

THE LEGISLATIVE COUNCIL SELECT COMMITTEE ON HOUSING AFFORDABILITY MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON MONDAY 22 OCTOBER 2007.

ROBERT VINCENT, ROBERT VINCENT ARCHITECTS, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR (Mr Martin) - Welcome officially to the committee's hearing.

Mr VINCENT - Thank you.

CHAIR - Perhaps if you could just start with an opening of your submission.

Mr VINCENT - My involvement with housing started with an organisation called Shelter when it was first created by the then Whitlam Government under Tom Uren. I then worked under the Town and Country Planning Commissioner to devise a thing called the Safe Strategy Plan. This is the document that was never published. This is the document that was actually put in the cupboard because -

CHAIR - It wouldn't be lonely.

Mr VINCENT - Well, it was actually a time bomb because there were just so many issues at the time.

CHAIR - What year was that?

Mr VINCENT - This was 1975. Tom Uren gave a sum of money - sorry, really it was Whitlam and Reece. There was a sum of money given to the State of about \$2.5 million to prepare a State strategy plan for the State of Tasmania. It predates a lot of other inquiries. The point about this inquiry was that it actually had in it a number of aspects about housing and I was responsible at the time for part of that work.

The particular work that I went on to be responsible for was the Indicative Planning Council for the housing industry, subsequently, and my job at that time was to ensure that there was adequate land supply and subdivided land, zoned land for the future so that there wasn't a land-supply problem.

I am trying to give you an historical perspective because I am not currently in the field, but I always find that going back to this document - and I did photocopy off an extra section that I hadn't sent in - is always a good reference to how far we've got with addressing problems and issues in the field or whether new problems have arisen. That was the reason for my making a submission as much as anything.

CHAIR - This part of your submission, is that quoted from that report?

Mr VINCENT - That's completely quoted from this report.

CHAIR - I thought it was. The extraordinary thing when you read it is that the problems don't appear to have changed. It could have been written today.

Mr VINCENT - Well that's the point of my making the submission, the pattern and the framework of a lot of the issues. The bit that I do wish to draw to your attention that I didn't send in, that part of the submission that we just photocopied, pages 112 to 121, and also page 157, talks about housing problems of supply, housing problems of demand, public housing issues, home ownership issues, private rented accommodation, older houses, other issues and then it just deals with opportunities and then it deals with housing recommendations for action, subdivision standards, serviced residential allotments, siting of public housing, existing housing stock, housing mobility, community facilities in public housing estates, mortgage conditions, rental housing, alternative tenancy forms, housing education, housing allowances, self-help building and that's about it.

What I'm saying is that that framework I know to be based on another person's thesis and it is a fairly good summation of the housing situation in Tasmania. There was quite a lot of intelligence work done in relation to this because it's related to a fairly sophisticated population model which actually turned out to be pretty accurate 25 years down the track. I'm aware, having sat on the Indicative Planning Council, that we were looking at about 3 000 houses being constructed per annum and something like about 500 of those were public housing at the time. It oscillated between 2 700 houses and 3 000 houses per annum at the time. We were actually able to predict the rate of construction within something between (20 and 30 houses per annum. Under Professor Scott, the university had this working group which involved people from ABS, a banker, the Town and Country Planning Commission, and people in the industry in terms of the building industry itself and it was able to get the figure fairly close to home at the time.

All those mechanisms were taken out of the Federal system in the 1985 to 1986 period and so basically there hasn't been much monitoring of really what's been going on. In the Commonwealth-State Housing Agreement we have been watching since World War II fundamentally a process of attrition where the Commonwealth-State Housing Agreement has been run down to the stage where it is now a welfare housing agreement, not a public housing agreement.

Immediately after the World War II, and I am emphatic about that point, it was a concept of post-war reconstruction and it was intended that it was to address the housing shortage that had occurred during the Depression and during World War II, and planning authorities and the Commonwealth-State Housing Agreement came into being as a result of that. The only time we have really had serious reviews on that agreement, I would suggest, were under the Department of Urban and Regional Development which was a three-year blip, when Tom Uren was in that particular organisation. In fact, a lot of what the Department of Urban and Regional Development was one about, basically was reversed or evaporated very soon after the Whitlam Government was disposed of, if you like. I am just advocating that there were issues of regional development, particularly, which were vital to Tasmania that were being dealt with at that time.

CHAIR - The Federal minister has indicated at the moment that there will be a review of the agreement now.

Mr VINCENT - It is absolutely critical. But I just wonder whether we are talking about a proper agreement or whether we are talking about a concept of just welfare subsidy, which is not really quite enough.

CHAIR - Can you expand a little on that, why you think that is important?

Mr VINCENT - There used to be, under the Commonwealth-State Housing Agreement, a thing called cooperative housing, whereby groups of people could get together and apply to the then Agricultural Bank, funnily enough. They could get a grant of money to develop not just a subdivision, but a group of houses. So what you can find in our suburbs in some places are places where people have built what were called bank homes. They were always fairly substantial; they were solid houses.

CHAIR - So the Radcliffe Crescent, Rosetta-type area?

Mr VINCENT - You would find them really readily out there. But you distinguish them from Housing Department houses because, almost for sure, they would be solid brick. What I am saying to you is that that was an entry-level form of housing for families at that stage. Now that mechanism is just not available because that was at a rate of interest which was obviously set for 30 to 35 years and it was a fixed rate of interest. One of the biggest costs with housing, of course, is the question of interest rates.

CHAIR - That was through the Agricultural Bank?

Mr VINCENT - Yes.

CHAIR - How did the scheme work?

Mr VINCENT - A group of, say, eight to 10 people could get together and call themselves a housing coop and get a grant of money for \$100 000 in those days or something like that and that would build five or 10 houses, one house for each of those people, often in a group together, not necessarily spread out through the suburbs.

Mrs SMITH - Have you had a look at the Home Ownership Assistance Program that has operated over the past few years? I think we had quoted in evidence, \$3 000 homes in the last 10 years which is individual, not groups like we are speaking of? Have you had any input there?

Mr VINCENT - No, I have not had any particular -

Mrs SMITH - It seems to have scaled down because of the significant changes in the values of properties and we had some suggestions of how that could be reinvented on Friday, which was an individual thing rather than a group thing, on what you are speaking about. Before that what was the Tasmanian Development Authority had a cheaper home loan. Could you do some comparison of those?

Mr VINCENT - I cannot because I do not know about them.

Mrs SMITH - Okay, I thought you may have.

Mr VINCENT - The only other thing that I am aware of is that there was a thing called Co-op Housing, a different form of housing tenure which is extraordinarily large in Norway. Forty per cent of the tenancies in Norway used to be cooperative housing schemes 20 year ago. I am not up with the current figure. Basically that means that people cannot really make capital gain out of selling a property, all they can recoup is the cost of what they paid and then pass it on to another person.

Mrs SMITH - So if I bought a house for \$100 000 and 10 years on I decided I would move on I can still only pass it on at \$100 000; that is its limit?

Mr VINCENT - You would probably get it at \$100 000 plus inflation.

Mrs SMITH - Plus CPIs.

Mr VINCENT - Yes. But you would not be able to put in on the auction market and get the highest possible bidder.

Mrs SMITH - It was interesting when we read your submission because 23 years and the circle continues.

CHAIR - There are two or three things that dated it.

Mrs SMITH - You would be happy to know that some of these things have been picked up over the past 23 years. You made the comment that the Commonwealth-State Housing Agreement is a welfare housing agreement, not a public housing agreement, and that is a strong statement and I think it is proved in what is happening at the moment. My question is, considering that there never appears to be enough funds in the public housing sector, what is your opinion of us at least being open and honest about what it is and calling it a welfare housing agreement and putting benchmarks around to ensure that States do deliver welfare housing and then looking at the public housing in some of your schemes and the resurrection of TDAs, HOAP schemes et cetera, so that we do recognise what is really happening, that public housing is no longer available to the average man on an average wage. He has to somehow aim to own his own unit, small block or whatever.

Mr VINCENT - I have no problems with the terminology. What I do have problems with is that for years we have fought to get the Housing department to build more units in North Hobart right in the inner city for single women particularly or for people who needed access to services. I would argue that it is really critical that we do not create a double disadvantage by putting people in locations which isolate them. I also think that there is a grave danger of the way we did develop the estates back in the late 1960s, early 1970s, or at least the early 1970s early 1980s.

I sat in some of those committees when we were deciding on where the next school was going to go because the Housing Department was going to build so many houses at Bridgewater and so many houses somewhere else. It seems to me that we are not taking advantage of the existing infrastructure that we already have a considerable investment in. One of the exercises that I was very much involved with was in relation to North Hobart where we encouraged investment in public housing in the suburb to get the school population up.

CHAIR - It has worked very well, hasn't it?

Mr VINCENT - It has. I think that North Hobart has worked as a good balance because -

Mrs SMITH - You are saying the reverse was used, that you used public housing to keep the school rather than have to put the school because the broad acres put the public housing?

Mr VINCENT - One needs to look at what is happening to your populations. Where populations are ageing and facilities are running down and you have spare capacity there is an opportunity, and we were lucky in North Hobart that land that had been used for car parking and scrap metal yards and things like that we were able to revert to public housing. I am pretty proud of what we were able to achieve.

Mrs SMITH - Do you accept that what has changed was that, at one stage, State governments were outside of local government control, or any control? They did what they liked, where they liked, when they liked. Since the 1990s, they have been required, the same as any other developer, to go through a planning process. In your scenario again, if what I read is happening is correct, is that there are more attempts to encourage inner city development, recognising the needs and the infrastructure. Yet we see through the planning process that there is significant nimby syndrome, and that is creating some difficulties for housing to -

Mr VINCENT - I find that really unfortunate and discriminatory because I think that if a planning scheme allows a certain thing as a permitted use, then we shouldn't be getting into that cycle of antagonism.

CHAIR - Unfortunately they're nearly always discretionary.

Mr VINCENT - I appreciate there are a lot of things that are discretionary and cause that problem, but I do have a problem there. I believe we are not seriously looking at planning schemes enough in terms of the fact that we need to create areas of much higher density and much greater energy efficiency where there is the existing infrastructure. I think we are still wedded to the quarter-acre-lot syndrome. The only other thing we've got is the stratum title mechanism or it has to be in some sort of rental form.

CHAIR - So that's in the paper you've given us this morning?

Mr VINCENT - Yes. There is a little bit in that that I haven't spoken to really. It is something that I am concerned about that really the cost of construction hasn't changed, it has just increased with the rate of inflation. What has really changed is the costs related to land development and infrastructure development, and the servicing cost of getting to and from a block of land. I think that is what has to be appreciated, those are where the land cost package has gone. Have I answered your question, or did I slide off it too much?

Mrs SMITH - You have. We heard of two different concepts on the mainland where State and local government in the city of Brisbane, and the State Government in the ACT, had assisted funding housing organisations which then developed housing, negotiated with the neighbourhood, and so on. This was in a mix of housing so you didn't have a block

of 16 public housing. You might have a mix of some ownership, some rental by the corporation, some disability, and so on, in a mix. Do you know of those concepts that I am talking about?

Mr VINCENT - Not only do I know them, I gave you a reference to the Brisbane one under Living in Brisbane 2026.

Mrs SMITH - I do see that land speculation address, yes.

Mr VINCENT - There is a reference on the bottom of that page I've given.

Mrs SMITH - Considering the economies of scale that we don't have population-wise, do you think that sort of model has some possibilities and would get over these planning, and so on?

Mr VINCENT - I think it is incredibly desirable to create those sorts of homogenous solutions. I think big problems are created when you produce a Bridgewater, quite frankly. In fact, I argued very severely for 30 years about that. Bridgewater and Gagebrook are just not the way to go.

Mrs SMITH - In a community like mine or Mrs Rattray-Wagner's, the Scottsdales, the Ulverstones and Penguins, and so on, to build a mix of housing to buy, to rent, for people with disabilities, and so on, again, the economies of scale in smaller communities probably wouldn't work. How would you see us dealing with the issue of public housing in the smaller communities? Not broadacre.

Mr VINCENT - For example, if you go to Ross you find four EPHs at the end of the town - elderly persons housing - and I think you will find they have added another four recently. In my mind, that is a sensible thing to have done and they have done it in quite a neat way. I imagine that for people who are ageing out on the farm and would not have access effectively to services that it is a proper way to relocate those people. I understand that you are talking about something intermediate there. I think that it is a question of how you get blocks of things to happen in the existing development pattern. Blocks get sold off for other private development, but three or four of the blocks get separated out for the sort of purpose you are talking about, so that you end up with the mix. Once you end up with the mix, you don't end up with the prejudice as well.

Mrs SMITH - When a new small subdivision in a small community, would you encourage Housing to go into the market and purchases blocks like anyone else or should there be some change to legislation to ensure there are affordable housing lots in a subdivision of 25 blocks, for instance?

