress and homelessness.

Starting with the definition of 'affordable housing'. I know that New South Wales has one. How important is it that we define affordable housing in Tasmania?

**Ms BIESSER** - Certainly in the programs that we look at, we see affordable housing as someone paying no more than 30 per cent of their income towards rent.

**CHAIR** - That is a widely accepted definition, I understand?

**Ms BIESSER** - It is.

**CHAIR** - I do not think it is enshrined in legislation.

**Ms BIESSER** - No.

**CHAIR** - There is a definition within the affordable housing strategy, as I understand.

**Ms LAW** - I don't think it's defined anywhere by government and it drastically needs to be.

**Ms BUTLER** - The private sector use it, I think. The government hasn't started adopting it as a benchmark yet, I'm led to believe.

**Ms O'CONNOR** - It's defined internally by Housing Tasmania. It's defined internally - I know that.

**CHAIR** - And it is defined within the strategy, I know they are in the glossary of terms because I had to look it up for a constituent recently. Yes, interested to start there.

**Mrs RYLAH** - Gross income or net income?

**Ms LAW** - Gross.

**CHAIR** - Where to start? You said that you're a supporter of the affordable housing strategy. The impression that I'm getting though is that we have a deepening crisis - I don't expect you to politicise your input here- but from my point of view, crisis in housing affordability and homelessness here in Tasmania. The strategy was developed some time ago. From your point of view, how flexible is the strategy and the underpinning action plans in order to respond to that situation?

**Mr MUNDY** - I will make an initial comment and someone else might like to add. The first thing I would say is that there's genuine collaboration across the community services sector to work, in this case, with Housing Tasmania on this crisis. Whilst some of the strategies are 18 months or

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more ago, we are working very closely together. That's the first thing that we need to do. But, as I say, a lot of those strategies are relying on the private rental market and we are finding it harder and harder. Louise would find through the role that Housing Connect plays that that would be very much an issue.

**Ms BIESSER** - When you look at what's happening on the ground within the Housing Connect services, one of the key aspects I see that is coming out of the affordable action plan is that there are going to be more shelter beds which are really needed because there is such a blockage in the system even at that very low level.

The other thing I think is really fantastic is there are going to be more youth-supported accommodation facilities. We are certainly seeing the benefit now of three sites across the state. It is imperative that we're able to give young Tasmanians that basis, that establishment, so they can go on and be very independent, fulfilled young Tasmanians when they leave our sites.

The other thing that I was pleased at as I looked at the AHAP was that there was a variety of responses in regard to supported accommodation. It also included disability in aged care, and we certainly need a response that targets a number of groups because it isn't a one-size-fits-all approach. We can't have that.

**Ms O'CONNOR** - I am interested in fleshing out some of the case studies. Maybe this is something that Margie can speak to or Louise. Some of the evidence we're hearing is about a shift in the demographic profile, if you like, of people who are seeking housing support and who've been shut out of the affordable housing market. Are you able to elaborate on that? The people who you see come into Housing Connect and what changes there is evidence of in recent years.

**Ms BIESSER** - That is a really tough question. I was looking at some of the data yesterday and today. The bulk of the people that we're seeing, particularly through the front doors across the north and north-west are people in the 26 to 40 age group. We are also seeing the next age group, that step up, so about 46-plus. I'd say one of the main differences that we're seeing is that, particularly with older people who are coming through the service, they are coming through with higher needs than what they have previously. That may be financial; they may have experienced the death of a loved one and so they're in financial crisis because they're paying off funeral costs - something that simple.

It may be that they no longer have those support structures around them. One of the questions we are being faced with more and more with that older cohort is, who is going to help me pack my house when I need to move? Again, very simple basic things that we quite often we do not think about, and these are quite stressful situations for people.

The other group that we are seeing, and it is no particular age group, but we are seeing a lot of people who have not accessed Housing Connect before. That is simply because they cannot find their next affordable rental. With that group, we are finding that they are presenting quite early to services. Sometimes, maybe as early as three months before their lease expires because they have heard how difficult it is.

One of the other things that we are finding is that - and I think about my time as a support worker many years ago - people were applying for two or three properties at a time. Now people are applying for a significantly higher number of properties at any one time and are facing a lot

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more of - 'I am sorry, your application was one of 80, or one of 60, or it depends'. There was one case study where they were one of 120 people who applied.

**Ms LAW** - And they had been short-listed down to one of 40 but that is not helpful for the individual.

**Ms BIESER** - People are finding it absolutely demoralising.

**Mr MUNDY** - I wonder whether Ms Gale could share a case study from a youth perspective as well.

**Ms GALE** - We had a young man who moved out around six months ago. He had been with us right from the start - he was our third resident who moved in. He wanted to move out into a private rental with his partner. They were in a long-term relationship and the amount of time he was with us they had that time to establish their relationship and realised that they did want to move out together. Support workers supported him to be able to apply for private rentals. He had his licence so he was able to go a little bit further out. His partner was working full time in a call centre; he was working part time as a labourer. They applied for 49 properties within the greater Hobart area and out as far as the Bridgewater area on the eastern shore. They were shortlisted several times. They both had references; she had private rental references from previous accommodation; we provided an excellent reference. He was very fortunate that he could stay with us until he found a private rental but that process was quite disheartening for him to have so many applications and to be doing all the right things, and the wait for him and his partner was extensive to be able to afford private rentals out in the market.

**Ms O'CONNOR** - How are they now?

**Ms GALE** - Excellent. He dropped in last week. They have had a baby now. He is working full time; she is working night shift full time. They are still in the same property and he reported they were very happy there. They get along very well with their landlord, which is excellent. He is a big success story but it definitely highlights just how difficult it was for two young people with secure employment to be able to access that private rental market for the first time.

**CHAIR** - How long did you say they were searching for a home?

**Ms GALE** - They were searching for about six months. They had looked previously early on in their relationship and found that it was just too difficult at that time because he was not working. He was studying at that time so they waited. They held off for a while and they were applying on an ongoing basis for approximately six months and 49 rentals until the 50th was the one that he got.

**Ms O'CONNOR** - We have heard plenty of evidence of rent increases and, in some instances, rents are being leveraged \$70-\$80-\$90 a week for some tenants. What is Anglicare's experience of the rate of rental increase? We had evidence this morning from Dr Jed Donoghue, from the Salvation Army, that he can only see that rents are going to continue to increase and, as we know, wages and Commonwealth support payments have stagnated.

One of the references that has been added to the select committee's terms of reference is in relation to potential regulation of rent increases, and there is a scheme in the ACT where there is a regulatory process which is a bit more robust than ours.

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What are your thoughts on how we might manage that pressure in the system that is leading to completely unaffordable rents for people?

**Mr MUNDY** - Louise, could I ask you to comment on the ACT example?

**Ms LAW** - I have looked into the ACT model. I haven't seen that much difference between the ACT and here. The information that I could find was that they still have the same as us, where there is not a cap. We would certainly, if we look at what is here, be wanting, in the private rental market, greater protection from high increases.

We are finding people come into Housing Connect because, all of a sudden, their rent has been increased by \$70 a fortnight and they can't afford it.

**Ms O'CONNOR** - The ACT model has a tribunal associated with it, whereas we have a residential tenancy commission. In order to increase rents above CPI, as I understand it, the landlord needs to argue why that is justified, which is a different process from what we have here.

**Mr MUNDY** - And certainly, I would say that the experience of our front door, where private rentals are going up, is unaffordable, and if there was a mechanism that was linked to, whether it is CPI or some tribunal, that would be beneficial to the people we are working with, who are really struggling to either get into the private rental market, or more importantly, to maintain it once they are there.

**Ms BIESER** - One of the other issues is that many people are renting above what is already affordable. Even a small increase can tip it over, and they get completely and utterly, unaffordable, which means they need to move again, which means they are searching for a property that is very difficult to find.

**Ms LAW** - Some of our case studies, certainly the story we mentioned with the shortlisted down to 40 out of 120, they had already been looking above what they wanted to pay in rent, but they were willing to forgo other things in order to pay more in rent, in order to find somewhere. The more you go above what you can afford, then it gets increased again, it is putting more and more pressure on people.

**Mr MUNDY** - The other comment I would make which has already come out, that most people that we see through the front door are not just looking for housing. They've got a whole range of other issues. If that rent is unaffordable, then how does that impact on accessing Health, either medicines, or the system, transport, et cetera. It is not just about the 30 per cent, or whatever the higher figure would be that they would pay on rent. It is those other issues that they need to address as well.

**Ms LAW** - We often link what is happening in housing to what might hopefully be a change in Newstart, but the fact that payments aren't going up. If rent continues to go up by CPI or more, no wonder the housing crisis continues.

**Mr TUCKER** - In your submission on page 9, and carrying on from where Cassy was coming from, you have here, 'housing availability more than affordability is limiting their opportunities', and that was for Michael and Ashley. Reading through here, and then I read further down here, with Paul, we were told we were in a group of 40 shortlisted for the property out of 120 applications.

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It is changing my outlook on this a little bit, because you are actually saying, this is an availability of houses, not affordability, which is where we are looking at.

**Ms LAW** - We are saying it is both. There is definitely an affordability issue, particularly for those people on the very lowest incomes, but what we are finding is, we are getting more and more people who are working, like the examples that we have already given, who could afford what we used to consider to be the going rate in housing, but those properties just aren't available.