Mr VINCENT - I think you could do both. I am not be sure what the answer would be. I think it would be highly desirable for Housing to have a portfolio from a sum of money to pick up land in the existing arrangement, but it seems to me that it would also be desirable if there were some benefits given to developers who were prepared to provide a component of affordable housing, if Housing agrees that that is the right location for those types of people. I must not just be imposed on Housing that they can't really use.

Mrs SMITH - It would be seen as developer-driven because he would be saying that there is a component of affordable housing. I ask that question because I potentially see the same nimby syndrome in a developer who has a 25-lot subdivision, and Housing says, 'We will take five of those'. Instead of saying, 'Wow, I've already sold five', a developer might say, 'What will happen to the other 20, because there are going to be five Housing department developments in this subdivision?'

Mr VINCENT - I agree that we will need some models to overcome the attitudinal problem.

Mrs SMITH - That is not a planning problem, if they are just going to build units or housing. It is when you get to the larger numbers that everyone can have an opinion.

CHAIR - I think the Canberra model seemed to have addressed that pretty well.

Mrs SMITH - I like the idea of the developer driving it through incentives because he has to work out how he manages his market in that concept and take the stress off housing, 'We've bought five lots and now everyone's on our back'.

CHAIR - I want to talk to you about the North Hobart development. Is it true that the Hobart planning scheme today has 750 square metres for the first unit and 500 for

Mr VINCENT - Not in all zones, but in some zones. What you have to do is look very carefully at ResCode. If you're trying to look at development potential in any area, the concept of pot ratio no longer applies; it is the concept of what is the ResCode - everyone knows what ResCode is?

CHAIR - Obviously Hobart's residential code.

Mr VINCENT - Yes, but it is not just for Hobart. Other municipalities have adopted it too. It was a nationally-devised scheme but, unfortunately, it addresses the problems of 20 years ago rather than addressing the problems of today.

Mrs SMITH - Are you referring to the Windsor Court, Walford Terrace issue in North Hobart?

Mr VINCENT - No, I am not dealing with Windsor Court. I am not familiar enough with Windsor Court. The ones I am really familiar are the ones in Condell Place, Burnett Street and round behind Burnett Street right in Feltham Street which have now been there for -

CHAIR - They were built in the mid-90s.

Mr VINCENT - Yes, but they happened in three stages with Condell Place in one stage, and then the other two happened in separate stages. Because they happened in stages there was not a great reaction from the community. In fact, we as a community were driving that we wanted public housing to keep the school going.

CHAIR - Was the catalyst for that the Building Better Cities funding.

Mr VINCENT - Part of it was. The last stage of it used the Better Building.

CHAIR - I think it is a great model, it has worked well. The North Hobart redevelopment is probably the best infill development I can think of in southern Tasmania. Just run me through the history of that.

Mr VINCENT - Immediately post-war there was a plan to completely demolish the whole block from Burnett Street to Elizabeth Street to Argyle Street and up as far as Lefroy Street with the intention to put 1 000 people on that block in these three- or four-storey walk-up units. I can show you the drawing of Colin Philp. It was very much a German Bauhaus solution of the 1930s. It did not happen but uncertainty was established over a lot of that land and there was a fight between what was residential, what was commercial and what used for wreckers yards.

CHAIR - Some industrial.

Mr VINCENT - We, as residents, got together with the Hobart City Council, the Education department and the Housing department to talk about the investment of public funds to regenerate the area for housing purposes. It was not really driven by the planning scheme. The planning scheme ended up being adjusted to accommodate what we wanted. It was driven by the fact that the government authorities, at that stage were prepared to look at investment in the area. That is what happened.

CHAIR - I suppose it involved the State, through the Housing Tasmania funding, and the Federal Government, through the Building Better Cities funding.

Mr VINCENT - It took 25 years. It was a slow process.

CHAIR - It is terrific because it repopulated the area which also prospered the shopping centre.

Mr VINCENT - That is what people do not understand. The shopping centre was destined to be demolished and replaced. Today you go there and you look at that lively shopping centre and you cannot believe it.

CHAIR - It is a credit.

Ms FORREST -The driver was the community, in that case then. It was the community that rallied around and drove a change or the reform agenda.

Mr VINCENT - At that stage, I was a single person because of a divorce and I was seeking affordable housing. The only affordable housing I could purchase in Hobart that was not right out in the sticks was in Wignall Street in North Hobart where a friend of mine and myself purchased two houses and eventually subdivided. We ended up in a situation where subsequently it was zoned residential.. Then there was an attempt to move an industrial non-conforming use into that street. We started the North Hobart Residents Group in Wignall Street and from that a whole process of things followed, not least the questions over the Burnett Street widening where the Hobart City Council had acquired a whole swath of buildings on one side of the road for demolition. We had that land converted back for the Housing department to renovate and rejuvenate. Those houses you see on the end of what is now the Chickenfeed car park were destined to be

demolished. I can remember interviewing Rudie Sypkes who said, 'We think these houses are really terrible and ought to be demolished'. He was commenting about the National Trust which had listed these houses and the Palfreyman building was destined to be demolished. Now you laugh about it but at the time there was lots of emotion and lots of fighting. The late Alderman Tony Haigh was quite instrumental at one stage in the process as well.

CHAIR - It is all very involved.

Mr VINCENT - If you look at it overall the planning scheme is a critical instrument in zoning that particular back to residential because it was getting moved. We had got to the stage where the industrial investment in the area was about equal to the residential investment and that had been planned by Fred Cook immediately after the Second World War. It was intended that industrial development was not going to go to Glenorchy, but of course it did.

Ms FORREST - That was the sticks then probably, though.

Mrs SMITH - I will not say it still is because the Chairman is from Glenorchy.

Laughter.

Mr VINCENT - It was but they were trying to amalgamate lots which were too small, that did not make sense. The bits of North Hobart that have gone industrial were the bigger allotments.

CHAIR - We had exactly the same issue in some streets of Moonah that were zoned industrial in 1964 but were rezoned to residential in 1992 for the same reason that the lots were too small. Now they are sought-after residential properties.

Mr VINCENT - Yes, highly sought after.

CHAIR - Moonah is the next North Hobart.

Mr VINCENT - It is, yes.

CHAIR - Are there any other questions? Is there anything else you wish to add Robert?

Mr VINCENT - No, I will leave what I have done with you.

CHAIR - Thank you for that. We have had a lot of interesting information so far.

Mr VINCENT - I wish you luck as it is not an easy nut to crack.

CHAIR - It was a bit scary reading the 1970s report.

Ms FORREST - I had to reconfirm in my mind that it was an old report.

CHAIR - Yes, I kept looking back.

THE WITNESS WITHDREW.

Mr ROGER FAY, Mr JAMES JONES AND Mr PAUL JOHNSTON, ROYAL AUSTRALIAN INSTITUTE OF ARCHITECTS, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR (Mr Martin) - I officially welcome you to the hearing and thank you for your submission and appearance today. We are recording this hearing, are you happy with that?

Mr JONES - Yes.

CHAIR - We will be writing a report at the end of the proceedings so are you happy for anything you say to be quoted if we choose to?

Mr JONES - Yes.

CHAIR - We have all read the submission; you may like to start by giving an overview.

Mr JONES - I would like to commence by thanking the committee for inviting us to the hearing. The Institute of Architects takes affordable housing seriously and while it might be a public perception that architects work on the upper end of the housing market, we are also engaged in more complicated things such as multiple housing and we take city planning seriously. The widening gap between people's incomes and housing costs is something that we are very much aware of.

In yesterday's *Sydney Morning Herald* it was stated the median home loan in Sydney was \$431 000 which requires an income of \$100 000 to service. Tasmania is certainly catching up to that. The real estate market here, in terms of the yield and the values that have increased, is certainly widening the gap between affordability and where most people can live.

As a peak body, I think we are in a position to influence government policy. Our members work at the cutting edge, if you like, of both the design of houses and advice to developers. We are certainly very concerned about the effectively low-density regional development situation in Tasmania. I think there is a concern for the future about how regions are developed.

If you look at the urban area of greater Hobart, it probably occupies the same area as a city that would house four million people. We think the density issue has a long-term impact on both running pipes and wires to properties and getting people to and from work. Part of that, I think, is historical. Tasmania is just a great place to live and you can effectively live in a rural or coastal area and have reasonable access to each of the cities.

We think that in the long term there needs to be a more sophisticated level of regional development policy. Whether that is an overarching State settlement policy supported by regional planning schemes must be resolved, but we are architects not planners.

As far as density is concerned, the history of apartment dwelling in Australia is not new. Some of the better apartments constructed in Sydney, for example, are coming up to a hundred years old. I think there has always been a bit of a social stigma associated with

public housing or flats but having lived in an apartment in Darlinghurst, Sydney, for five years I would certainly encourage the Government in Tasmania to further seriously consider apartment buildings other than waterfront high-quality buildings. As an institute we advocate urban housing be allocated and built for the common good.

CHAIR - Would the institute have a role in the design of higher-density buildings so that they do not become future 'slums'?

Mr JONES - I think that is where the design professions really start to show their value. Individual houses are a fairly simplistic thing - pretty well anybody can design a house but once you start to look at designing 80 to 100 apartments, or even 20 to 30, the medium- and large-scale issues of servicing all of a sudden become quite complicated. In terms of the quality of space, that also becomes a very important aspect.

CHAIR - Is there a competition between good design and the affordability issue?

Mr JONES - I think if you can increase the yield for a particular property and still maintain the surrounding environment and scale then you start to get a balance. A good designer will deliver accommodation at a reasonable cost and also add something to a city. There is a social role for architecture, in that sense.

Ms FORREST - You made the comment you are architects, not planners, which is a fair comment. What do you see as the barriers in our current planning systems and schemes that make it difficult from a design point of view?

Mr JONES - It depends on which scheme you are talking about.

Ms FORREST - Well there are a number, yes.

Mr JONES - I suppose the first one is height and density. Take, for example, the CBD of Hobart running from Davey Street to Warwick Street and across from the Brooker to Harrington. There is a grid of fairly large-scale development that could house more people who could walk to the city or walk to Glebe.

CHAIR - Is there a planning scheme barrier to that happening at the moment?

Mr JONES - I do not know. As soon as you talk about density I think in a small town people start to get nervous. When we mention density, what we're saying is not individual buildings, maybe not two storeys, but maybe three or four storeys. It doesn't necessarily have to be 1950s blocks of flats that occupy the same floor space but there are ways to design buildings; there are lots of examples throughout the world of good, well-designed medium-density housing.

Mrs SMITH - There have been some attempts in and around the City of Hobart by organisations or government departments to put some public housing in these inner city areas and it has met with strong resistance from local residents. Do you, as architects, have a solution to that? It never even got to the design stage of how it might look aesthetically pleasing; it was a perception of 'not in my backyard' in case the tenants don't support my lifestyle.

Mr FAY - I think it might sound like a cliché, but it is a matter of community education. Australians are used to the idea that you basically park people who have low incomes and social problems in Bridgewater or Gagebrook or areas which are outside the city. I think if you look at some of the cities in the United States and Europe where mixed development occurs within the city where people live and work, where people of low income and medium income and even high income live fairly close together, people get to know each other and those barriers where people say 'not next to me, not in my backyard' are reduced.

Terry made a comment about whether these flats are going to be the slums of the future – well, I think some of the lower-density developments are the slums of the future; they're devoid of resources and facilities, they're far from public amenities, they have limited public transportation and they, in fact, become ghettos for the disadvantaged. So it's not to say we shouldn't stop building communities like that, but I think what Jim is saying is there's a need to build a whole mix of developments for different situations.

In terms of affordability, the instinct is to buy cheap land outside the city and develop it cheaply by getting developers to put in their schemes and develop it. That's been a solution that's been used fairly universally in Australia and it's led to unsustainable, in many senses of the word, development; unsustainable from the point of view of energy and resources, transportation, in terms of provision of good social housing - I mean 'social' in terms of social housing for the poor, I mean in the provision of basic social services, of producing a community. I think there is a need to redefine affordability because whenever I read about affordability being a crisis in Australia and the problem of providing affordable housing, what it really means is providing cheap housing; the bottom line is cheap housing. The Tasmanian Government, obviously with the limited money it has to spend, emphasises when it spends money through Housing Tasmania on housing development is trying to get the most number of dwellings for the certain number of millions of dollars it has to spend. One can understand that and, on the surface, it is prudent use of public money. On the other hand, it is not providing good affordable housing for the people who live there. It's not cheap to run because they're not well insulated; it's not necessarily producing a viable social community for people to live in in the longer term; it's a mono-culture effectively where you park people of one socioeconomic group far from the facilities offered in the centre of the city - basic things; pubs and cinemas and theatres and libraries and the whole host of things that a city will offer.