The case studies we have here are people who could afford to rent in the centre of Burnie, or in the centre of Devonport, but there are no properties available.

When you look at, maybe two people working in different places, and they have kids, one car and they have to move further and further out of a centre, how do they actually manage their lives with no public transport and paying the rent they would have paid 10 years ago in the centre of Burnie. So that is where the availability comes into it.

**Mr TUCKER** - On page 11, 'Anglicare would appreciate the opportunity to provide further evidence in person to the committee about the effectiveness of supported accommodation'.

**Mr MUNDY** - We have a number supported accommodation facilities around the state both in youth and probably more aged and also some mental health space. We have four lodges where we have a live-in care taker resident leader plus some support work during the day. Most of the people who are there, are there for the long-term basically. It is their home. I have not been to some of those properties because I do not believe I should be walking into people's homes unannounced. We also provide some day support services to assist them to get back out into the community in some way as well. That is vital. That is the support that we can wrap around.

Rebekka, from Trinity Hill, the youth facility, we provide a whole range of other services, in particular in the education space. Would you like to make a comment?

**Ms BIESER** - The service we provide is essentially for young people who are experiencing homelessness or a housing crisis, but their needs are very different. We have some who do need support with independent living, so that is basic cooking and cleaning. Many do not have family support. They are from low socioeconomic backgrounds with intergenerational poverty. Some are engaged in education training or employment. Others are wanting to engage, so our role is to reengage with those people. Some of them just need that basic interpersonal skills of communicating and how to present with people and mentoring and support.

Everyone comes in through the same pathway with the same general need of housing but their needs are very different and we, as case workers, support them with their own goals in what they want to achieve with the end outcome to be that they exit into long-term accommodation that is affordable for them, that they can maintain, and that they do not go back through the front door and back into the Housing Connect system.

**Mr MUNDY** - You may be aware that the three youth facilities in Tasmania and potentially two new ones will be transitioning to what is called an Education First Youth Foyer model. We are very keen on that model. Some are operating interstate already. Predominantly, the first criteria is you need to be engaged in education to be in that facility. As Rebekka has mentioned, a lot of the young people that comes to those facilities are involved in intergenerational poverty disadvantage. Whilst we are really keen at looking at the Education First model, I think that would be a fantastic



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link for those young people for their long-term careers, we are also concerned that there will be a cohort of young people who will not be eligible because they will not be involved for a range of reasons in education. That is something we have expressed to Housing Tas that we need to look at that as well.

**Mrs RYLAH** - Thank you all for coming in and your submission, it is interesting. You have not made any comments on Commonwealth Rent Assistance and the significance or non-significance of how you see that. I note you saying, and you have just restated, that you do not think the private market has the capacity or ability to meet the needs for affordable and social housing. I am interested in how you see the role of Commonwealth Rent Assistance. Many of the people that you talk about are receiving assistance.

**Ms BIESER** - Many of the people that we see and get support through the private rental assistance program with security deposits written in advance are also eligible for CRA. I do not regularly approve those CRA applications anymore but there are times when I do. The one thing that always strikes me is the limited income people are on, so that CRA is really needed. It is absolutely terrible when we budget with people and sometimes their grocery budget for the fortnight is as little as \$100 to \$150; that is not healthy, it is not sustainable. There are people who are renting, who if they become unwell cannot afford to go to the doctor; if they need medication, they cannot afford to purchase that. If a white good in their house breaks down, a fridge or a washing machine, they cannot afford to replace it. That is the situation that many people are on who access our services.

**Mr MUNDY** - If I could just talk about some previous experiences with Commonwealth Rent Assistance in the Better Housing Future space, the initiative was there to assist Better Housing Future providers to create more stock out of that. There is no doubt that the quality of the stock that was taken over required a lot of maintenance and redevelopment. Whilst that Commonwealth Rent Assistance was invaluable to those providers, it probably was not available to build extra stock because of those issues. I would totally agree that it is a much-needed addition to what the tenant can pay but it is not meeting the overall needs of the private rental market as well.

**Ms O'CONNOR** - It is also capped, so that if there is a rent increase the CRA is capped and everything on top of that is just another punch in the guts.

**Mr MUNDY** - Correct.

**Mrs RYLAH** - Is that your point? Not that I want Cassy to put words into your mouth.

**Mr MUNDY** - Yes, absolutely that would be the issue.

**Ms BUTLER** - I would like to talk to you about some of the comments - and the fabulous submission, so thank you very much. Social housing, infrastructure and the change in perception of housing as being considered a right, and also the inadequacy in funding because of the difference perception of housing. You talk about the windfall from stamp duty, and you name up the figure of about \$60 million. Have you had discussions with the Government about that? As a subsequent question so I do not forget to ask it again, what services do you think you would be able to provide, or that would be able to be provided to people experiencing homelessness, housing stress, mortgage stress, et cetera, with that additional \$60 million in funding.

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**Ms LAW** - I believe that housing used to be seen as infrastructure. When we used to talk about public housing, for example, it was infrastructure because you were in for life. It was like a road; the road is there for life. At some point it changed. I am not a historian but I know there is a great piece done by Kathleen Flannagan that if your committee wants to read I am sure that you will get. I know she is coming to the committee and she would be able to give you the history of where all that changed across the nation.

It needs to come back to be seen as infrastructure. Without housing and adequate services to provide to people in housing we are setting up all our population for failure. A couple of the terms of reference here talked about the link between health, education and employment. All of that is linked with housing. If Anglicare could have one thing, I think we would say have everybody housed and then a support service and then everything else just falls from that. You would get that also from some of our case studies where people were really concerned about the impacts on their kids having to move around a lot looking for housing while trying to maintain their work. It is not a life that anybody would wish anybody to have. There definitely needs to be infrastructure.

There are good historical reasons why it should be infrastructure, and there are good economic reasons that it should be infrastructure because it saves money in the long term. There is recent work on social housing as infrastructure and Kathleen Flanagan wrote it. Ask her for her take on it. I have read her paper and been to her presentations and it is going back to how we used to be, taking it back to infrastructure.

As far as the windfall goes, it is a little bit like alleviating the housing debt. Basically, housing has been used as a commodity in Tasmania and elsewhere. The government has made money out of housing, as have property developers, and as have individual families who own more than one house. What we are pointing out in our submission is that housing is infrastructure. It should not be seen as a commodity, and if it is used as a commodity the earnings from that should be put back into it as infrastructure. That is what we are saying. The \$60 million - it is not every year because obviously the prices are going up and down, the housing boom busts and it does vary. But \$60 million would make a huge difference. It is the equivalent of the first affordable housing strategy of the Bacon/Lennon government. It would transform the building of houses and also the delivery of services in Tasmania.

**Ms BUTLER** - It is interesting, because I noted in your submission that you referred to the Minister for Energy saying, in line with our Tasmania First approach, you believe the higher than expected returns from our energy business should be returned to the pockets of Tasmanians, rather than retained by the government, and that was about energy. So why not that when it comes to housing?

**Ms LAW** - There are always issues with hypothecation. I do not think Anglicare would always call for hypothecation. If the government sees a crisis and they have a windfall that comes from the very same crisis, the cause of the crisis, that needs to go back. Certainly, with the electricity, we used that as an example because people were hurting from electricity price increases. We would not be arguing hypothecation for everything, but certainly the hurting for electricity - put the money back. The hurting from housing - give the money back.

In terms of services, if Louise was to be given \$60 million - what would you do with it? You would share it with other Housing Connect.

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**Ms BIESER** - For me it would be that combination of housing and support, and a variety of housing options. Whether that is individual houses in the community, or those supported accommodation facilities, an extension of those.

**Mr MUNDY** - Four of the members here represent pretty strong rural parts of the state, and that has become an increasing issue. There is no ability or affordability in regional parts of Tasmania. People are moving out so they then lose their personal support networks. Some of that \$60 million needs to be spread across the whole of the state as well.

**CHAIR** - I am confronted by the range of data provided here, particularly around people on youth allowance, Newstart and other welfare, and the lack of availability, and thinking about the creep of people on even middle incomes pressing down on and expanding the wait list, and people experiencing homelessness and so on, it's struck me that in terms of the Government's immediate and emergency response, we are seeing the expansion of Bethlehem House, Hobart Women's Shelter and the purchase of the Waratah. There are about 100 or so, let's say, units that are going to be provided within a time frame for that, but it strikes me that with the depth on the wait list and homeless that those will very quickly be filled.

You talk about exit points. Where are these exit points of which you speak? I see gaps for families. I see gaps, for example, in relation to brokerage accommodation for under 18s. I see gaps in relation to regional Tasmania, as you mentioned Mr Mundy - if you would just snap your fingers and provide us with a solution.

**Mr MUNDY** - Some people are exiting institutional care or out-of-home care.

**CHAIR** - Yes, sure. Prisons, hospitals. We just have a choked system.

**Mr MUNDY** - Yes, correct.

**CHAIR** - In relation to successful strategies in other jurisdictions, you pointed the committee to a range of Tasmanian solutions. Do you think it's a matter of digging into those? You've mentioned inclusionary planning in a range of jurisdictions. The committee's heard a little bit and there's a bit of public discourse about Finland and Housing First, and you've thrown in Education First as well for good measure - everything first - do you have any other insights? Is that a fair perception that we should be looking to solutions that have already been put forward in the Tasmanian context?