So I think there is a need to reconsider what the word affordability actually means. For me, it means linking sustainability to it; that is absolutely the core. That means producing developing housing developments which are of high quality, and I don't mean gold-plated taps, I mean things that are going to last well into the future and that people actually enjoy living in. I don't think that is considered very much by the developers of so-called affordable housing; it is packing as many units as you can at the cheapest price you can. That's why they are inevitably not designed by architects. They just go for the lowest price; it's always the lowest cost; someone who can shave off \$20 from the cost of something will more likely get the tender.

I did some research for Housing Tasmania a couple of years ago on affordable housing and the central points made in my report to Housing Tasmania, essentially, were the ones I am making now. The housing affordability is not about reducing cost, because there

are limited opportunities to reduce costs. You can reduce tax on land. You can reduce the cost on the things that government at all levels provide, whether it is local government, State Government or Federal Government. You can marginally decrease the cost of housing by using innovative structures. You can certainly decrease the cost of housing by making them smaller and the smaller you make it the more important it is to have high quality design and that is where architects have been doing work around the world, internationally, on developing innovative solutions to small dwellings.

ICare and a large construction company in Sweden have developed affordable housing, intended originally for the lower-middle classes which have been taken up by people who are more wealthy. Essentially these are three flats per floor of two-storey blocks. You can go into your ICare store and order one. It is an L-shaped block and when enough people have registered, this will be built. These are essentially fairly small flats but with slightly higher ceilings so that you do not feel hemmed in and making use of the principles that I think every architect will understand, to maximise the feeling of space. So, it is not a con, it is just making the building feel bigger and designed so it accommodates furniture in such a way that the spaces are very useable.

CHAIR - I am a real fan of inner-city affordable housing if it is possible to achieve. What I have witnessed and what we see in Hobart so far is the waterfront development and maybe Wapping. But what tends to happen, because it is in the city and it is so sought after as a style of living now at the top end of the market, is it really possible, no matter how small you build it and how dense the development is, that it will be sold at an affordable price? Or are market forces going to force it up?

Mr JONES - I do not think you can rely on any free market to provide affordable housing because I do not think that works.

Mr FAY - They have in the United States but they have done it by having mixed development. Although we often lambaste it as being rather primitive, their average houses are two-and-a-half stars more energy efficient than ours in a given climate. We are battling to retain four stars here. The average in a similar climate in the United States is seven-and-a-half stars. At the same time, in relation to affordable housing, what they have often is a partnership between local authorities and developers in which developers are given concessions to do their project. They have a mixed development so that, in effect, the affordable housing within the development is subsidised by the larger development. So if you have 20 per cent of the development being for lower and more affordable apartments or dwelling units, they are partially offset by trade-offs that the local authority has given to the developer. So it could be, we will allow you to do an extra storey if 20 per cent of the apartments are for affordable housing.

CHAIR - It is the same philosophy in Canberra.

Mr FAY - Yes. So I do not think it is going to work if you just expect the developer to come in, take a site, make a profit and just do it that way. They have more innovative ways of doing it. I do not think you always have to achieve it in big numbers. I think there are pocket handkerchief sites here and there. Some, perhaps, that the Government already owns could be developed that way. If you are trying to put in 500 people of this particular socioeconomic group into one area, that will cause social problems. But I think if they are -

Mr JONES - There are plenty of examples of that around the world.

Mr FAY - The high-rise developments in Melbourne, for example, where terraced houses were knocked over in the 1960s when I was studying and high-rise tower blocks put there - that certainly caused social problems, not only for people who were living there before but also for the people who were moved into these developments.

Mr JONES - The other side of the coin though is that it does provide housing. I have never lived in one of those apartment buildings but I have seen some documentaries. They basically are people's houses and they are living in apartments in St Kilda, and wherever.

Mr JOHNSTON - What you find in Great Britain now, where they originated the tower housing block, is the fact that they have all been taken over by the private sector and been developed into luxury accommodation.

CHAIR - Have they?

Mr JOHNSTON - Yes, so there has been a real shift away.

Ms FORREST - Where is that?

Mr JOHNSTON - In Great Britain - you will find them in Manchester and Liverpool.

CHAIR - What has happened to the welfare residents?

Mr JOHNSTON - They have gone into the broadacre estates.**Mr JONES** - There is an interesting comparison, I think, just in Hobart and a simple one between, say, Empress Towers for example, as an apartment building and some medium- to high-rise apartment buildings on the Brooker Highway near Cornelian Bay Cemetery, which are probably four or five storeys high, which architecturally are quite good. If the Government does not take a position on reasonably dense urban housing then the danger is that those buildings will be replaced with lower buildings, and you then further reduce the yield to the city. It is a bit like the apartments in Harrington Street. As an institute, we have fears that even the existing housing - the model has already been built - could be lost because of the value. There is this cultural stigma which tends to be people like us sitting around the table making judgments about those kinds of building types.

Mrs SMITH - So would you accept then that the only way we can achieve that in Tasmania is in public-private partnerships so that you do get a mix of tenants, or you go back to the city high rise, typical example in England, some parts of Melbourne et cetera, where high rise totally public housing created the same social problems as your broadacres here in Tasmania did, if you talk to people on the ground?

Mr FAY - High rise is not the solution in a city like Hobart or in other parts of Tasmania. The most effective, even in density terms, is not massive high-rise buildings, which cast shadows and disrupt the scale of a city like Hobart or Launceston or any other cities around Tasmania. Rather, it would be low- to medium-rise. But when there was a proposal to do a development in Launceston, which was a mixed development of

something like six storeys, there was massive public opposition to it, and it is all over a question of perhaps one storey difference between what people are used to - it is only probably a storey higher than the Myer building was. I think the Government needs to be educated and the public needs to be educated. We all need to move forward to the twenty-first century, essentially.

CHAIR - As an example, with the Harrington Street redevelopment - which I thought was a good development - a senior member of the Government made a comment to me one day that he was appalled by the fact that it was over-designed and it was too good and resulted in fewer dwellings.

Mr FAY - Can I just make a point that in Sweden, for example, there is no concept of social housing. In Sweden everyone has a right to decent housing, and the very idea that someone would say that this is too good for a particular group of society, I find it disappointing - to put it tactfully.

CHAIR - Can I then say that it was a devil's advocate question. I do not believe that -

Mrs SMITH -But you will accept that there is a different social model in the culture of Sweden, for instance, to here, where they have a higher taxation regime and more facilities provided. When I went into a street of a certain Swedish town, every house was the same - all the same colour, all looked the same, no fences between houses. It was when you walked inside that you saw people's individuality. I always said they were half-communistic and half a different culture. They accepted certain restrictions, paid big tax but they saw what they got on the ground.

Mr JONES - We have an overwhelmingly suburban culture in Australia yet we all live in the city. I think smaller regions struggle to come to terms with what urban housing is about. One example is old Paris, which consists of seven-storey buildings. They have very strict rules about mansard roofs allowing light into streets. This part of the city provides a very sophisticated level of density and a very high quality of apartment living. It was built before lifts and is a seven-storey walk-up. I am not advocating this as a typology now but

Ms FORREST - It would be better for health in that you could reduce your costs because people would be fitter.

Mr FAY - You still have to provide lifts. I don't think the RAIA is advocating that suddenly Hobart and the other cities of Tasmania become higher density enclaves. I think we are arguing for a mix. We should still build housing in the suburbs because Australians have a love of the suburbs, mainly based on the idea that they have had very exposure to anything else, particularly in places like Tasmania where the number of blocks of flats are smaller than they are in Melbourne and Sydney. There is definitely a need for a mix of housing types and I think that, as an institute of architecture, we are really arguing that affordability, with respect to your colleague, needs to be about quality. Quality does not mean large, it means being well designed. The one thing our profession has to offer is thoughtful design which you tend not to get from a lot of the developer-based decisions that are currently made about the sort of housing that is built for people on low incomes.

CHAIR - A community sector representative reminded us on Friday that Housing Department tenants look for homes not houses. Would you like to expand on that from an architect's point of view?

Mr FAY - Yes. I have been through and was almost belted up in Bridgewater when I was doing some research. I think houses in many places are viewed first by their designers as houses not homes. They are not seen as a place where you make yourself at home but as a unit that is put on a site to provide functional housing for people. There is a difference between that and a home. The home is our castle and those sorts of expressions, a home is where you really enjoy being. Homes are the things that last. Homes are really valued, people want to look after them and they are the sorts of places that persist through time. A lot of the developments now definitely have a short life span. If they last 50 years I will be surprised.

Mrs SMITH - May I put a scenario to you? We all know and accept that the Bridgewater design is not the ultimate and I think that is accepted. You talked about the fact that it is about design, it is about their homes. I am aware in my electorate on the north-west coast that Housing have spent substantial time and money on building some quality units, you would not call them special needs but they are suitable for a person who is suddenly incapacitated. They even went to the trouble of landscaping and providing something as simple as the blinds so they were all coordinated and it was an exceptionally good product. But there is no doubt that the issue becomes that they cost more so they are building fewer and at the same time have a waiting list of 2 000 people. How do you get a balance between getting a design for the needs, the long terms, sustainability, environmentally friendly et cetera versus the long term, sustainability, environmentally friendly et cetera versus the pressure of a waiting list that is growing because of the price of private housing? for Where in your scenario can we make more homes and fewer houses knowing all these people are out there?

Mr JONES - You did it by building more dwelling units on the pieces of land that are available. You might be talking about individual -

Mrs SMITH - No, I am talking about eight units in one instance and six in another where they demolished a couple of houses and put them very sensitively. I think those followed new age principles, yet it was very expensive in comparison with going with more of the same and probably housing twice as many people.

CHAIR - I would probably say it was the Harrington Street example.

Mrs SMITH - I see the issue there as there being only a certain pool of money in that scenario. Have you some solutions for that?

Mr FAY - I think that is a problem. There is a certain amount of money and we want to do a certain amount of development with it so everyone is talking about affordability and the solutions. There are pressures on government to reduce to land tax, there is pressure here to reduce this tax and there is pressure on designers to come up with some magic bullet that is going to make the houses 50 per cent cheaper. Well there is no magic bullet for that. There is a limited area in which to reduce the cost of the building. If you are going to build in the city construction costs are higher, but if you are going to build outside the city infrastructure costs are higher in terms of roads and all the pipes and wires, schools

you have to build out there. There is no universal solution that is going to solve this problem.

However, a lot of the good design issues do not cost anything at all. Sometimes it is just a matter of, for example, orientation. If you drive around the suburbs, you will not see many houses have living rooms or family rooms that actually face the sun. The living rooms face the street and so does the main bedroom. They are not designed with the site in mind. This is true for a standard design repeated hundreds of times on sloping sites, on flat sites on every orientation imaginable. A part of the solution is good design. You can do a lot of things to make a building less expensive by reducing the number of bends in the walls, by making the building squarer rather than long and narrow, by aiming the rooms that you live in towards the sun so that you can absorb the sun's energy during the day, appropriate construction to reduce the heating costs so that at night-time the slab is warmed up. These are things that are not expensive to do, they just require thinking about. A lot of developer-driven projects do not think about them.

Mr FAY - If I could just add to the discussion. You talked about the quality of these buildings that did not deliver the number of houses. We use a very simple triangle when we are designing buildings. There are three points to the triangle. There is size of the building, there is the cost and there is the quality. Generally, if you have a financial constraint which most builders do you can only ever have two of these things. You can have high quality with a small size, you can have high quality but it will cost you a lot of money. Basically, if you want to make a building cheaper then you have to make it smaller and reduce its quality. Good design is really about balancing those three things within the context of the project.

Mrs SMITH - If I follow your scenario, size had to be two-bedroom units because in the future even if it is for one person they would be carers probably because of the design. They wanted to get the quality because they had been burnt on the houses that were not maintained properly. Therefore the cost blew out to achieve those terms. So which one do you give up in that scenario?

Mr JOHNSTON - Those houses you describe were a result of the change from Housing Tasmania's housing models into the adoption of the adaptable housing standard which means that ultimately these homes become wheelchair accessible. What has happened in terms of the construction of social housing through Housing Tasmania is away from mainstream housing and more into special needs. That relates to longevity and flexibility of use and things like that. The institute was involved in developing both the GreenSmart strategy and the adaptable housing strategy in Tasmania.

Mrs SMITH - Someone made a comment in evidence that the Government is in welfare housing but not public housing. Do you think they should be in just welfare housing and look to the private sector to provide public housing for low-income earners?

Mr JOHNSTON - This is largely what is happening across the nation with government moving away from general housing needs into more specific housing needs. In that case, the issue of affordability does not relate as easily in terms of getting the number of houses built.

Mrs SMITH - So do you think that is where government should be, just in that welfare, special needs-type housing and leave everything else to the marketplace?

Mr JOHNSTON - Our opinion would be that effectively there is a requirement for all kinds of housing to suit an increasing diversity of household type which is largely what is causing the increase in demand. Increasing demand is not necessarily just from the population increasing it is the changing nature of households that are much more fractured and much more diverse.