**Mr MUNDY** - I would say 'yes'. Margie might want to elaborate.

**Ms LAW** - I don't think we're trying to say that there's not in other jurisdictions, but the time frame of the submission we don't put anything in -

**CHAIR** - We ask impossible things.

**Ms LAW** - Well, we don't put anything in if we haven't done the proper research. So our research so far has been Tasmanian-based and that's why we put Tasmanian examples in. We've read and been at forums and talked with HACRU and [TBC], and the Institute for Social Change. We know the scrutiny that their research has gone through and that's why we identified them. I've read all the submissions to the committee -

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**CHAIR** - Congratulations.

**Ms LAW** - And I know that there's a lot of other examples being provided. Some of them could be fabulous but they need to be evaluated in the place where they're run, and then they need to be looked at as to will it work here.

We didn't want to put in possibilities without knowing that they would work. I would say the major problem for solving housing affordability in the state is the political will to spend the money on housing and services. I think the existing services that we have in Tasmania could go nearly the whole way to getting most of the people housed if they were properly funded, if we had the exit points.

If we find that private rentals incentives work, increase it, but we need to know that it works and then that gives us exit points. If we know that other programs have worked in other states, bring them in. That gives us exit points but we need those exit points in order for our services to work, and our services do good work.

**CHAIR** - I understand the complexity here, but turning that question on its head then, is there anything that you would advise the committee will not work?

**Ms LAW** - Business as we've been doing it. One of the things that I would say is the Bacon-Lennon affordable housing strategy was so welcomed when it was announced, but all through it it felt like the community organisations had to keep an eye on it and fight for it, rather than the government leading the charge with it really proudly.

With this one again, we're so supportive of it, but one of the -

**CHAIR** - Are you talking about AHAP 2?

**Ms LAW** - Yes, and also the whole strategy. One of the issues with it, and we have put it into our submission, is it has not identified the size of the need. I know there is argument about whether it is or is not reaching its targets. I am not here to say whether it is or it isn't. Its targets are too small. It was clear in 2015 that the targets were too small. The advice given to the Government in the discussion paper that was written to help with the Affordable Housing Strategy identified that 1400 of the annual properties that needed to be built needed to be affordable. The strategy only has the goal of 600. We knew from the start of the strategy that it was going to under-perform for outcomes.

**Mrs RYLAH** - Are you saying that the research for the 1400 was accurate?

**Ms LAW** - I can't say that it is accurate, but I can say that that is what was advised, then the strategy came out with only 600.

**Mrs RYLAH** - I was questioning whether you were questioning -

**Ms LAW** - No. I am not questioning whether the 1400 is accurate, but it was advised in 2015. The strategy only suggested 600. From the beginning it did not take the advice given to it.

**Mrs RYLAH** - We had evidence received this morning that the assessment is being redone by the University of Tasmania. It will be with us by the end of the year?

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**CHAIR** - I think that is right, yes.

**Mrs RYLAH** - It is being done now.

**CHAIR** - Last call to Ms O'Connor.

**Ms O'CONNOR** - Thank you, Chair.

It is interesting hearing you talk about social infrastructure. I think in the parliament in relatively recent years we have been having debates where we talk about housing as social infrastructure. The state has a \$1.4 billion infrastructure budget embedded in this year's state Budget. When we look at it, its infrastructure is roads and bridges. I am interested in your thoughts on where the best social and economic return might be for that money? Even though the money is embedded now in funding roads and bridges, say we had a comparable amount of money to invest in social infrastructure within a reasonably sort space of time, we could deal with a lot of these problems, could we not?

**Mr MUNDY** - Yes, I believe so.

**Ms O'CONNOR** - There is reference in your submission to the Residential Tenancy Act and the need for improved minimum standards around insulation, heating, curtains, better protection of tenants' rights. Do you want to talk a little bit more about the reforms that we could make to the Residential Tenancy Act in order to improve liveability and also better protect the rights of tenants?

**Ms LAW** - A clear one that you've raised is (ka) - rental increases. If the ACT model with its tribunal provides better protection, then it's definitely worth looking into. I know the Tenants' Union is coming to talk to you. They see what happens from the point of view of the increase in rent and trying to negotiate with the landlord. What we see is from the perspective of people not being able to afford it and therefore either becoming homeless or coming to our services for help to find a different place to live.

Protection about rent increases would be very important. We live in a cold climate. There was something in the paper today about the cold and cold houses causing deaths. It is not new. We see it through our services - if people are not dying from it, we see people with ill health from it. So liveability in terms of the warmth of houses is very important.

**Mr MUNDY** - I am very conscious of time but I would echo those comments. It does affect health and wellbeing. From our experience across the community services sector we would say that any person that goes five pays or incomes from government without that payment is potentially homeless. Whether it is any of us sitting around this table or people on Newstart, if they go 10 weeks without a payment they cannot pay rent, they cannot provide food. We are seeing a crisis at the moment across Tasmania. It is fantastic that this committee is meeting. We need actions now. I am sure all the submissions have given you great insight into the need but also some insight into what we believe right across Tasmania could be introduced to address those issues. We are in that crisis and we need to work together to overcome that quickly.

**CHAIR** - On that note, three quarters of an hour is never going to be enough time, but thank you so much for your very comprehensive submission as well as your time today. We appreciate it very much. I will just read a quick statement to wrap up after providing evidence.

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As I advised you at the commencement of your evidence what you have said to us here today is protected by parliamentary privilege. Once you leave the table the privilege does not attach to comments that you may make to anyone, including the media, even if you are just repeating what you just said to us. Do you understand that?

**Mr MUNDY** - Yes.

**CHAIR** - Thanks again for your time today.

**THE WITNESSES WITHDREW.**

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**Mr MARK BERRY**, CHIEF EXECUTIVE OFFICER, **Mr TONY COLLIDGE**, PRESIDENT, REAL ESTATE INSTITUTE OF TASMANIA WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** - Welcome, thank you for taking the time to make a submission and appearing before the Committee today.

**Mr COLLIDGE** - We were asked to prepare a submission. I have basically done it on the basis of affordable housing, which in my mind, is something that is really provided by the government; and how can we assist, or how can we help, affordable housing in the marketplace.

More importantly, while there is a lot of comment about it, there's going back and looking at why are we in the situation we are in now, and what we need to do to try to change the circumstances, to get us into a situation where we can create more affordable housing, or housing in general, for more people. I have tried to address that in the paper I have written, so it is not really listening to the group before us talking. We haven't focused on any of those issues at all. It is really about how can we get more housing into the regions, particularly inner Hobart, which is the most affected at the moment by the housing and rental crisis, and addressing that.

**CHAIR** - On page 3, you have outlined the fairly significant challenge. I have read up to 17 900 new social and affordable housing dwellings would be required in Tasmania, over a period to 2036. That is pretty substantial, and yet, in your introductory remarks, you outlined responsibility, for at least subsidised public housing, being a government responsibility. Where does the balance lie in achieving a massive target like that?

**Mr COLLIDGE** - The massive total comes from a project on affordable housing projections, prepared by the Australian Housing and Urban Research Institute. The document itself was about 25 or 30 pages long, which I scanned through certain sections of. I was really just trying to find evidence. When I talk about anything in public, I like to make sure I have a fairly good understanding about what is going on, so that when I talk about it, I can talk with reference and with knowledge of knowing that I am not making stuff up, or just trying to cover someone's backside.

The whole project was to try to establish how many homes in Australia are provided for affordable housing. It suggests that the total, on the graph which is on the very back of that report, page 16, says there are about 384 000 properties across Australia, of which our total is, from memory, about 1.3 per cent or thereabouts, so it is not a significant amount.

I was reading through this over the weekend again. I have gone in and looked at, per head of population, how we compare to the rest of Australia. It is okay to say we have a crisis, but have we really got a crisis when you sit down and look, and compare us to every other state in Australia?

To give you some figures, at the moment per head of population, 2.5 per cent of the houses that we have make up affordable housing. That is the second highest in Australia. The highest is Adelaide, which has 2.6 per cent. If you go to Sydney it is 1.7 per cent, Melbourne is 1 per cent and Perth is 1.2 per cent. We are a state that is significantly reliant on affordable or public housing; that is the main reason for this research to be there. When the research was done, it did state that there were 727 000 properties required across all of Australia, so our percentage, again, isn't a significant number, or a high number in that comparison.

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**Mr TUCKER** - You say, on page 6, the failure of both state and particularly local government to be proactive in encouraging tourism accommodation ventures has been a major failing and has contributed significantly to the current situation we find ourselves in. I imagine you are talking about the planning scheme with that comment, is that correct?

**Mr COLLIDGE** - Yes, very much so. If we go back, and I can take us back to how our market is made up. We have the smallest rental proportion of real estate markets anywhere in Australia. It is 25 per cent. So 25 per cent is rental, 75 per cent is owner occupied. If you go to Sydney, it is 60 per cent rental and 40 per cent owner occupied. Melbourne is about 50:50.