CHAIR - To expand on the Ulverstone example, which I have not seen, it seems to have all the same reasons for Harrington Street being redeveloped the way it was. This led to the comment from me to a senior person in government, which I had a debate with him about. I just narrowed it down to -

Mrs RATTRAY-WAGNER - A male.

Laughter.

CHAIR - I didn't mean to do that.

Mr JOHNSTON - Isn't it always?

Mrs RATTRAY-WAGNER - No.

Mr JOHNSTON - No, it is not always?

CHAIR - To me it makes sense to design something that is flexible to cater for the different needs of occupants. Is there a substantial increase in costs in doing that?

Mr JOHNSTON - Yes. In spatial terms it increases the size. I think that the key underlying thing about submissions is if you want housing to be affordable it needs to be small. In order to design small homes that give the kind of amenity that is required for ongoing life cycle costs in terms of good solar panels it needs to be well designed. That is the relationship between smallness and designs.

CHAIR - So making every new development disability accessible is not an achievable goal in terms of sustainability?

Mr JONES - No, I do not think you would be able to. A normal bathroom might cost \$15 000 but \$30 000 if it was fitted out with stainless grab rails and all the bits and pieces. It seems to me it is a misguided policy. Do you agree?

Mr JOHNSTON - Yes.

Mr JONES - A building designed specifically for a wheelchair is quite different. Looking at this room and that door, for example, you would not be able to have the door that close to the end of the wall.

Mr JOHNSTON - In general terms all the space requirements are pushed out purely because of the way in which the wheelchair needs to manoeuvre -

Mr JONES - It is like designing a protocoopy to do too many things, it costs a lot of money.

Mrs SMITH - That answers that one.

Are you aware of the Tasmanian Affordable Housing Limited, the new organisation that is operational with some government funding?

Mr JONES - I am not.

Mrs SMITH - It was announced in the Budget I think three years ago. The State Government is providing \$6 million to the Tasmanian Affordable Housing Limited that has been set up under the chair of Lynn Mason. It involves many of the non-government organisations on its board and some others. It has advertised in the marketplace for private developers to build a mix of housing that will be leased through Tasmanian Affordable Housing Limited to people on the public waiting list. That is basically the bones of it that it becomes the manager of privately-owned property. The person who builds the property gets a five, plus five, plus five more possibly and the whole property is managed. One of the concepts is the tax benefit to a limited company and it can access the Federal Government rent relief funds et cetera. It can meet the mix between what the tenant can afford and what the developer needs.

I was at a housing seminar in Ulverstone when the shadow minister for housing came over to talk about the policy. It became quite clear at that, and it clicked with me when you said building smaller. The comment made was the problem is going to be that developers see no financial benefit in building one bedroom, and there is a significant need for small, one-bedroom or studio accommodation in the waiting list scenario. They want to do two bedrooms up. You say that small is achievable. Tell me that it's also affordable in a profit for a developer.

Mr JONES - You can build a two-bedroom apartment with an area of 72 square metres. I don't know what apartments you're talking about, but I have lived in apartments in Sydney of that size, and they are two-bedroom. As long as they've got a little bit of space outside, you can just open a door and you can go outside.

Mr FAY - I was going to say in relation to the size issue, I think our understanding of size is stretched by the way the average Australian lives now. The average house now is 300 square metres, it is outrageous. In the UK, an executive three-bedroom house has 100 square metres or less - executive. We are not talking about poor people, we're talking about those who are quite well to do.

Mrs SMITH - I'm not arguing the relativity of it, I'm saying this new company has been charged by the Government to solve, through the private sector, some of the housing crisis issues we have, yet unless it's proved different, the developers out there that they are relying on are saying, 'We'll go for twos and we'll go for houses, and so on, but one bedroom for us to build and on-lease through to you isn't a viable proposition for private enterprise'.

Ms FORREST - To make a profit for their investors.

Mr JOHNSTON - One example would be the fact that you mentioned about two bedrooms as being really minimum standard for Housing Tasmania. In Queensland's housing department, they have produced model housing for one-and-a-half bed. They've recognised the need for providing guest accommodation which is a natural circumstance for a single person living on their own that, firstly, they need carers and, secondly, they have the opportunity of having guests. They have produced a one-and-a-half bed which actually reduces the size of the dwelling but allows for that infrequent use of transforming a larger living area into a semi-bedroom area. So it was a design decision.

Mr FAY - That idea is actually in my paper there.

Mrs SMITH - I think you are missing my message. The criticism has been -

Mr FAY - Yes. Your message is -

Mrs SMITH - that the Government haven't gone out to get design, and so on, and yet here the Government have gone out to private enterprise and said, 'You can do it better than us, put it into this scenario'. Private enterprise apparently are saying, 'This isn't affordable for us to do the studio, one bedroom, whatever. But Housing can put a lot of people into that sort of accommodation. That's their right.

There is something wrong in the private sector. They are not talking to designers, evidently, if that is the case.

Mr FAY - It was interesting, because one of our colleagues, Fred Ward, designed very small apartments; they are tiny. Do you know the scheme? It won an AIA award, but also they were snapped up like that. They were incredibly popular.

CHAIR - Where were they?

Mr FAY - Somewhere in the city of Hobart.

Mr JOHNSTON - They are a conversion of an existing shop on Liverpool Street.

Mr FAY - I am told they're tiny, they sold for a really decent price and they were really -

Mrs SMITH - Affordability, we get back to with this.

Mr JONES - This is a conundrum. Why can't the Government build some prototypes and just get over this resale issue of you can't sell one-bedroom apartments or studio apartments. I think it is ridiculous.

Mr JOHNSTON - Probably the key word to use was improving; how can we actually improve something. What is happening in other States - and this was facilitated by the role of the government architect in those States - is to actually put forward demonstration models. Part of the issue in terms of designers is actually being able to communicate with the broader market what value design has. Design is really an abstract idea, and until you actually get within the structure and say, 'Hey, this is a small building but it actually has all these extra amenity to it', it is a demonstration that needs to actually happen.

Mr JONES - Or you find a precedent somewhere else that you can go and look at and say, 'Well, this is the kind of size we're thinking'. I just think it needs to go further than that. This group needs to push it. On the one hand you're trying to build affordable housing, and then the developer is saying it is not affordable to them to deliver it, which I think is a contradiction in terms, so somebody needs to shake the can a bit.

CHAIR - What you were talking about was number 3.5 in your submission, promote innovation. I was going to ask you about that. In Victoria and Western Australia the government architect - do we have a Tasmanian government architect?

Mrs RATTRAY-WAGNER - That was my question.

Mr FAY - A good point -

Mr JOHNSTON - We are actually the only State that does not have a government architect.

Mr JONES - If I could just talk to that. I contacted the Premier on 25 May 2007 with a proposal to establish the office of government architect and have had a series of meetings with Minister Kons to that effect.

CHAIR - Favourable?

Mr JONES - Positive, but it is in neutral at the moment.

Ms FORREST - I hope you follow through.

Mr JONES - Yes. We are not trying to create a new department of construction, but we think that there is a role there for the profession to be represented at the highest government level and there has not been a government architect since about 1990, so I think there is a generational issue there to do with -

CHAIR - There used to be but they disappeared when the Construction department went?

Mr JONES - Correct. Roger Fay, who is head of the school of architecture at the university, and I are working on a proposal for a jointly-funded university-government position and the university is prepared to put up 60 per cent of the cost of this position in order for some of these kinds of matters to be aired and discussed at that government level. The Institute of Architects is very keen to have that position put before whatever committee needs to -

CHAIR - Could you just expand on what the merits of that would be?

Mr JONES - It would be for that person to give independent senior level advice in relation to built environment matters, whether it is to do with the matters we are discussing today or whether it is to do with good design. I think with the upswing in the economy in Tasmania and more pressure on land and more pressure on the centres of a lot of towns and cities, somebody in government with education and knowledge about built environment matters and the public good of architecture and design needs to be represented. I think the coupling with the university gives it opportunity for research and

to use the best resources of the University of Tasmania in relation to giving advice, whether it is a new hospital, whether it is to do with housing types, precedents in other countries or whatever. We are very strong about advocating this position; every State in Australia has this position and poor old Tassie is dragging its feet.

CHAIR - The Victorian government architect is promoting a design competition to come up with solutions to these issues we have been talking about in housing.

Mr JOHNSTON - Yes, you have VicUrban, which is the urban arm of government that deals with partnership agreements. They are actively involved in providing affordable housing demonstration projects. You also have the Victorian government architect facilitating further discussion and interest amongst architects and developers in the process of putting competitions together. In Western Australia it is different, they are actively engaged in putting together prototypes as demonstration models generally for the market and for consumers as well. So you have developers who have the opportunity of seeing what sort of potential involved in terms of smaller units, and the design aspects, as well as consumers are able to actually understand what it means to purchase smaller units.

Mr FAY - And VicUrban also has sustainability as a core issue within it. We really need to see affordability and sustainability going hand in hand - I was going to say in 10 years but I would say right now. It is a bit like saying, 'Why don't we remove some of the structure to make the building cheaper?' You cannot remove structure because the building will fall down, you cannot remove sustainability because future generations will not have a world in which they can live. We have to dramatically reduce the consumption of resources and the built environment consumes half of the world's energy so this is not a marginal issue. Every time we make a decision there is an ethical component for decisions we make about design of our cities; whether it is high rise buildings or housing developments, whether there is one house or 20. Houses, once they are built, have an ongoing impact on the environment. If you don't get it right in the first place, it impacts not just in terms of energy and water, but also on people's social lives and the culture of a city.

CHAIR - Just prior to you the previous witness was an architect involved with the redevelopment of North Hobart, in the Burnett Street area, back in the early 90s, and I think that was a good development for its day -

Mr JONES - Which one was that?

CHAIR - Burnett Street; Housing Tasmania inner cities development -

Mr JONES - Oh yes, I was involved in that.

CHAIR - Well I think that was a good redevelopment that had a lot of spin-off benefits for the shopping centre and kept the school going, repopulated North Hobart, lifted the desire for people to live in North Hobart, so it was a win-win situation all round.

Mr JONES - I was involved in the North Hobart townscape project for the City of Hobart with a number of other consultants and we identified areas in North Hobart that could have high-density housing development. I think that has since occurred. .

CHAIR - Are there other examples of areas like that that are suitable for redevelopment?

Mr FAY - Victoria has done it. What it has done is look at areas that have a potential for intensification. They identified, for example, nodes where railway lines, buses and trams intersected within the suburbs. The aim there is to provide medium-density housing around those nodes and it has happened in lots of areas in Melbourne and has added vitality to those areas. So yes, you've got the suburbs where many people want to live but within that suburb where there is the equivalent of a High Street with all the shopping there are also apartments and other forms of medium-density housing.

Mr JONES - Sydney does it in - whenever there's a suburban train station then the densities go up near the station so you can get more people living next to the transport node.

CHAIR - No-one seems to be doing this in Tasmania. There doesn't seem to be a catalyst in Tasmania for this sort of thing.

Mr JONES - Inveresk is a precedent, even though it is a maximum of three storeys; it is a precedent that was studied and combed and so on, but I think what you've identified is that for it to work you need an overarching urban design, planning and landscape study of an area in order to work out how you might recompose the place to increase the density or to introduce new building types.

CHAIR - But for something like that to happen you normally need a driver.

Mr JONES - Well you need some planning and I'm not talking about planning schemes or development control; I'm talking actually about physical urban planning which -

Mr JOHNSTON - Strategic planning or regional -

Mr JONES - But it has to be physical planning.

Mr FAY - I suspect that would address some of the concerns that have been expressed by the committee today about the NIMBY thing; but if it is a coordinated development you can overcome that by making sure that the area that is developed has the richness and robustness that will accommodate a variety of people living in it. The example given is the Soho area in New York which Jane Jacobs wrote about in *The Death and Life of Great American Cities* in which she talks about this neighbourhood area that was basically destroyed in the name of development and she ended up moving to Canada to live where she could live in that sort of environment again. That area of Soho had a mix of people who were relatively poor and relatively well off, there were delicatessens and all sorts of things that make an area interesting and vibrant. So I think if there were some strategic visions for particular areas around Hobart or other parts of Tasmania; that's probably how the development would work and address the legitimate concerns, for example, that you've raised about the NIMBYism.

Mr JONES - Those areas tend to be areas that are in change, for example, Moonah. Moonah is an area that is changing and land is becoming available. I don't know of any definitive urban design or planning study that looks at Moonah as a physical thing; it might have been - the council might have done some studies but there is a responsibility there from

local government to a certain extent but I think it also cuts across the wider issues to do with transport and energy and so on.

CHAIR - So the real barrier to this sort of thing happening at the moment is the lack of a driver for the planning of an area like that?

Ms FORREST - You talk about a long-term strategic plan.

Mr JOHNSTON - There have been discussions in the media about reviving the rail link and the use of light rail or electric buses and the like. If there is going to be major infrastructure expenditure into transport utilising rail link or river, for that matter, that flows into the way the city is going to naturally grow and understanding the role of social housing, public housing and market-driven housing within that scenario. Transport certainly is an important one because part of the problem with the development of social housing is that typically it has been pushed out to the perimeter. I am sure you are aware that it is the low-income groups that then suffer because they need access to those city services. Transport is a key mix in the whole look of strategic development in which housing needs to be considered as well.

Mr FAY - I have a meeting at campus in five minutes so I am sorry to disrupt the flow.

Mr JONES - I think we are touching on the future of cities and there is a whole range of issues that are all connected.

CHAIR - Thank you for your submission and coming in today.

Mr FAY - Thank you for the very interesting discussion we have had over these critical issues. I wish you all the best with compiling a report which I hope will be acted on.

Mr JONES - If you have any further queries just direct them to me and I will come back.

Mr JOHNSTON - The institute has other resources on the demonstration of projects along with government architects that could be useful if you need them.

THE WITNESSES WITHDREW.

Professor ROWLAND ATKINSON, SCHOOL OF SOCIOLOGY, UNIVERSITY OF TASMANIA, WAS RECALLED AND EXAMINED.

CHAIR - Welcome officially to the committee in your own right. Do you want to start by going through your submission?

Prof ATKINSON - Sure, I did not make an earlier written submission. I left some documents. I should very quickly mention I am speaking in my capacity as Director of the Housing and Community Research Unit at the University of Tasmania.

Our core funding comes from Housing Tasmania and in addition we raise funds primarily through the Australian Housing and Urban Research Institute - AHURI - which if you are not aware of it is the second largest social science research funder in Australia. They do a large amount of State and Federal level housing policy-related research. As a unit we have seven members and we have done work in the State on issues around housing affordability, second home ownership and its impact on communities particularly on the east coast of the State, amongst a range of other smaller projects. We have also done some more national-level projects which have a State relevance. For example, one project for AHURI was on the housing management implications of people with demanding behaviour and. I am speaking for AHURI.

I wanted to run through a series of points which are really observations about the state of housing policy and housing affordability within the State of Tasmania. I wanted to open those series of observations up with a comment about affordability and housing stress itself which we, as a unit, did work on and which suggests that more than one in 10 Tasmanian households are facing housing stress. When I say housing stress, just so that we are clear, we are talking about the bottom 40 per cent of the income distributions spending more than a third of their household income on their housing costs. I think it goes without saying that is a significant proportion of the State population.

The key reasons, as we would see it, as to why we have arrived at this situation are manifold and complex. The paper that I left last time helped to highlight that it is not so much a growth in population that Tasmania has seen, so much as a growth in the number of households. We are aware of the social reasons for household break-up and so on which are putting pressure on the market itself as being the key to that. Supply has not kept up with that. What we see from the Federal Government is a series of primarily demand-side measures particularly, for example the First Home Owner Grant, which has impacts on the local market. We have seen rapid house price inflation and significant numbers of interstate purchasers crudely speaking throwing large amounts of money around in a market which was seen to be significantly under valued in relation to mainland property prices. Waterfront properties in prime locations are being targeted.

The work that we did on second home ownership feeds into that because that highlights the changes to many of the communities where second and holiday home ownership is a growing issue which has hollowed out local populations, threatens the sustainability of local service infrastructures and so on. I do not know how much time I have. I do not want to labour my points but I do not want to talk too quickly either.

CHAIR - You have an hour.

Prof ATKINSON - The first thing I want to say is that housing needs to be seen as a planning issue, it needs to be seen as an economic development issue as well as one of simply accommodating people. To that end we need to see a marrying of the planning system in relation to how we think of the management of social and private housing in the State. Planning controls are needed to help direct affordable housing and community housing into new development. The system that I am most familiar with is the United Kingdom where we see quite strict rules about new housing development in a way that prevents new high and low-income ghettos from being produced. In London, obviously, there is a very tight housing market. That enables the City of London Authority to put quite strict rules in place, which if there are more than 15 units in a housing development then a certain amount of affordable housing has to be put in place. Some of that is managed by registered social landlords, not necessarily local authorities.

CHAIR - Is there a trade-off for the developer doing that?

Prof ATKINSON - No, not directly. It operates in different ways in different administrations. One thing that can be offered is that the developer what is known as a commuted sum and that can be used by a local authority to plough into the provision of affordable housing or infrastructure elsewhere.

CHAIR - Other people have suggested that we do that kind of thing, but some witnesses say that it would only be a disincentive to development and dwellings being built. Where is the trade-off there?

Prof ATKINSON - I think the trade-off operates primarily in the way that, at a time of high housing values, it is much easier to help direct developers in that direction. It is clearly going to be anathema to the housing developer, various representative organisations. In the United Kingdom, I think you have a value system that operates to suggest that it is unacceptable not to produce new development which encourages social diversity because of the range of secondary social targets that are in place around preventing social exclusion. This includes preventing, for example, a lack of transport sustainability. So you encourage the local social diversity which then has a series of positive spin-off effects. I am not getting to the heart of your question which is really, basically that if you do that, you just see less stock being built. In the United Kingdom that is not what has happened.

CHAIR - The committee has looked at two or three other States and what they are doing. We saw a model offered through the Brisbane Community Housing Organisation, where the Brisbane City Council traded off carparking spaces and various standards in return for the provision of affordable housing components.

Prof ATKINSON - Yes. Certainly that is another model that you could operate with a slightly different regulatory framework that, for example, had a lower specification on the internal quality of dwellings to try to offset some of the costs to the developer. Another model comes from the Scottish context which is to subsidise the cost of producing housing in unpopular areas. What is known as a grant for rent and owner occupation is because the construction costs would be higher than the market could support upon sale. You subsidise that gap and cover what would be a loss to the developer. That enables you to direct affordable housing into less popular locations

which I do not think is really the context that we are looking at in Tasmania. If anything, my sense is that private developers appear to be clamouring for sites and complaining about infrastructure costs, for example. As I understand it, they are looking for additional or further subsidies in combination with a planning system that opens up sites that they can develop. But I think it is one of those issues where political leadership and a call to issues of social justice and social equity need to be absolutely foremost. You justify a planning framework which pushes that agenda in ways that make it difficult for a developer to shirk without addressing those issues.

The second key comment that I make is that investment in public housing in the State is an urgent priority and what we have seen is particularly the issue of the debt that the State carries has become a political football between the State and the Federal governments and how we go about retiring that debt. When I arrived here just over two years ago I think we were probably in a sufficiently robust fiscal position to address that without too much of a problem but I think the situation might be slightly different now.

At the end of the day we are not going to get out of the situation - some of these things can be addressed through regulatory framework so we can see those as a low cost option. The higher cost option clearly is putting money into, for example, public housing but we need to do that, I would argue, to lead the way nationally with a high quality public housing sector. There is no reason why it should be just residualised stock which is accommodating a small number of people in inadequate conditions.

Glasgow, which was where I was based before I came here, around a third of the city rent their accommodation from the city or from a registered social landlord so the culture here is very different. The size of the sector is very small, it is run down, it is insufficiently funded even to maintain that stock let alone to invest in new stock. So I think ultimately that is an issue that needs to be bitten. In the UK again, which I always tend to refer back to on these issues at least, the goal has been to create 3 million new dwellings by 2020 so that would be the equivalent of 1 million for Australia over the next 13 years and around about a third of that annually is to be social and affordable accommodation. So these issues are being tackled head-on at the highest possible level.

CHAIR - In a strategic, whole-of-government type of way?

Prof ATKINSON - A strategic governmental approach but also a strategic approach which encompasses the way that the geographical distribution of that new development needs to be targeted to areas of existing high demand. So they are managing low-demand areas and in certain cases demolishing property and putting in more popular types of dwelling primarily owner occupied and in places like the south-east they are trying to throw new development and significant amounts of new supply in order to address the price problem. In other words, they are literally trying to build their way out to a new market of equilibrium at which point price pressures will be lower because so much new accommodation has been built.

I think the plans over the next five to 10 years even in the south-east region are to produce about 1 million new dwellings, so it is really big numbers, it is a big game, it operates at the highest political levels and it is given the most serious attention.

The other thing that is important is the way that we go about using the existing physical stock that Housing Tasmania manages and using the capital value, which I think is about \$1.2 billion to leverage in funding both to maintain and run that stock to a high enough standard that people should demand as their right but also to invest in new accommodation to address the issues of housing stress for the lowest-income Tasmanians.

I think in an ideal world we would be using the public housing stock to open up opportunities to a much broader range of income groups and social groups to help combat the stigmatisation and residualisation of that stock. What I mean by that is that there is no reason why we should not be seeing public housing as a means of accommodating higher income groups so that the specific neighbourhoods in which people are living become more socially diverse and therefore in the public imagination, if you like their stigmatisation is reduced. I am sorry to keep talking about the UK as a model that has been used quite extensively, but for example, there is choice based letting. There is no reason why you could not, for example, look at areas of unpopular housing and open that up to students and other high-income households rather than just allocating it to the lowest-income people.

Again, I said that housing needs to be linked up to economic development issues. Anecdotal evidence is, for example, that people who reside in a certain neighbourhoods are less likely to get certain jobs because employers think that they come from a particular area and they are stigmatised by that. I think if we can address that issue of stigmatisation we can also help to address issues of economic redevelopment which feed into those issues around why people are in housing stress in the first place. That issue about using the capital value of the existing stock is critical.

The other area which does not get enough attention both nationally and within the State is looking at urgent measures to increase both the size and the regulatory security of tenants in the private rental sector. We know that around two-thirds of people who are in housing stress are located in the private rental sector, only a third are people with mortgages. How we go about promoting supply for the private rental sector is a pretty thorny issue. I do not think there are easy answers to that.

What I think is pretty clear is that we leave it up to fairly small, crudely speaking, mother and father investors who dominate the private rental market. They act, probably either out of ignorance or occasionally with some degree of malice, in a less than professional way in operating the dwellings that they manage. I think there is increasing evidence both from the Tenants Union of Tasmania and even anecdotally from my own experience of the way that tenants are really struggling not only to find accommodation but also when they are in that situation to cope with their psycho-social stress of being in that tenure as well as the financial stress. This is amplified by the way that landlords are able to increase rents significantly even within the period in which people are signed up to that particular landlord.

I do not know if any of you were at the meeting we had downstairs around housing affordability and lobbying on those issues. One story that we heard was from a young single mother who was pregnant whose situation was only made unsustainable by the way she complained to her landlord that certain issues of maintenance needed to be

addressed and in addressing those conditions the rent was increased significantly. That is a regulatory issue; that is just not simply an issue of supply.

It becomes an issue of supply because the landlord knows that it is a sellers' market but those people are in a position of quite extreme vulnerability. They are more likely to try to pay a higher rent than to look elsewhere because they know it is extremely hard to find another property. Anyone who has had any contact with people who are looking for accommodation currently will tell you this operates almost regardless of your income. I am paying what is probably in the top 20 per cent of rents locally but it does not matter how much money you have, it is incredibly difficult to find accommodation. Boosting the supply of private rental stock is something that is not necessarily easy but I will come back to that in a point I want to make later.

I think the other thing we could look at as a innovative and new approach to some extent is the way we look at the opportunities around us and in the State. One of the things we might consider is not just an audit of Crown land but also an audit of residential opportunity sites across the State. To give you just one example, we have just done a short study which will be released in the next week or two looking at Hobart's central business district area. Obviously we are all familiar with it and know it is hugely dominated by car-related industries of one kind or another. Even in the area of Bathurst, Harrington, Warwick and the street one short of the Brooker Highway which I cannot remember the name of -

CHAIR - Campbell.

Prof ATKINSON - there are more than 50 car-related industrial sites, including car parks, car audio, car sales and car hire. We have calculated that - I am not suggesting we can clear out those industries, nor would it be necessarily right to do so - we could have a planning framework in place to suggest that the preferred usage for any new sites in that area would be residential.

If, for example, we were able to wave a magic wand and move those industries into other sites around the city we have estimated that one could produce 1 000 new dwellings with various sort of permutations of one, two and three-bedroom accommodation, so not only single units. Also with none of that being based on the ground floor, it would be above-office or above-shop accommodation. Again, I am not suggesting that is something that we can do but we have not seen planning frameworks being put into place. I think that the existing plan is from 1982 or something like that. What could we do with those existing brownfield and under-utilised sites to help address issues of supply? Even if we knew that all of those 1 000 units would be taken up by interstate investors and they would all be incredibly expensive it would still take out a significant amount of demand in the local housing market from those people operating at that level who are competing with people on much lower incomes within the city.