You look at why prices in Sydney have gone down, it is because of the proportion of properties that were related to the rental market. The Reserve Bank came in and stopped investors from getting into the marketplace over there, because they wouldn't allow interest-only loans. When that happened, that basically meant 60 per cent of the market lost about 50 per cent of its buyers. So the market in Sydney has dropped. On that graph that I have at the back, where I have the median prices, in 12 months Sydney's price dropped \$150 000; Tasmania's went up by about \$70 000 to \$80 000 in that period. That was all because of the investors taken out of the marketplace.

We were not affected at all, because we had such a small proportion. With a small market - and particularly where we are about 240 000 people in Hobart - we have not got a market that can all of a sudden cater for 3000 or 4000 international students or mainland students coming here to study, and 3500 tourists per week coming here; that is an increase on where it was. All of a sudden, we have a growing workforce or work base, and we are not losing the people to go interstate to find work. We just don't have the capacity to be able to put people in homes. That is really why it has happened.

One of the comments that everyone is talking about is rising rents. If our house prices have gone up - and again, across all of Australia, people seem to think it is only happening here in Tasmania - if you go from 2000 to 2019, in Tasmania, our housing prices have gone up 305 per cent, so I would assume rents should be going up 305 per cent, because if house prices have gone up, the amount you have to borrow to buy, and your overheads, et cetera, but rents have not gone up anywhere near that much over the period.

**Mr BERRY** - It is 121 per cent.

**Mr COLLIDGE** - Yes, 121 per cent over that period.

**CHAIR** - That is 2000 to 2019, did you say?

**Mr COLLIDGE** - Yes. Melbourne, for instance, has had the greatest amount of increase, 323 per cent, Canberra 299 per cent, so our 305 per cent isn't something out of the pan that has just happened here. It is all driven by demand and supply.

My argument is that if we can increase supply we can create more homes. More homes means there is more choice, and more choice means there is less increase because there are more properties available for sale. It is the critical shortage of property that we have that has caused prices to increase over this last four years. To my mind, it is a failure of planning to an extent by the state government, but more so by the Hobart City Council. They are reactive; every single time something happens it is always reacting to a situation. I find it really frustrating when they then come out and want to blame Airbnb.



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Look at some of the statistics I have put in there about Airbnb. We hear a lot about people moving to the state and buying investment properties and using them for Airbnb. I think that is a fallacy, I really do. A lot of Airbnbs at the moment are people who are keeping their own home, renting that out and then using that home because of the returns they are getting. To give an example, I quote a place which my company manages. It used to be a four-bedroom home in Quayle Street, Sandy Bay. It used to get \$29 000 for a 12-month rental. We suggested that it would be an ideal Airbnb so we spruced it up, had it painted, new carpets, some furniture put in, and I think it now brings in about \$86 000 per annum, of which the owner nets \$65 000. So between \$29 000 and \$65 000, which one would you choose? We are finding that a lot of older people, particularly with lower interest rates where they are not getting the income they need to subsidise pensions and returns, are looking at alternatives they can use to raise money and Airbnb is one of them.

The other thing is, okay, let's put a restriction on Airbnbs. What is happening with the tourists coming here? All of a sudden you can't cater for a couple of hundred thousand tourists. Those tourists probably generate 2000 to 3000 jobs. All of a sudden people have to let those jobs go. It does have a flow-on effect and you have to look holistically at what is happening. We could drop 1000 properties into Hobart tomorrow and I could guarantee we would sell them all in six months. That is in inner Hobart. The current regime does not want to do that, or seem anti-doing that, or they are being tight in doing it, but I don't think the planning scheme helps or encourages that.

The planning scheme is an ass at the moment because it hinders not just people looking to build but also developers in the amount of time that it takes. I was at one of the first meetings Mr Jaensch had where he got the committee and all the parties together and was talking about what we can do to create more housing to help these people. It has taken him over 12 months to free up land when he had legislation passed to be able to use it to try to solve the situation. It shouldn't take 12 months for that to happen. It should be something that is almost like the stroke of a pen, or certainly within three months of going through the process, having the land assessed and having it changed.

Behind my office in Montrose is three acres of land. On one side are units and on the other side warehouses. It would have been an ideal affordable housing site. It is flat, it has access to the bike track, and 400 metres down the road is Northgate shopping centre. You then find out that the Glenorchy City Council refuses to rezone it because it is commercial. That is ludicrous when you have a planning scheme like that. If all of a sudden you have a couple of warehouses in town that could be converted into inner-city apartments, you should be able to go in and change them. It shouldn't be as strict as it is.

The other thing with the planning scheme as it exists with councils at the moment - and it is not just Hobart, it is a number of other councils - is that it's subjective, not objective. Planning should be an objective process. I don't disagree with the height limit suggestion in Hobart at the moment because I think developers need certainty and you should be able to come in and buy a plot of land knowing what you want to develop, and providing it meets all the planning regulations, it should get a tick and it should be able to be built.

You should be able to start literally a month after the planning application is approved instead of going through this process of having to advertise. Why in hell should you have to advertise a property and let the neighbours know you're putting up a three-storey apartment block which complies with all the council building regulations? It's beyond me. It's just creating an opportunity for disputes and people to kick up a fuss - 'I don't want this' and 'I don't like that' - and if it complies, that's what the rules are and that's what they're there for.

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I find the whole process with the planning scheme so frustrating. One of our clients has done the Brighton Estate, which used to be the old Brighton Army Barracks. Brighton Council told him that he had to pay \$1.5 million to upgrade the Brighton sewerage infrastructure. That's \$4000 per block of land that first home buyers had to pay for that infrastructure to be upgraded.

**Ms O'CONNOR** - Who should pay for it, then?

**Mr COLLIDGE** - The ratepayers, over time. If people had been smart with their money and investing it - we were promised by government that TasWater would be set up separately and our rates wouldn't go up. At the moment my rates have doubled for my office because I'm now paying TasWater. TasWater has become a utility that's almost bigger than Ben Hur. To try to get anything approved through them is so complicated now that you have to have the 'i's dotted and 't's crossed and it has to go back about three or four times. The fees that are paid are absolutely exorbitant and it's just ridiculous.

I'm a small developer. I've done a small development at Old Beach and the fun and games that you have - you've introduced these fire plan permits that you have to get now - we were told the block of land we bought we couldn't build on because the next-door neighbour had the south-west wilderness in his backyard. I said, 'That's his problem, not our problem'. The council has to address that and that's just how it's gone. In the end, after speaking to several ministers and trying to sort out what the rules and regulations are, council didn't want to tell this neighbour that he had to clean up his backyard. It's as simple as that. That stopped us for 12 months and that's four blocks of land that could've been developed 12 months down the track.

I can tell you a lot of stories about this particular development. Council sold public open space so we go to develop our land and there's not enough power. I have to pay \$90 000 to have the power connected to that lot. That's \$20 000 per lot that someone's going to have to pay to get. It is things like this where that process shouldn't be with local government. It should be an authority throughout the state which incorporates TasWater and Aurora or whatever you call it - TasNetworks - where you can go in, lodge your plans and you've got someone who hasn't got anything to gain. It's not an opinion, it's not a vote-catching process, it's just a process where you can go and get the property approved and done.

We need to come up with ways that we can get more houses done more quickly. One of the biggest issues we have at the moment is that we have a building industry working at capacity and it can't produce enough homes. At the moment I believe they're producing between 2000 to 3000 properties and we need them to be producing about 5000 at least for the next five or six years to cover the shortfall of properties we have.

**Ms O'CONNOR** - Mr Collidge, I just wanted to challenge a couple of statements you made. Your scepticism about whether or not we're in a crisis is interesting because we've had testimony from Shelter Tasmania, which is the peak body for the housing and homelessness sector, Anglicare, the Salvation Army, the director of the showgrounds and, in fact, the submissions we have are replete with references to a crisis in housing availability and affordability. I'm interested to know why, in the face of that evidence, you still don't think there is a crisis for people who are looking for homes or who are, for example, one of 100 people applying for a rental or who are getting their rent jacked up by \$70 per week, so they are exiting into homelessness. I have been in politics for more than 10 years and I have never seen anything like this.

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**Mr COLLIDGE** - Please tell me where I have said that we are not in crisis.

**Ms O'CONNOR** - You challenged the use of the term 'crisis' and questioned whether it is in fact a crisis.

**Mr BERRY** - I think that was putting it into context with what is occurring in other states, and the fact that the number of people in public and social housing is greater here than in Melbourne, Sydney and Adelaide, as Tony has already quoted.

**Mr COLLIDGE** - Please excuse me if you have taken me the wrong way. I really do feel sorry for people who cannot find homes at the moment. We are at a 0.7 per cent vacancy rate. It is not good enough. At the moment, Sydney is at about 3.3 or 3.4 per cent. Sydney has 20 000 homes vacant and we have 161. The only way we can solve that to get more properties done somehow. I am not really sure I can provide you with an answer as to how we can do that because, as I said, the building industry is at capacity. We cannot say to them, pop up 1000 more homes. We certainly cannot manufacture anything out of thin air. I say this reluctantly, even though I have spoken a lot about it, perhaps the Airbnb putting a limit on the number we can have for a short period of time may be a solution but I don't think that is going to be enough.