Another example is the proposed new hospital site. We could get into debates about what that is going to do to the rail network. That is one issue. To go back to marrying up issues around planning and economic development, if we saw that hospital being located in the northern suburbs where accommodation is cheaper and lower-income people are commuting from, we could also see the proposed site being utilised as a new

sustainable urban village built on the kind of models that we see regularly in places like London and other cities across Europe. I just round this out as an idea.

Ms FORREST - I believe those points were put in the review that was undertaken in consultation. Just looking at that site, whether it is used for a hospital or housing, would a major expense be in decontamination of the site?

Prof ATKINSON - I think decontamination is an issue. What they have done in the British framework is not only subsidise decontamination but add a slight incentive. So they pay 110 per cent of decontamination costs to get developers interested. There is no cost to a developer to build on decontaminated land. Those costs are significant, I am not underplaying that but if you are trying to direct development and boost supply, it is one of the measures that one might see as being useful.

The other thing I want to comment on is the State housing policy which was mentioned by the Premier but had no detail attached to it. The idea was there would be a State housing policy. We need to see some detail on that and given my preceding comments what I would like to see is an explicit planning framework being put in place for the State which overrides, or at least works closely with, local governments to prevent the kind of NIMBYism that we have seen in recent years. What I mean by that is the way in which a local government can effectively cherry-pick the kinds of development that it sees as politically opportune or as responding to the needs of its local residents. I think we have an issue primarily of poor public image for public housing. Again, there is no reason for the unit on Battery Point being set up as a mixed-use development. Some of that could be high needs, some could be sold to single owner-occupiers and some could be for private rental use.

There need to be ways of marketing that kind of development in ways to make it more acceptable to the community. We also need to have a strong regulatory planning framework for the State which identifies opportunity sites and also which are projected areas where we are going to see population growth, where economies are projected to decline in warehousing demand therefore going to tail off, et cetera. All of those strategic issues cannot be addressed if we have a whole range of local authorities that are playing fast and loose to try to maximise their own benefits.

CHAIR - Are you talking about regional planning?

Prof ATKINSON - It could be expressed through the regional planning framework but I would like to see State targets. The framework needs to be underpinned by evidence. If not research, there needs to be a gathering together of ideas, plans and projections for household numbers by all of the local government areas that could feed into that process. It was only when I was interviewed by the ABC in the north of the State I realised, and forgive my naivety, that we do not have a State housing policy. I think it should be seen as rather embarrassing that we do not have a strategic approach at the State level to those issues.

One of the other announcements was that there would be an approach to the Federal Government to retire the debt. I guess that is going to continue to be a football. Also, there was the Tasmanian Affordable Housing Ltd which is projected to produce around about 700 dwellings over the next few years. The number of Tasmanian households in

housing stress was estimated to be 24 000 and probably more now. It really does highlight how inadequate the Tasmanian Affordable Housing Ltd is, as a single-pronged approach in dealing with the issue of supply. We need radically more innovative responses to the issue of how we promote supply in the State.

CHAIR - What is your view on the affordable housing organisation?

Prof ATKINSON - TAHL?

CHAIR - Yes.

Prof ATKINSON - I think it has merits but on its own it is not sufficient to address those issues. For example, if you were funding TAHL through the existing asset base of Housing Tasmania and using the TAHL body to build new housing which would be managed by Housing Tasmania as a way of expanding that base, you could perhaps see much more significant amounts of cash flow going into that organisation and being used to grow supply to a much greater degree. I do not have any hostility to the model but it is just the affordable housing strategy stage 2 was effectively cancelled. Two years later we still have not seen an announcement which is going to produce more than such small numbers. That is also to say nothing of the issues about economic development and locational disadvantage which are probably going to continue if those locations that are built on are in the existing broad-acre areas which are not only low demand but tend to be distant from labour market opportunities. More thinking could perhaps have been done on the model but I am not dismissing it at all.

Our housing policy extends into other regulatory mechanisms which really boil down to firefighting because of the lack of accommodation supply. I would highlight the Private Rental Tenancy Support Service - PRTSS - which is run by Colony 47. They are really doing a fairly desperate job to keep people's heads above water in the private rental sector. They are trying to come up against this issue of regulation which has only become really problematic because lack of supply has become so pronounced. My feeling is that the legislative framework they were operating within was drawn up under a different market reality effectively. Now it is pretty inadequate and it does not provide enough protection for tenants in terms particularly of cost and also standards. To me it is remarkable and almost Neanderthal that we operate within a system where the only expectation on the landlord is to maintain it in whatever condition it is let out in and with a cooker as the basic minimum. Frankly, that is absolutely remarkable in terms of international standards of acceptable housing conditions. I think we really need to address that situation.

CHAIR - My first job was property manager in a real estate firm in the 1970s and it is no different at least 30 years on.

Prof ATKINSON - I think the other thing is that given a lot of these issues are supply-side and how to get more accommodation to address these price pressures, we also need to think about how Federal policies are interacting with the local market. CRA is one thing but looking at continuing to give people \$7 000 as a first home owner grant - and I have not done any research on this - how many people who are first home owners are using the subsidy and as a result inflating the local market? I think most of the housing economists I have spoken to will argue that the first home owner grant has done nothing other than

inflate prices. First home owners clearly want to get that subsidy and it would be very difficult and painful to take it away now of course. But addressing what is going on at the Federal level and the way that interacts with the market realities of the State, is something that we might begin to do some work around, I think. We don't have any evidence to express those kinds of linkages.

CHAIR - The intent is to help young first-home buyers purchase their first home. Have you any ideas of an alternative strategy?

Prof ATKINSON - I guess if we truly believed in the free market as a way - which I don't - of addressing of this issue, we would take away all those subsidies and allow market prices to correct themselves as people just simply found it too expensive to afford those costs, which is what is happening in places like London where the multiple between the average cost of a dwelling and people's income is so great, that over time prices just begin to stabilise in relation to whatever the equilibrium is.

Clearly, it has been set at a very high level and people are paying maybe 50 per cent to 60 per cent of their income on the housing cost, it is only that that ultimately can rein in costs. If you continue to just throw money at the situation rather than actually increasing the amount of supply on the ground, I don't think we are ever going to get away from these problems. By the same token, I don't think that giving particular subsidies to house builders is going to solve the problem in the long run either, because they will take that money and it will just get swallowed up in their operating costs.

Again, it comes back to how do we promote supply through the regulatory intervention mechanisms that we have as a State, to make sure that that supply is also directed to the right kinds of areas, and also what evidence do we have about household projections. What kinds of buildings should we be encouraging to be built in the State if we are increasingly facing an elderly population, for example? I think those things aren't terribly clear as well.

The issue, I guess, is also one of political rhetoric in the sense that, going back to a preceding point, we need to see less emphasis on owner occupation because at the end of the day they are only about a third, or less than a third, in fact, of people in housing stress. If we were approaching this by the numbers, the biggest hit would come from approaching issues of private rental stress. That is just something that is so far skewed at the national level, everything that John Howard talks about - I think he defined a housing crisis in terms of whether house prices were declining.

I think that says a lot in its own right, but it also displays a marked ignorance of the very solid evidence that has been produced by people like Judy Yates from the University of Sydney which shows that the bulk of people are in the private rental sector, and we see no mechanisms advanced to promote the increase in supply in that sector.

The other thing that I think there is no easy answer to is the cultural shift that we see, certainly not just in Tasmania, but nationally, and that is around the way that we have attitudes not just to indebtedness, but also to indebtedness which is taken on board because people believe that in the future they will be enriched by buying into owner occupation. How we address those kinds of cultural shifts I think is a really big challenge, but if the political rhetoric continues to be about never having had it so good

in relation to things like owner occupation and people doing well, a lot of these things are on paper.

The only people who really do well are the people who trade down or exit the market; those are the only people who make money out of the existing situation. People are clearly enriched by the fact that they can withdraw equity and buy products, but they still have to pay that money back. The only people who make money are the people who buy a smaller place or who exit the market entirely. Really, people never fully exit the market, of course. I think people feel richer on paper, but their lives are not being enriched by this wealth.

At a point of relatively low interest rates continuing, it doesn't seem that those attitudes are particularly going to change, but I think of course what we need to remember is that this situation has been internationalised by the way banks have sold mortgage-backed debt and that somebody could be living in Moonah and their interest rates could be rising not as a result of what the Federal Treasurer is doing in relation to interest rates but primarily as a result of the exposure of their lender to international practices and the risks that they have engaged with. The degree to which we can manage the risk has actually been threatened by this internationalisation of money markets. In actual fact some of those issues become highly thorny. It does seem likely that it will only take a few shocks to the system in terms of fuel prices increasing or a further rise in interest rates to see the risks for lower-income Tasmanians and the sustainability of their houses are threatened quite significantly.

Then we need to ask what are the systemic linkages then. Those are the kind of people that are probably going into the private rental sector. They may get diverted immediately because they realise they cannot even afford anything there or locate anything suitable and then they present to Housing Tasmania or a community housing organisation. Those demands are going to flow through to become public costs as a result of the indebtedness that they have taken on as private individuals. We have no real sense of how we might project the scale of those future problems but I think it is unlikely that they are going to go away and it is quite likely that they might become quite significant.

The only other thing that I wanted to mention was a national initiative that I had led with colleagues from RMIT which I will leave you with which has been published since I last saw you, the Urban 45, because it is 15 thematic areas - housing affordability, indigenous affairs, children in the city, a whole range of issues. What we have done is produce no more than three pages on each of the topic areas and three policy ideas that could be taken forward by which the Federal Government could get involved in urban affairs because it is not taking this kind of strategic overview. Hobart is not a big urban centre but I think some of the messages that come out of the document are still relevant to the Tasmanian context. Certainly the issues around housing affordability are not terribly different so that is something that I can leave the committee.

CHAIR - If later this afternoon you had an appointment with John Howard or Kevin Rudd, what is the number one thing you would be telling them they should do with Federal policy with this issue?

Prof ATKINSON - I think the one thing that is so striking is for someone like John Howard to be sitting on such huge budget surpluses and not offering more concerted and strategic

responses to these issues is quite incredible really. Of course it would be anathema but I think we should be seeing significant national investment in public housing as a priority. I could say it is as simple as that but I do not think it is simple; but there is no reason why we cannot be advocating and supporting a high quality, professionally managed public housing infrastructure which ensures that people who are on low incomes are not living in spatially disadvantaged positions or living in inappropriate or poor quality accommodation. Twenty-four billion dollars can be spent on tax cuts. Annually we spend a billion dollars on the Commonwealth-State Housing Agreement, we spend the same on the First Home Owners Grant. That is quite a breathtaking subsidy to those people who are self evidently on higher incomes. I think it is quite difficult to square that demand subsidy and when we are not spending enough either on basic strategic issues around planning and supply or investing enough that we can see a high quality public housing sector.

CHAIR - From a statewide perspective, you made mention of the fact that basically there was a change of policy two years ago for the Affordable Housing Strategy which was not proceeded with, stage 2 to a community housing model as a substitute. What is your view on that? I gather you are not impressed?

Prof ATKINSON - I was not impressed by the substitution of the community housing model nor how slow it has been to get that up and running. I think it is probably a sign of the toothlessness or lack of interest of the local media that those things have continued without being challenged more vehemently really. I think the community housing model is one that many housing policy commentators in the UK would support. It is the model that for various public sector borrowing restrictions is supported in the UK. The local authorities are not providing the new stock. Sixteen thousand dwellings have been produced every year by community housing providers and they are able to do that because they are able to leverage off their existing assets and show that they are demonstrably high-quality professional providers of housing which are financially sustainable.

There is no reason why we could not advocate that model in Housing Tasmania. I do not know the minutiae of the relationship between the Federal Government and the State Government and the housing stock but one model which could be advocated would be to make Housing Tasmania a community housing provider and allow it to draw on its asset base to not only maintain that stock but to build new stock and that is the only model on the table in the UK at the moment.

CHAIR - I think legally they would not be able to fit in with the Federal Government guidelines.

Prof ATKINSON - There are whole issues around the way that that would mean that the tenants would then be on CRA and therefore what you would be doing is shifting the cost to the Federal Government, which clearly would be unacceptable. So I do not know how we would go about managing that process. I am not even suggesting it is the preferred model. There is no reason why the existing provider - it would certainly be far less encumbered if it was able to draw on that asset base and secure those assets to maintain - we lost about a third of Housing Tasmania's stock over the last few years and that has not been replaced. I am not sure how it could be replaced given the market value of those units. Neither am I saying that it is problematic to sell your stock. Even

the right to buy in England was conceived as a model whereby units would be sold and that money recycled into the provision of new public dwellings but of course that did not happen and neither has it happened here. So we have not seen replacement of that stock.

To go back to your question, I think there were lots of things that were going on under the affordable housing strategy which were commendable. There was a vast range of issues which were trying to be tackled by a really large number of mechanisms and I think it could certainly have been simplified and there could have been, for example, a focus on planning frameworks and how we address supply for the private rental sector for example but simply to stop that policy framework almost dead and just continue with funding of a few of the schemes the PRTSS I think is one. Of course the funding of those bodies is not even assured so people are operating those, as I say, fire-fighting mechanisms with no sense of whether there is going to be continuity of funding so I think that is an issue as well.

CHAIR - Do you think it is possible for community housing such as TAHL to ever replace as a landlord the role of the State Government through Housing Tasmania?

Prof ATKINSON - I think it can do; there is no reason why it cannot.

CHAIR - What needs to happen to make that possible?

Prof ATKINSON - Probably quite a lot of things really.

Firstly of all, my understanding is that the asset base is used by the State rather than Housing Tasmania and so therefore the State would have to relinquish that as an asset against which, perhaps, it is leveraging funding elsewhere. That is one of the first issues.

Another issue is simply the exchange and reorganisation of an organisation which has already been reorganised recently as well. So how we transfer a State-run organisation into a kind of semi-public/private organisation is another critical issue. That model needs to be underwritten by various financial guarantees. That is the kind of thing that happens in the United Kingdom. So it is not just a simple exchange or transfer. That model has been shown to be sustainable if the asset base is also transferred. My understanding is that the Housing minister has taken that option off the table. We can debate the merits of that. There is no particular reason why the management of that stock needs to change. It is really a question of how the asset base can be used maximally to bring advantages to people in that sector, to grow the stock as well as to maintain the stock.

CHAIR - If TAHL were to set the rents at 30 per cent of tenants' weekly income, do you have a view on that?

Prof ATKINSON - I do not have a direct view on that because it is so difficult to work out. It means that potentially, whatever their income is and the amount of that they are then passing over to the housing organisation, it is simply not enough money to run that stock. So, there are a number of risks there so clearly you need the underwrite the running costs of the organisation, ultimately. One has to assume that people are working those things out and working out whether the body is ultimately going to be financially sustainable or not. I have not done any specific analysis on that.

Mr HARRISS - Rowland, have you addressed your mind to the fact that, historically, Tasmania has had the highest level of home ownership in the nation and that has been as the result of lower house/land prices here, even with the relativity of lower salaries. Isn't that a good message that we can somehow build on and, if so, how?

Prof ATKINSON - I do not think there is a magic figure for a level of owner occupation, for example. I do not think we should consider ourselves to be wealthy or not, depending how many people own their own homes. Clearly, it is very easy to go to Scandinavian models where, in many jurisdictions, the majority of people rent their home in a high-quality private rental sector or they rent from the State. Clearly, those are very affluent countries as well. I am by no means hostile to any particular tenure. I think it is a question of how we provide housing in such a way that we reduce housing stress and in a way that means that people live in sufficiently high-quality living conditions. If you look at the data now, the United Kingdom has a higher level of owner occupation than Australia. I do not think it makes it any better or worse off as a result of that. Clearly, people are granted autonomy. They are not subjected to a low-grade, poorly managed private rental sector. So I think a lot of people make decisions to get into owner occupation primarily because they are strategically trying to avoid being at the whims and the problems of living within the private rental sector.

There is a history of that in Australia, of course, avoiding the tyranny. It is a great thing, of course, to be paying a mortgage rather than paying somebody else and generating an asset over time. But I guess, as those assets have become bloat in value for those people who are older, and the entry costs are so much higher for younger generations, it is very unclear as to whether the gains, in real terms, will be appreciable enough to make it worth entering the sector in the first place. Indeed, there are probably people who are entering owner occupation now who might face either repossession or negative equity with a declining value in their dwelling. One could extrapolate all those things but that would be problematic to do that, I think.

Ms FORREST - I remember thinking a few years ago that house prices in Tasmania surely will not go much higher than this, but here we are and they have. Do you see that it is going to stop or at least flatten without some direct intervention, government intervention more likely?

Prof ATKINSON - I think it is a question of what kind of intervention. Again, Tasmanian incomes are lower on a State-by-State basis and that is why these rapidly increasing costs have become problematic. We have heard of academics visiting and saying it is so cheap here so you have to reiterate that it is about what people can afford on the basis of what income they are actually getting.

I think income is something that needs to be focused on, but again that comes back to how we promote, for example, employment opportunities amongst those communities that are really struggling in terms of housing affordability. None of this is to say anything about the kind of concealed housing stress in terms of people who are homeless, living with friends and family, or who are really struggling to enter owner occupation or the private rental market or the housing list of Housing Tasmania.

CHAIR - Rowland, early on in your presentation you made the point that there are 26 000 Tasmanian households in housing stress. The current government strategy is about delivering 700 new dwellings over four years of social housing. You could add into that mix that there are 3 000 households on the waiting list at the moment, 700 of which are category 1, which means they are either homeless or living in a dangerous situation. The problem from the public housing point of view alone is that it is a very high mountain we have to climb. Do you see a way up the mountain?

Prof ATKINSON - I think only with a serious and what would have to be a very popular political commitment to actually putting money into the sector. I do not see a way of pursuing some kind of hands-off approach and just seeing us as getting into a better situation.

Interstate money continues to flow into Tasmania, which if anything it is more and more likely to do is as perceptions of Tasmania are distributed through tourism internationally. It is on people's radars more and more as a place to invest in. As a result of that, I think these pressures are likely to continue unless we find a way of addressing the supply issue through the planning system and encouraging affordable housing. Of course it is not just about encouraging affordable housing as a component of the new development; it is about encouraging a large building program of work to take place so that having a significant amount of supply actually reduces price pressures.

That is not really giving a direct answer but what it is saying is that we need to find ways of utilising the planning framework to ensure that the amount of supply increases significantly and that the State is actually assisting in the market rather than being seen to work against it in some way - and going into the right locations. There is no point in building lots of accommodation in broadacre estates, for example, but I think those high density examples of what we could be doing, even with very small areas within the central city and helping some of that younger demographic enter some smaller apartments, is an area we could look at.

CHAIR - Have you done any work on the social and economic impacts that a lack of affordable housing has had on the Tasmanian community?

Prof ATKINSON - Not personally but I am familiar with the Australian literature on that. The broader social multiplier I think it is fairly clear in terms of the way that a lack of secure, sustainable and affordable dwelling impacts, for example, on educational outcomes and a range of health outcomes, which of course are public costs as well that are being played out through lack of affordable accommodation.

I think it is difficult to underestimate the amount of what I would call psycho-social stress - the difficulty in people's lives as a result of facing these issues on a daily basis is becoming more and more significant. There is a high amount of what you might think of as social pain. There are a lot of people really suffering as a result of these issues. Those issues are very insulated and out of sight from more affluent home owners who do not want to see these subsidies withdrawn and who are only concerned about interest rate rises and not really on the whole worried about how we increase supply and deflate some of those house price pressures over time in a way that would allow new generations to get into the sector.

It is very easy for me to live in somewhere like West Hobart and not worry about any of these issues. We do not see homelessness. We do not see people who are struggling to pay their rent or have access to the sector. But I know how hard it is to access accommodation and because we do not see these problems visibly we do not see a particularly strong political imperative to do something about them. We hear the numbers but we do not really see these problems on the streets.

CHAIR - I see it out at Glenorchy in my electorate office but I think high levels of government do not necessarily see it so often.

Ms FORREST - Do you think these people are invisible?

Prof ATKINSON - The housing system sorts people into areas according to their ability to pay. The people on the lowest incomes are pretty invisible, I think, in Hobart. They are on the other side of the river amongst other low-income areas. Those people who are on moderate incomes are just concealed within the housing system in inappropriate accommodation or they are squeezing together to try to afford sufficient rental accommodation and so on. I think if these processes were more visible they would be considered to be more of a disgrace and political action on those issues would perhaps be more forthcoming.

CHAIR - Thank you, Rowland.

THE WITNESS WITHDREW.

Mr TOM NILSSON, PRESIDENT, TASMANIAN BRANCH, SUSTAINABLE POPULATION AUSTRALIA, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR - Tom, welcome to the hearing.

Mr NILSSON - My main point is to emphasise the link between housing affordability and population growth. I guess a lot of other people who have given evidence would not have looked at that. I am representing an organisation called 'Sustainable Population Australia'. It is a national organisation of about 1 000 members and it has been around for about 20 years. It used to be called 'Australians for an ecologically sustainable population'. I am the President of the Tasmanian branch. I thought that because you may not have heard of the organisation that you might be interested in having a look at a couple of our newsletters to give you a quick idea of what we are.

As far as housing affordability goes, I rent so I definitely understand directly the issues of housing affordability. I think people have given a range of explanations as to why housing affordability is such a problem. I could talk about the issue of housing affordability but I am sure you already know about the problem and there are various causes that are listed. For example, land supply and that sort of thing.

In my submission I have tried to explain the link between demand for housing and affordability. If the demand for housing goes up then the price of housing is going to go up, including rents. I have tried to outline why population growth is a cause of that. I have an economics degree and I do understand economics but I thought rather than taking my word for it I would give you a bit of evidence from other people. I did a bit of research and I have photocopied my statements which you have, Terry.

In 2003 Bob Birrell and Ernest Healy did a study called *Migration and the Housing Affordability Crisis* through Monash University. Bob Birrell is actually the head of the Monash University Centre for Population and Urban Research, I think it is called. Bob Birrell has spoken about population and immigration issues quite a lot and for this particular study I could read out the abstract -

'that declining housing affordability in Australia has coincided with a sharp rise in overseas migration. The coincidence has prompted speculation that the two phenomena are causally related as well as denials from some politicians and developers that any such relationship exists. This article provides projections of household formation which indicate the likely contribution of overseas migration to household growth for Australia's metropolises. It then assesses the role of that migrant demand for housing affordability outcomes. It concludes that this role is important as equally in Sydney where around half the growth in households is attributable to overseas migration and where there are severe geographical and planning constraints on housing supply.'

This was a few years ago so Sydney actually in 2003 was probably where housing affordability was a big problem whereas since then it has become more the case in Tasmania and the rest of Australia. It has flowed on. It started in Sydney and then flowed through to the rest of Australia.

There is a recent 2007 media release, in the last month or two, from the Housing Industry Association - 'Housing report card highlights ongoing supply pressures'. The particular quote is based on the latest population and immigration numbers.

'Australia needs approximately 160 000 new homes added to the stock each year which sadly is a level we have not got to since the year 2003. This build-up in unmet demand has not let up in 2007, tightening rental markets further and putting added pressure on the existing stock of dwellings as demonstrated recently with established prices rising in all cities except Sydney.'

The next one from the *Age* is quite interesting. It is an excerpt from a speech that the Federal Treasurer, Peter Costello, gave in Melbourne sometime earlier this year on 5 July 2007 at the Australia Israel Chamber of Commerce. I quote:

'It is clear that demand for housing will grow as a result of population growth, increased life expectancy where people stay in their homes longer, the growth of single households and a decline in the average number of people per dwelling.'

I do not agree with a lot of what Peter Costello says but I think that he is right there. It is interesting that he has mentioned demand for housing and the other demographic aspect which is that because people are living longer they spend longer living without a family, so you can have a lower household size. For example, if the life expectancy was 40 years, then you would basically spend your whole life living with probably a unit of four people because you would spend your first 20 years living in the nuclear family as a child, and you would spend the next 20 years living in the nuclear family as a parent. But because their life expectancy is 80 and increasing, you probably only spend half your life within the family unit either as a parent or a child, and the other half you would live either alone or with a partner. That is another factor, as well as population growth itself through birth - I will just continue with this, there are only a couple more quick quotes.

I have a little quote from the *Australian Bureau of Statistics Year Book, Australia 2002* which is more of an article, *What Drives Housing*, contributed by Simon Tennant, senior economist, Housing Industry Association. He has written:

'So what drives this demand for housing? First and foremost it is population; more specifically population growth, population movement and population characteristics. According to the ABS quarterly publication *Australian Demographic Statistics*, Australia's population over the past five years' -

I might stop there because they are old figures. Simon Tennant, senior economist of the Housing Industry Association, has written on the Australia Bureau of Statistics site that first and foremost it is population that drives demand for housing. So I guess that's the critical thing there. It is not just me personally that is saying that, it is the senior economist from the Housing Industry Association.

I have one more, an article from Crikey, 7 July 2007, by I think a staff writer, Adam Schwab. The article is called *Housing Affordability, Too Many Immigrants, Not Enough Houses*, which I guess in a way is sort of explaining the situation. His particular comment is:

'The reason for the affordability crisis in Australia is simple. There are more people moving to Australia than there are dwellings being constructed.'

These figures are probably a bit more recent.

'The Department of Immigration said that in 2005-06 more than 131 000 people arrived in Australia of which around 75 000 are deemed to be highly skilled. At the same time, the ABS reports that around 4 500 new dwellings are constructed each month, or about 55 000 per year. That means that there are far more people moving to Australia than there are houses being built.