The other issue is that what I suspect is happening is that the private sector is supporting the public sector in terms of the numbers of properties we have, which we are providing, which the government can't do. One of the projects I was doing 18 months ago was to go in and have a look at how much money the government was getting out of stamp duty. I could not find it anywhere in Treasury but I happened to grab the budget papers. I was absolutely astounded when I realised that at that stage the income budget was \$5.1 billion or \$5.2 billion, two thirds of which comes from the federal government. A third goes to grants that are made to health, education and for other purposes, which normally gets spent on the top end of the island and not this end. Then you have a third from GST receipts, and another third which we are raising ourselves. We raise about 15 per cent of that through the stamp duty. What it meant to me is people who are saying we can survive on our own. I do a lot of talks to seniors' groups and I find it fascinating when people want money spent on education, people want money spent on health, and people want money spent on housing. We can only afford, I believe, to do one of those properly.

**Ms O'CONNOR** - If we are not prepared to pay more tax, do you mean?

**Mr BERRY** - That is right. The concern there - and I am going back to the last group that was at the table - it was put forward that if you had \$60 million, what could you do with it? You could put it in the bank because there are not the people out there to build the properties we need. There is so much going on in the commercial realm with the hospital, the hotels, the motels around the state and there are hundreds of millions if not billions of dollars' worth of construction that is going to occur there.

Our building companies, our young tradies, are all so invested and working in those areas. To build residential properties as currently needed for renters, for those wanting to build their own property - I recall when I was in my early 20s and built my first house back then with Laver Homes, buying the block of land to moving into it was a four month to five month process - that process is now two years. That is, you walk into Wilson Homes today and say that you would like to build a house and it is not going to be 2019, it is going late 2020 before you will be moving into that property because they are just so busy.

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**Ms O'CONNOR** - You are making a point, Mr Collidge, about the affordability of rentals in Tasmania relative to other parts of Australia. Shelter's submission is very clear. What we know from the rental affordability index is that Hobart is the least affordable capital city of any in Australia, but weekly incomes in Tasmania are about 25 per cent or more than \$300 less than they are on the mainland or as a national average. What we are finding from the most recent data is that Tasmania, the rest of the state, has become the least affordable rest-of-state area. One of the statements you were making in your opening was that affordable housing is provided by government. It didn't used to be like that, did it? It was social housing that was provided by government and there was much more affordability in private sector development. Do you think that the private sector has no space here to provide affordable housing options as well?

**Mr BERRY** - I don't think it is the responsibility of the private sector to provide affordable housing, and it is as simple as that. The private sector, these people who buy houses and rent them are doing that not out of the goodness of their own heart, to provide a house to put a roof over somebody's head, but to advance their future, effectively their retirement. People with investment properties will sell those at some point in time so that their retirement is in a better place than it was with just investing money into superannuation.

**Ms O'CONNOR** - So, is there no point us looking to the private sector to assist in increasing the supply of affordable stock?

**Mr BERRY** - It is a good area as a backup but it shouldn't be seen as a primary area to be looking at affordable housing. For somebody who is in rent stress or mortgage stress and they need shelter or emergency accommodation, that is the area of the government.

**Ms BUTLER** - I am not sure we have the same understanding of affordable housing. Affordable housing is for people who spend 30 per cent of their household income. That could be labourers, they do not need a flash house. I think we are saying that there is obviously a demand in the market for houses that are affordable for those people, and you don't think there could be a capacity at all for the private sector to build them.

**Mr COLLIDGE** - How do you build affordable housing? This is one of the questions that I ask. My son is a builder and I said, Jarrod, how much can you build a house for? What is the cheapest you can build a house for? He said, I could build one for \$1200 a square metre. I said, what are most of the properties you are building at the moment? He said, they are at \$2000 to \$2500 a square metre. It is the cost. We are just about the most expensive state to build a home, to build a dwelling, and it is going to get worse because of the amount of work the builders have got.

To try to lure a builder from one job to another, you will get them if you pay them more. If a builder is under pressure because he has a lot of work, he has to pay his tradies more. Okay, we produce some of the best tradies in Australia, if not the best tradies in Australia, and that is because we are a small environment. They get to do a whole lot of variety in their work and they become very skilled at it, whereas on the mainland it is just straight ahead.

If you look at the costs of building in Perth or in Brisbane compared to here, there is a significant difference. We are already on the back foot when we start in terms of building. We don't have the competition, we don't have the companies, and it comes back to a population thing. It comes back to the question that you asked: are we prepared to pay for it? That is part of being small state. I would like to see that state try to grow but there are a lot of people who are against it growing and do everything they can to put roadblocks up. Now we are suffering for that.

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**Ms O'CONNOR** - There are people who want it to grow on their terms.

**Mrs RYLAH** - Gentlemen, you have portrayed the image of Tasmania as quite different. You have portrayed Tasmania as having the lowest level of rental property. The opposite side of that is that we have the highest level of home ownership. It is just flipping the equation.

**Mr COLLIDGE** - Exactly.

**Mrs RYLAH** - We have the lowest level of rental properties in the state, and we have the most expensive place to build homes. I tried to get that evidence from earlier witnesses today. You are quoting minimum \$1200 per square metre, but on average it is about \$2500 per square metre. You are telling us that we are in a really difficult conundrum.

**Mr COLLIDGE** - I wouldn't want to be the Housing minister for any money in the world. I think he has the hardest job in Australia at the moment.

**Mrs RYLAH** - You have identified issues within our councils, in DAs, in the planning scheme, all the regulatory requirements that go with that, and the time delay to get something from go to built. Is that the key issue as you see it, or am I missing it?

**Mr COLLIDGE** - No. You have almost got it in a nutshell. We need more dwellings to be built. At the moment we haven't got the workforce to do it. We haven't got time to train a workforce, because in four years time we could be in the same conundrum. In fact, if you look back, from 2009 to 2013, we had the worst real estate market ever. I think at that stage, we had the highest level of unemployment and we had the worst economic conditions. If you said at that time we are going to build 5000 homes, people would have asked, 'Are you on drugs?'. We had people exiting the state in thousands. There was no sense at all in wanting to do that.

All of a sudden, in 2014 through to 2018, we have this huge increase in tourists coming here, and we don't have the accommodation to cater for them, so Airbnb takes over. We have the university announcing that it is going to double the size of its student numbers. We have 3000 new students coming in, minimum. We have asked the university for information and they won't give it to us.

**Mrs RYLAH** - Their annual report is out today.

**Mr COLLIDGE** - We have asked for the number of international and mainland students that were coming in to try to give us a gauge, so if we are making a public comment we know how many homes we really do need.

**Ms O'CONNOR** - I think it is in their annual report, which was tabled in parliament last week.

**Mr BERRY** - This was earlier this year. We wrote to them on a number of occasions, and it fell on deaf ears.

**Mr COLLIDGE** - You have the tourists, the students, then all of a sudden you have an increase in jobs. The economy is picking up.

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Most of our real estate is people coming and going, in and out of the state. It has been like a revolving door. As people leave, people come in, there are homes available. With people not leaving jobs, it has just meant that the houses haven't been there to sell, and the vacancies haven't been there.

We have had this influx of people coming and so house prices have gone up 25 per cent to 35 per cent over the last four years. That is not as bad as the last boom. In 2002 to 2007, house prices went up about 200 per cent in Hobart, yet we thought nothing of that. We seemed to manage that because it wasn't at the extreme where we have had the shortages that we have now. We never had housing affordability and homeless people and the outcry in that market that we have now.

This is completely different. I have never experienced this. I have been doing real estate for 26 years. Prior to that, I managed all of AMP's investment properties and mortgages throughout Tasmania. I have never known a market like this. I really haven't got the answers. I would hate to be Roger Jaensch, who is trying to find a way to build more houses, when you haven't got the people available to do it.

The other thing is the money. Just working on 1000 homes was about \$162 million. Where are you going to get \$162 million? I tend to agree, and I'm probably going to get screamed at here, with our federal counterpart, that we shouldn't be paying the debt off or it shouldn't be waived for the housing amount. It will open the door for Western Australia to say, 'We now want more GST'. Tasmania can't stand up and say, 'No you can't, we need it' because they turn around and say, 'We did you a favour, we waived your debt'. So if one third of our income is wiped out or we lose a large proportion of that, it makes it even worse financially to try to justify our position in the marketplace. I would have liked to have seen them do away with the interest and you pay it off over 10 years. It's out of the way and we've met our commitments, we've paid the debt off.

**Mrs RYLAH** - It might happen yet.

**Mr COLLIDGE** - I don't have the answers other than I think we need to streamline the processes. If we can streamline the processes, we can get more housing done. The more housing we have then the more we can increase the rental market.

I think Cassy asked - I hope you don't mind me calling you Cassy? -

**Ms O'CONNOR** - No.

**Mr COLLIDGE** - asked about the involvement of the private sector. There is a scheme at the moment where a private investor can receive a subsidy if they put the house out for affordable housing or for public housing uses. The federal government did it a while back, but the tendency was they would do it and then they would withdraw it. So people invested in affordable housing and thought they had a really sound investment and it was all fully protected. Then they take it away.

**Ms O'CONNOR** - It was NRAS, wasn't it? The National Rental Affordability Scheme, you are talking about? An excellent scheme.

**Mr COLLIDGE** - Yes, it was a fantastic scheme. Things like that, I think, could work really well. You could involve the private sector in that but there has to be something in it for the private sector to want to do it. That's where the private sector would -

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**Mr BERRY** - But I think there needs to be certainty there. The current pilot program, where there is incentive for landlords to put their property into affordable housing and subsidise rents and things like that, is almost up. It's being continued for another 12 months but where does it go to from there?

**CHAIR** - Are you talking about private rental?

**Mr BERRY** - Yes, correct. That scheme should be advertised for a longer period of time so those investors - those property owners - know what they're signing up for and it's not going to end after a 12-month tenancy. Unfortunately -

**CHAIR** - It has just been increased to two years, I think.

**Mr BERRY** - Yes, great. Unfortunately, when we talk about long-term tenancy it seems the agreed timeline is a 12-month lease. In my mind, and you're obviously agreeing, Cassy, that's not a long-term tenancy. In my mind, a long-term tenancy is roughly five years or 10 years, something like that.

**Mrs RYLAH** - It's until 2023.

**CHAIR** - At least two or three years have been argued for elsewhere. It's protection for tenants as well.

**Mr BERRY** - I just want to add - and I think we'll get to it shortly -

**CHAIR** - I think we have to wind up in a minute.

**Mr BERRY** - Private investors and developers should be incentivised to produce or supply properties. By doing so, more properties come into that arena and into that market. By supply and demand that will reduce rents, or at least level rents where they currently are instead of the constant increase.

The last part in the terms of reference in relation to rent-capping or keeping rent increases to CPI that are happening in the ACT is terrifying in this industry. At the moment that might be okay but what happens when interest rates increase? Interest rates won't stay low or go down forever, they will start to go up.

When that starts to occur and you can't increase your rent to a suitable level, unfortunately those people who own the properties will be put into a position where they are in stress and forced to sell the properties.

**Ms O'CONNOR** - In the ACT it hasn't been a disincentive to investment. Since 2011 the ACT scheme has been in place and there have been periods of relatively high interest rates in that time.

**Mr BERRY** - My counterpart there will argue that quite differently on the success it hasn't been. As to the security of the tenant, rent control, family violence and things like that, the REIT has been a very strong supporter of minimum standards which are already within the Residential Tenancy Act. Whilst Nick McKim was minister we were the lead body on bringing in smoke

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detectors into rental properties as well as legislation. Those things are already in place without further things being placed onto the investors or the current property owners to do.

**Mr COLLIDGE** - We've already had an 11 per cent decrease this year in investors in this state. We don't need anymore because that is 900 properties we're not going to have to let, and come October it's going to be crunch time.

**CHAIR** - We're going to have to wind up on that point. Thank you very much for your submission and your appearance before the committee today.

As I advised you at the commencement of your evidence, what you have said to us here today is protected by parliamentary privilege. Once you leave the table you need to be aware that privilege does not attach to comments you may make to anyone, including the media, even if you are just repeating what you said to us. Do you understand that?

**Messrs BERRY and COLLIDGE** - Yes.

**THE WITNESSES WITHDREW.**



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**Ms KYM GOODES, CEO, AND Dr CHARLIE BURTON, POLICY MANAGER, TasCOSS, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.**

**CHAIR** - Welcome. Before we begin I need to read a statement and then we will kick off. A committee hearing is a proceeding of parliament. This means it receives the protection of parliamentary privilege. This is an important legal protection that allows individuals giving evidence to a parliamentary committee to speak with complete freedom without the fear of being sued or questioned in any court or place out of parliament. It applies to ensure that parliament receives the very best information when conducting its inquiries. It is important to be aware that this protection is not accorded to you if statements that may be defamatory are repeated or referred to by you outside the confines of the parliamentary proceedings.

This is a public hearing. Members of the public and journalists may be present and this means your evidence may be reported. It is important that should you wish all or part of your evidence to be heard in private you make this request and give an explanation prior to giving the relevant evidence.

I also advise that the House resolved to add a new term of reference to the committee's terms of reference for the inquiry, namely, '(k)(a) Regulation of rent price increases, with particular reference to the ACT model.' You may wish to make reference to that in relation to your submission today.

We received your submission a bit later in the piece so not all of us may have had the time to digest it fully because I note it is quite a comprehensive submission. Thank you for taking the time to do that. I invite you to make some introductory comments, if you like, and then we will go into some questions.

**Ms GOODES** - In our view, Tasmania is facing an unprecedented housing affordability crisis. Unless we can address this crisis by extending our thinking beyond what we would call business as usual, we will see further displacement and marginalisation of low-income Tasmanians. When challenges and change and disruptions are everywhere, how you respond is the big question we are all facing.

While important initiatives are underway already and are intended to address some elements of the current housing affordability challenges, the cost of housing continues to be unaffordable for many. While TasCOSS has a direct focus on those Tasmanians whose income levels or circumstances do not enable them to access the private market housing, the affordability issues now extend well beyond and into the broader population.

There is still no evidence-based understanding of the scale or scope of the housing affordability challenges Tasmania faces right now, or any projections for the decade ahead at least. Within this context, while TasCOSS obviously supports and wants to address the terms of reference to the inquiry and the various elements we have included in our submission, we have also put forward some high-level sets of questions which we believe need to be considered. If we do not identify and understand the overall housing market, the structural regulatory system, policy, legislation and program responses that are currently failing to enable an affordable housing market in Tasmania, then we will only be part-way there in any of the decisions we make. We also need to identify what will be required in the decade ahead and beyond to deliver what is needed to ensure all Tasmanians have a place to call home.

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Based on the unprecedented nature of the current housing market in Tasmania and the relatively rapid pace at which the market changed, we do not think it is time for business as usual. Therefore, in addition to responding to the terms of reference, we would like to put to the committee some overarching questions we think need to be considered, including what is the current and projected need for social, affordable and private housing over the next decade in Tasmania? What governance and institutional structures and systems do we need to ensure we can meet this demand in the next 10 to 20 years? What are the legislative policy and regulatory settings needed to meet that demand and ensure the system can deliver what the housing needs in Tasmania are? How can we ensure an overarching governance model that can monitor and assess all factors that influence housing supply, not just in the social housing space but more broadly, as well as demand?

The establishment of a strategic growth subcommittee of Cabinet we think is an important step and is well placed to potentially answer some of these higher-level systems and structural questions. TasCOSS has worked closely and argued strongly for inclusive growth strategy and focus from the state Government as we experience this unprecedented growth. As we consistently measure up well with national rankings economically, now is the time to turn our focus to ensure that the growth is sustainable beyond the traditional cycles we have seen previously, and we want to explore how we meet what we would call the intersection between economic and social policy. Access to affordable housing is the number one measure of the human experience of economic growth in Tasmania, and at the moment this is a measure on which we are currently failing.

**CHAIR** - Thank you for that. The committee received submissions today from Housing Tasmania, the other peak body, Shelter Tasmania, and a smattering of interest across community and private investment. It has certainly been a very stimulating and challenging day.

I will kick off the conversation and then pass to my committee colleagues. You really set the challenge for looking at the very long term - 10 to 20 years - and we have heard today some support for the Government's Affordable Housing Strategy and underpinning action plans today. I am wondering to what extent you feel that there is the fixed flexibility to respond to the emerging housing affordability crisis - as you call it - within the current public policy settings or does there need to be some sort of rethink? What does business as usual look like? Would that be the settings we are currently on and how would one approach a reset, if that is what you would recommend?

**Ms GOODES** - It is what we recommend. We support both AHAP1 and AHAP2 as very sound policy responses in an environment where you would not have seen what we have seen in the last four to five years. Both AHAP and AHAP2 were based on demand projections from about five years ago and, at that time, some considered they were already potentially slightly out of date.

In a generally stable housing environment you would say that the policy direction and the investment by the state government, putting aside the challenges of the housing debt, in AHAP1 and AHAP2 were probably around about what you would expect to see in a state this size in a normal policy framing. However, we are not in that environment and we stopped being in that environment about three years ago. There was a period when you may have been able to say, and the commentary was, that it was growing pains but we have moved beyond that. The cycle of growth is now quite continuous and, therefore, we need to look at a policy response or strategies or plans such as the AHAP2 and more broadly. What we are trying to do at the moment, in our opinion, is respond with the current system, current thinking and current policy settings as you would respond in normal circumstances and we are no longer in normal circumstances.

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Even the expectation - and I pick up on the comments of the previous two people from the Real Estate Institute that you would not want to be the Housing minister right now - that a small department with a small budget like the Department of Communities Tasmania sitting under a minister responsible for social housing is able to tackle so many factors and elements that sit well outside of that portfolio is, in itself, actually not business as usual. The number of factors that are impacting on the housing market in Tasmania, everything from the international student numbers through to tourism and all those in between that are well documented in our submissions and everyone else's, means that we do need to lift this up to a higher level of thinking and what I would call the systems or helicopter view of this. We must look at how we can get the right governance structures in place so that the responsibility is a whole-of-government responsibility and we can start to address where market failures happened. We would argue that the current structures of the bureaucracy and the broader community sector, the current structures that sit within Cabinet, mean that we need to extend the thinking on this because what we have now is a spiralling effect of what is coming at us faster than we are able to deal with.

**CHAIR** - You talked about the strategic growth Cabinet sub-committee and invest quite a bit of hope in the potential for that. Can you explain to us how that governance arrangement might work? For example, how would TasCOSS and others feed into intelligence gathering for the sub-committee of Cabinet to ensure it is not talking to itself in an echo chamber?

**Ms GOODES** - We use the State Budget Priority Statement process and some ongoing work we are doing with the Departments of Premier and Cabinet and State Growth to try to identify who is missing out as the growth is happening, looking at the opportunities and the challenges that a strong economy is presenting to Tasmania. We are using a lens of what are good living standards, what is a good life in Tasmania and how we can make sure we do not leave people behind as opportunities emerge and housing sits front and centre in that, as does putting local people into local jobs. There are some key indicators when growth is strong, of how you make sure people are included in that growth. That does not happen accidentally. It happens intentionally.

Our goal in advocating strongly for an inclusive growth strategy, framework or strategic growth if that is the language to be used, is to make sure the key measures of the human outcomes of growth are able sit alongside the economic measures. We got a CommSec report last week that sits us quite strongly in the national economy, but if we did a parallel assessment of where people are sitting based on that high level of economic growth it tells the other side of that story. Our goal in our advocacy work is really to try to highlight this to the sub-committee of Cabinet, by ensuring a range of voices can come through that mechanism, and ensure that the key indicators of economic growth and the key opportunities aren't missed.

We are doing a lot of work in the Break O'Day community at the moment in terms of unemployment and employment in the partnership work, and the tightness of the rental market in the Break O'Day/St Helens area and how that has been impacting on local people's capacity to take up local jobs. We don't have the ability in public transport and the local people are pushed further out of that community because the rental properties are being taken up by people coming in, labour coming in to build the bike trails or for tourism. I use that as an example because a lot of the focus in the housing issue is in Hobart, but I would actually say in the work we do across the state the impact is often as high if not higher in some of those more regional and rural parts of the state. What that means is, rather than the growth we are experiencing being inclusive it is actually further marginalising people who were already struggling to participate day to day. We are concerned about the growing level of that marginalisation, housing and availability of stable housing in the places where people want to live and work, which are front and centre.

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**Ms O'CONNOR** - I was interested to hear what you said earlier about the Affordable Housing Action Plan 1 and how you thought the level of spending was about right for the time, but my observation of investment in social housing between 2014 and 2017 is that there was no new money put into housing. That is where some of this lag has clearly come from. Would you agree?

**Ms GOODES** - Absolutely. When I say relative, it would be what you would have expected based on the projected demand that was already potentially out of date and the taking into the account the accumulative impact of the lack of investment based on the housing debt and other factors.

**Ms O'CONNOR** - We have had quite a bit of discussion with witnesses who have come to the table about the changing demographics of people who are in housing stress, distress, homeless or in risk of it. Do you have any observations on the profile of people who are now presenting to services for support?

**Ms GOODES** - Yes, quite a few. Our emergency service providers tell us that they have as many people who are waged coming through their door now as they do people who are living fully on income support. The general example of that is that once people have paid their rent, occasionally a mortgage but predominately rent, and put food on the table, they need to come and get food every time a bill hits. They have to keep paying their rent to stay in their accommodation, in their home, so they then have very challenging decisions to make. We are talking about people, some of whom have long-term stable employment but quite low-income stable employment.

The other big challenge for Tasmania right now is the growing level of under-employment. I will confirm it but my memory is we have about 259 000 Tasmanians who report they would like to work more hours than they are able to work currently - and so highly casualised work, seasonal work, people telling us that they work two or three jobs, and they juggle between, to try to end up with a minimum-wage scenario. We know that puts pressure on their income-support reporting to Centrelink - there are a whole lot of things wrapped up in that - but we are seeing a definite shift in who is really putting their hand up and saying, 'Hey, I actually can't cope with this right now and I need some help'.

**Ms O'CONNOR** - One of the issues here obviously is that rents are increasing and, as Shelter Tasmania says, over the past 10 years, rents have gone up by around 50 per cent - but for some households they are going up 50, 60, 70 per cent within the space of a year.

One of the references in the terms of reference is about some sort of regulatory system for rent increases that are not keeping up with wages, or even justifiable in terms of people's capacity to pay. Do you have any observations or thoughts on that?

**Ms GOODES** - We do, and I think that's why in our submission, what we said is we absolutely agree that it's a shift in the power balance between landlords and tenants that we haven't seen before, at a level that we think we need to review the tenancy act in its entirety. So undertaking a comprehensive review, but not just of that - of the whole system.

That is why we keep saying, we are lifting it back up to here to say, we currently have a system within government - within the political and bureaucratic arm of government, through to the legislation that regulates and controls this system - that we don't think is necessarily fit for purpose anymore, because the world around us has changed so dramatically.

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The pricing of rent is absolutely one of those. We haven't done deep research at this point on what other options might look like, but we know that it is a huge issue, and back to what are we then seeing in the sector as a result. We are seeing families moving in together so they can stay living in the same community, keeping their kids at the same school, but overcrowding into one house.

We have a number of older Tasmanians who live in two-bedroom units who now have their children and grandchildren sharing with them for these very reasons, as those younger families are being priced out of the rental market because of really high increases in rent, and not wanting to move their children's school, not wanting to break their family or social connections. People are trying to live in one house in that community so they can stay there. That is just another example.

What that presents, again back at the system level, it's not just a housing problem or an overcrowding problem, but there's a public health potential crisis brimming there, as people are overcrowded; there's an education outcome that's really impacted by that.

We have families telling us their children can't have a birthday party because there are so many in the house. Those very simple processes of having your friends home for a birthday party can't happen when there are two or three families living in one house together, and there's no room for that. You can't have a friend come and sleep over after school when you're in primary school, because you're already sharing a room with four or five others. That is a very tangible reality for many people who our sector work with now.

They're not necessarily people who are even on the waiting list for social housing.

Again, this is why we say it doesn't just sit in one portfolio anymore. This is an issue that needs to be elevated up and out into the whole of Government.

**Mr TUCKER** - It is interesting you are talking about planning and also talking about what is going on in Break O'Day. As you probably know, I was on that council at that time.

**Ms GOODES** - Yes, I do.

**Mr TUCKER** - It is interesting dealing with this, after dealing with council and the issues we had, because the reason we pushed for a lot of bikeways and things like that was because our businesses couldn't make enough, so they didn't survive, and we just didn't have enough economy there. So we pushed for more jobs, but we also pushed to develop areas within the Break O'Day region so that people could get houses built, so we can supply that forward thinking in that area. I am interested in your expanding a little bit more on that, with what you've said to us already.

**Ms GOODES** - The work we've been doing in the Break O'Day region and three other areas is in partnership with the Tasmanian Chamber of Commerce and Industry. We are really trying to look at how we can help local people looking for work, and local businesses with jobs, better come together and see how we can actually move people into work. What are the challenges for people looking for work? What are the challenges for employers?

As we've been doing work in that community - and we have seen this in Sorell and Derwent Valley as well - we are seeing a lot of people who did live locally, but in rental properties, not be able to afford to move into some of the new subdivisions where what we would describe as

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'affordable housing' has been built. It is becoming a tiered system in a way that we have not seen before. Those at the very lowest level of income, who are long-term unemployed predominantly, and have lived on income support payments for quite a period of time, and therefore are in absolute poverty, they are being pushed out to first St Marys, then further up into the Fingal Valley, because that is the cheapest areas to move on out into.

When they want to try to take up a job opportunity, the first barrier up against them is the transport issue. If the jobs are there - there are the tourism opportunities, the bike trails, the other enterprises and initiatives are creating employment - but local people are struggling to be able to actually take up those employment opportunities without a very different degree of support than you might have seen even two or three years ago.

**Mr TUCKER** - I can hear fully where you are coming from because this is something we always discussed. I brought up on council that we are very heavily reliant on tourism in the Break O'Day region. We needed to be looking at that. I know I put forward about the Tabrakanna forest being developed, and also looking at Fingal Valley, at the water and the coal and mineral resources in that valley. Looking there for opportunities for employment, and to create opportunities for our people. Also, with housing, one of the local people brought up with me about infilling in Fingal, because we have that sea change coming through and buying the houses up, but there's a lot of areas in between those houses, or they are on very big blocks that can be used for housing that isn't being used. The services are already provided, so it is not that hard to actually infill.

**Ms GOODES** - You are describing what we would hope to see the subcommittee of Cabinet start to look at mapping across Tasmania - where we have employment decline; where have we employment growth; what are the most basic living standards we want to see sitting around those communities, in terms of access to services, access to housing, access to what you need to be able to live in those communities and take up those job opportunities.

If we are not mapping that now, understanding where the decline is, understanding where the growth is, and then planning our housing and our social infrastructure around that for at least the next decade, we will stay in this churn, in my opinion.

**Ms O'CONNOR** - Maybe you should be on that subcommittee, Mr Tucker.

**Ms BUTLER** - We heard a number of submissions through the day, and it was raised on quite a few occasions that housing should, or could, be better served if it was under the title of 'infrastructure'. I wanted to see your comments on that, not 'social infrastructure', just as 'infrastructure'.

**Ms GOODES** - There are two perspectives on that. I don't want to sound like a stuck record, but it is partly why we think we need to have this higher-level view, because one of the biggest risks, whenever there is a crisis, is that responses will not consider the unintended consequences, and I think that is a really good example of that. Most governments nationally, internationally, have to make quite quick policy decisions when there is a crisis. We have seen examples in Pink Batts and other things, where in doing so you often don't have the time or the capacity to give that greater thought.

While I don't disagree that governments tend to favour investment in infrastructure - therefore sitting social housing in that space opens up potential for greater investment - I think we have also to make sure that we have the fact that social housing is for humans front and centre.

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Generally, the people who administer huge infrastructure projects - don't get me wrong, I am not saying they are not interested in the outcomes for people, they absolutely are, but their level of understanding of the social policy need doesn't necessarily sit alongside the part of the system that needs to look at that. This is why we would say we need to understand what the demand is currently and the projected demand to make those sorts of decisions. Where is it then best put in terms of what part of government should it sit in, what part of the budget process and allocation should it sit in? It could be that it sits in one or more than one, but the starting point in our mind is that until we get a clear understanding of the current and the projected demand, we can't really make those sorts of decisions without risking some unintended consequences.

**Ms BUTLER** - That issue has been raised as well. It's like a stab in the dark insofar as how big is our problem, so we're working towards a strategy towards which we already know the numbers aren't right and is inadequate, and the whole scope and magnitude. I certainly don't want to catastrophise - that's the new buzzword at the moment - the situation, but what I am very much hearing today is that the situation is only going to get worse. The strategy that's in place at the moment is already inadequate and we know we have to take some drastic measures and it can't just be a talkfest.

**Ms GOODES** - We agree absolutely but what we're saying is that in any strong policy response - social, economic, any policy - you have to start by being able to clearly define the problem and we haven't done that yet. We haven't acknowledged the scale or scope of this problem and we haven't clearly defined it. Until we do that we will be looking at all the different parts of the problem but not the system that sits over it and there is a risk we could put it into a part of a system that is not its best fit long term.

**Mrs RYLAH** - Thank you very much for your excellent paper. You have brought up some really interesting questions. With regard to social housing and rental, you say that 45 per cent of the dwelling construction is only met by the capped rents that are under Better Housing Futures and there is a need for a top-up. I haven't yet been able to read the *Conversation* article on the virtuous cycle of housing so I apologise for that. Can you explain to me how you think that would look? Are we looking at an NRAS reversion, the phoenix of NRAS, or are we looking at something else? What are you thinking of in this?

**Ms GOODES** - Our view is that no matter what, it is clear we need a major capital investment. Where that comes from is still up for discussion and it really comes back to understanding the problem a little more clearly. What we know is that our community housing providers have managed to put a lot of stock on the ground. They have workforces available and are able to do that quite efficiently, and as the previous witnesses outlined, it goes back out into the commercial building market. Domestic builds are competing so inequitably with the commercial sites and builds at the moment and this is the challenge with the infrastructure and where you decide to put this. We are either running to stand still at the moment or we are going backwards. We are treading water constantly.

How do we understand and define the problem to the point where we can get an immediate capital investment? The next question would be what would be the right model to sit that in? How would we look at that relationship with the federal government and understand how we might renegotiate the way we worked with the federal levers that can be pulled versus what the state government can trigger? We wouldn't let local government off the hook either because we think they have quite a big role here to play.

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We would like to understand what the capital injection figure might look like just to get us to a point that isn't crisis and then we can look at where we know best practice exists and what models we have seen come and go that actually worked. I don't have deep knowledge of the NRAS, it's not an area of my policy background, but my understanding from people who I have great respect for is that it was a really solid model. How do we make sure that we can learn from some of that evidence and put back on the ground a model that can deliver what we need efficiently?

I would argue that the building and construction challenge that sits before us is part of this bigger problem. Had we this time last year started thinking about the fast-tracking of apprenticeships and other ways we could tackle that, we would already be a year closer to a qualified workforce. We have to act on that alongside of anything else we do on those sorts of models and we have to be innovative about the way we do that.

**Mrs RYLAH** - You were saying that you think local government has a part to play in that. How?

**Ms GOODES** - It is everything from planning through to inclusionary zoning challenges. I was at a health conference before I came here. How do we get local government to help define liveability in a community in a way that also means its rate base can work with state government to provide the essential services we need? What is the critical mass we need to make a community viable, not for our existing communities but as we are trying to set up new communities? How do we learn from what we didn't do well previously? How do we make sure we can get the right density?

A lovely speaker this morning talked about 'delightful density'. The role of local government is to help us define that community by community so that we can make sure we can expand the amount of social and affordable housing in a way that doesn't set communities up not to be able to have any proper public transport systems, GPs, schools and all the things we know a community needs to strong and resilient.

**Mrs RYLAH** - Can I ask who the speaker was?

**Ms GOODES** - Her name is Billie and I will have to send you her surname. She is from RMIT and is presenting again tomorrow at the Health in all Policies conference that the Premier's Health and Wellbeing Advisory Council's facilitating. I can send you through her speech.

**CHAIR** - I note you have partnered with the Mental Health Council in putting together your submission. We have submissions today talking about up to 50 per cent co-morbidity with mental illness, 30 per cent AOD and a high proportion of people with disability in this state. I am wondering whether you have any particularly clever insights into how we tackle the workforce development challenge given that traditionally we haven't paid people in our community sector particularly well. We are asking a lot of them. I don't know how the Housing Connect people are coming to work every day, frankly, when there are 3300 on the wait list and waiting for around a year, and I am hearing many times up to five years-plus. It is depressing work, so how do we prepare a workforce for the future to be able to address this deepening crisis?

**Ms GOODES** - There is absolutely no doubt that vicarious trauma for our workforce is one of the greatest issues we're facing currently. Frontline housing workers would probably be



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experiencing that level of vicarious trauma at a greater rate than others but as you know, across child safety and all of those areas that our sector works quite closely with, it's a big issue for us.

We are in the process of developing a 10-year industry plan and workforce is one of the five themes of what we are working on with the Department of Communities Tasmania. That plan has a steering committee that is co-chaired by myself and Ginna Webster from the Department of Communities and is made up predominantly of CEOs from our sector, with Mel Gray representing the other parts of government from DPAC. What we are trying to do is look at this very question - how do we look after the workforce we have when we are a highly casualised industry ourselves, so we are as guilty as any other industry? We have challenges around the pricing models of the National Disability Insurance Scheme and other major reforms that make it really challenging for permanent employment in the smaller organisations.

If we don't start to look at how we can ensure that the professional nature of the work our workforce does both in its training and remuneration, we will struggle to compete with other industries, and that will be a challenge for the whole of Tasmania. We have done projections of demand and need and it tells a pretty frightening story, particularly in rural and regional Tasmania, of what level of social assistance workforce we will need in the next 10 years and what our current workforce is capable of, and the gap is quite big.

**Ms O'CONNOR** - I am interested in the development of the strategic growth subcommittee of Cabinet and to hear you talk about the need to plan 10 or 20 years into the future. As you know, global heating is becoming more and more of a pressing issue for policy makers, for governments and for ordinary people. Do you agree that if we are increasing the supply of social and affordable housing in a way that is liveable - and you talked about liveability - then we need to look at what sort of houses we are designing, what kind of energy efficiency is in place, insulation and those sorts of things? Professor Keith Jacobs from UTAS makes the point that in a period of climate change, it will be the poor and dispossessed who suffer the impacts the most. I am interested in your thoughts on that and also strongly suggest that when you engage with the strategic growth subcommittee of Cabinet you raise this as an issue in terms of long-term planning to keep people safe.

**Ms GOODES** - I absolutely agree. We have been using, looking at and working with what the OECD call the Living Standards Framework. It is an internationally recognised framework that all OECD countries are measured against and it is work that sits under a really beautiful framing called How's Life?. When you look at how life is for people, what would you look at? What are the main things you look at? The obvious are sitting in there such as health and your ability to be with friends and family, all of those things, but also sitting within there is living in an environment that is sustainable and in recognition of the environment and its importance to life and to the future of the community you live in. All our work is framed within that and we have referenced in our submission the work that ACOSS has done across the country about how we get energy efficiency as a standard in social housing.

I have just moved into a brand-new apartment for the first time. It has double glazing and the best-grade, most energy-efficient insulation you could have. We very rarely turn our heater on in the middle of winter and I am stunned. I have never lived in a house where I'm not always cold. If we could put that into social housing, if we could use the best-practice models, we would prevent the escalation of energy bills for people on the lowest incomes. Climate change impact for people in poverty will be the greatest. I am absolutely advocating alongside the other living standards with that one to make sure that living a good life in Tasmania includes taking that into account.

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**Ms O'CONNOR** - Between 2010 and 2014 when Housing Tasmania was delivering houses, I don't know if it's the same practice now, but we applied high energy efficiency standards and also free energy efficiency upgrades. New houses had high energy efficiency upgrades and old houses got upgraded. I still think that is good policy.

**Ms GOODES** - I agree.

**CHAIR** - Okay, thank you so much for your very comprehensive submission and evidence you have provided today. We really appreciate the time and effort you have put into this and please thank your colleagues who assisted with the process.

As I advised you at the commencement of your evidence, what you have said to us here today is protected by parliamentary privilege. Once you leave the table you need to be aware that privilege does not attach to comments you may make to anyone, including the media, even if you are just repeating what you said to us.

**THE WITNESSES WITHDREW.**