There are two simple solutions to the affordability problem. The first is to reduce immigration. While this may strike a chord with many former One Nation voters, it will also deprive Australia's economy of valuable skilled workers. Fortunately, our solution is also pretty straightforward: build more dwellings'.

That is all the evidence that I wanted to put. I could sum up and maybe elaborate slightly. Obviously I am coming from the group, Sustainable Population Australia, I am basically against population growth for other reasons, not just housing. I think it is an environmental problem in particular, as well as an economic problem, because it puts a strain on infrastructure, and so on.

For example, people from the Housing Industry Association will say we need more houses, let's build more houses. Let's make more land available, which in a way if you have more people you do need to build more houses and you do need to make more land available, unless you try to reduce population growth. But where does it stop?

CHAIR - Just to clarify, your organisation's view is that sustainable population is where we are now, so there shouldn't be any more growth in population?

Mr NILSSON - Sustainable Population Australia think there should be less growth in population, yes.

CHAIR - So a decline in population.

Mr NILSSON - Not necessarily, that's a bit of a debatable issue. For example, Tim Flannery, who I think is a patron of Sustainable Population Australia and also recently won Australian of the Year, at some stage theorised that Australia's sustainable long-term population was only around 10 million, I think. But that is a bit pie in the sky. Basically what we are advocating at this stage is to reduce the growth in population. Talking about reduction in population is a bit academic because just to give you an idea - last year the Australian Bureau of Statistics reported that Australia's population grew the

largest amount ever which was more than 300 000. I think it was 307 000 last year so we are growing a record population.

I can give you a couple of background statistics. About half of Australia's population growth is through immigration - a bit more, actually, because the Howard Government has increased it over the last few years - and about half is due to the birth rate. The birth rate is also increasing at the moment, possibly because of the baby bonus, possibly because of other factors. Perhaps it is because the economy is growing, I do not know, but both immigration and the birth rate are increasing. I think Tasmania has a higher birth rate than the rest of Australia.

Mrs RATTRAY-WAGNER - Have you done any studies on why that is? Have you been a part of any studies?

Mr NILSSON - I have not been a part of any studies. Why what in particular, sorry?

Mrs RATTRAY-WAGNER - Why Tasmania's birth rate is higher than those of other States?

Mr NILSSON - I could put forward a few suggestions but no, sorry. I work full-time and I do not have time to research anything.

Mrs RATTRAY-WAGNER - I thought your organisation might have done something.

Mr NILSSON - I have a lot of national statistics. In my original submission I did quite a few Tasmanian statistics. I think I said that the population of Tasmania had increased about 20 000 in the last -

Mrs RATTRAY-WAGNER - Since 2001.

Mr NILSSON - since 2001, yes and even that is not a very easy statistic for me to find.

The issue of the birthrate being higher in Tasmania - to be honest, I do not know much more than that. Lack of contraception maybe; I do not know.

I think I have finished summing up. There is one thing I could mention. A lot of people are under a misunderstanding because we keep on talking about the ageing population and some people think that the birthrate is declining, which it has recently, but, as I said, about half of Australia's population increase is due to the excess of births over deaths. The main reason is that even though the birthrate is only about 1.8 per female, people are living longer and it means that the death rate is fairly low so the birthrate is still a lot higher than the death rate. It is hard to explain but, as I said, if you look at the Bureau of Statistics figures, you will see that in the last year there was record population growth of 307 000, more than half through immigration but still nearly half due to the birthrate.

Population is a tricky subject because I know it is not something people in public like to talk about. If I say people should have fewer children to protect the environment or to stop the demand for housing then people will not be very sympathetic to that idea. And the same applies with immigration, which is also a very touchy subject.

Mrs RATTRAY-WAGNER - Too late for me, Tom, I have four.

Mr NILSSON - My parents had children as well and my Mum is a member of Sustainable Population Australia. I guess it is an issue that people should consider.

CHAIR - Just being the devil's advocate, how do you reconcile it though? Australia is one of the most sparsely populated continents on earth. I think we have - except for Antarctica - the most sparsely populated continent in the world, way below the density of Africa, Europe or Asia. How does your organisation reconcile Australia not growing?

Mr NILSSON - There are several points I can make. Firstly, Africa is very poor and I do not think we want to be poor in the same way that Africa is. I do not think we would really want emulate Africa.

Secondly, Australia is a very dry continent, the driest continent, apart from Antarctica and look at the water problems we have. Tasmania is not doing too badly but we still have water shortages in Tasmania. If you look at the Gunns issue, I guess water is an issue there, and the Hydro has problems with the dams. Water is definitely a problem in Tasmania but of course the rest of Australia have far more of a problem. So, water is obviously an issue.

Also, I think the issue is not just of long-term population but, in the short term, population growth creates a cost. Australia has a much higher population growth rate than Europe. There are a lot of costs associated with population growth. If you are in a stable situation - for example, say we had zero population growth, you would not need to keep on building all the houses that you do every year which means you could put more resources into health and education and those things. With Australia, because we keep on growing, we have to put a lot of resource into building houses but also building more roads and the infrastructure for housing. Look at the land costs; a lot of that is the cost of putting in the infrastructure like water and sewerage and power. So, every time you build a new house and get the land for house, you have to put in all the infrastructure, and that is built into the cost of the land. Whereas if your population was stable and you did not have to keep building more houses, you would not have to pay for the cost of all the infrastructure either, so you would have more resources free to either have more leisure time or to spend money on health and education and those things and as well, you would not have a housing shortage.

Mrs SMITH - You are running your philosophy very strongly on immigration as part of the problem?

Mr NILSSON - Yes.

Mrs SMITH - This Federal Government has a skilled worker migration policy at the moment to try to address our lack of skilled workers. Many of the people coming into this nation are from countries where family sustainability is very strong. So they are family orientated. How do you equate the issue that we have in Australia of our young people wanting to leave home early? At 15 or 16, they come into my office and they want public housing and there are household break-ups that see fewer people in a household. Where did you factor that into your work on immigration causing the housing problem,

the single-member households, family break-ups and young people who now, instead of leaving home when they get married or whatever, leave home at 15 or 16?

Mr NILSSON - Say you took the last 10 or 20 years or whatever, the issue of underlying demographics, apart from population growth, to do with family break-up and also what I was talking about before, like people living longer and people leaving home. I think you could say it is more of a constant change. Housing affordability in Tasmania has been a big problem, growing over the last three to five years, whereas what you mentioned - and I do not have any evidence - is something that has been gradually happening over 20 to 30 years. The one thing that is different, that has changed in the last four or five years that has coincided with that problem with housing affordability, is the change in population growth in Tasmania. Even though the population growth in Tasmania is lower than the rest of the States, it is a lot higher relative to what it was previously. As I said in my submission, it was about zero seven or eight years ago, even slightly below zero. Over the last few years it has gone up. I am not sure what it did get up to, but I think it is about 0.5 or 0.6 per cent and it may have been 0.7 per cent. You say, 0.5, 0.6, 0.7 per cent does not sound very much, but relative to what it was before, it is the change in population growth. If you have something that changes, that is the thing that has an impact.

As far as immigration goes, as a sustainable population in Australia, we think we should probably take more refugees, but there are only about 13 000 in the skilled component. I think skilled migration category will be something like 150 000 this year, so more than 10 times the number of refugees. We do not think that we need all the skilled migrants because the main problem is that although we do need skilled workers, lots of people in Australia could do the work if they were trained which is why we need to spend more on education. There are plenty of people in Tasmania without a job, why not invest more money in education and training? That is my argument in relation to that.

Mrs SMITH - Please direct me to your research that divided the percentage increase of population in Tasmania into other States of Australia versus immigration. You have quoted 5 per cent to 6 per cent is that -

Mr NILSSON - Sorry, I do not actually have the -

Mrs SMITH - Split up? Because some people would come home from having 10 years on the mainland furthering their education.

Mr NILSSON - You are saying what percentage of the -

Mrs SMITH - How many are immigrants as against how many are Australians?

Mr NILSSON - I do not have the figures with me but I know that - and this was reported in the *Mercury* - that that might have gone down as a factor. One thing that has happened over the last five years is that interstate migration has gone up. This is one of the big factors in Tasmania, because immigration is something that affects Australia as a whole. For Tasmania there was an increase in interstate migration. At the time that Tasmania's population growth was around zero, six or seven years ago, there probably would have been a positive natural increase, with the number of births being greater than deaths. That aspect of Tasmania's population growth would have been countered by interstate

migration from Tasmania of several thousand people. But there has been a big turnaround from about 2004-05 maybe and 2006 when there was a net inflow of migrants into Tasmania, mainly from interstate. That has had a big impact.

A lot of it is just a flow-on from the rest of Australia. If the average price of a house in Sydney went up from say \$300 000 to \$700 000 or from \$500 000 to \$1 million or whatever then a lot of people in Sydney, especially retirees, might think they might as well go to Tasmania and buy a house for \$150 000. Basically the problem of housing affordability in Sydney is just flowing on to Tasmania through interstate migration.

Mrs SMITH - I just want to clarify that we were talking about migration into Tasmania from all sources, not just overseas.

Mr NILSSON - Even though it might be interstate migrants coming to Tasmania, I think the underlying cause is the high immigration overall because it has a flow-on effect.

CHAIR - I am just conscious of the time.

Mr NILSSON - I am glad that you have taken the time to listen to me.

CHAIR - Thank you for your submission and coming in.

THE WITNESS WITHDREW.

Ms JACQUIE PETRUSMA, FAMILY FIRST TASMANIA, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR - Welcome officially to the committee's hearing and thank you for putting in a submission. We are recording everything on *Hansard*. Do you have a problem with that?

Ms PETRUSMA - No, that is fine.

CHAIR - We will be writing a report and may quote something that you say. Is that a problem?

Ms PETRUSMA - No, that is fine.

CHAIR - Perhaps if you would start by giving an overview of your submission.

Ms PETRUSMA - I want to say from the outset that Family First acknowledges that there is no magic silver bullet that is going to fix this problem. This is just a suggestion that we put forward based on people who had been to the United States, the Netherlands and Sweden where they use tax deductibility for first homes.

We decided to explore the idea a bit more in Australia. You might have seen in the newspaper that John Simmons from Aussie Home Loans on 22 August came out too and suggested tax deductibility for the first home loans. Saul Eslake, the ANZ chief economist and who is also on the board of the Australian Housing and Urban Research Institute, has come out with the same proposal.

CHAIR - Did he support your proposal?

Ms PETRUSMA - They are all just calling for tax deductibility. We have slightly different figures but most of them are pretty similar. Barnaby Joyce has also been trying to push it with the National Party. It is coming from a few other angles apart from just Family First. Because housing affordability is at its lowest level since records began over 23 years ago we think it is urgent that something is done to help young Australians buy their own home.

As you know first home prices have skyrocketed in the past year and families are being denied their Australian dream of owning their home. Because I am running for the election at this stage I spend a lot of time in lower socio-economic communities and for them the dream of buying a first home seems to be so far off in the distance, I hear. I am also told that being an investor able to negatively gear a property is also a far-off dream for most. When you run this idea by them they see that if they could get tax deductibility it would make them feel like an investor in their own home, as somebody wealthier has that opportunity. It seems also to be something that for them would have a lot of social impacts. Do you want me to go through the proposal?

CHAIR - Yes, just an overview.

Ms PETRUSMA - Basically under our plan first home buyers will enjoy the same tax treatment as investors for the first five years meaning they can claim their interest costs and their mortgage as a tax deduction up to \$7 000 each year. John Simmons from Aussie Home Loans suggested \$15 000 but that involves people repaying it. Saul Eslake has a different amount as well, but we will stick to ours at the moment.

Ms FORREST - Are their approaches essentially the same sort of approach, just different levels, is that what you are saying?

Ms PETRUSMA - Yes, that is right. In the John Simmons proposal, he suggested repaying about \$2 200 so for the first five years it was tax deductible up to \$15 000 and then they repay some of that \$2 200 over the next five years. We just thought that was getting too complicated for people to try to get their head around. Saul Eslake's proposal is that you get tax deductibility but then if you have capital gains on your home you have to pay some of that back. We thought ours was still the simplest approach.

Under our policy, couples earning between \$25 000 and \$75 000 a year would have their interest bill cut on an average home to \$11 342, a saving of about \$4 861 per year or about \$93.48 per week. With the interest rate rise, this comes down to about \$110 per week since we made that submission. If we just still work on the original figures, mortgage repayments before KickStart would be \$373.23 per week, after KickStart would be \$279.75 per week, which is a saving of \$93. The cost would be \$522 million in the first year, rising to \$2.6 billion per year after the first five years based on ABS projections.

To help meet soaring petrol prices, rising grocery costs, electricity, water bills, health insurance this proposal would just give them a bit of a boost, keeping in mind that a lot of young people probably have HECS debts that they are expected to pay back. If somebody has done an apprenticeship and made ends meet on a low income for the past few years it is a bit of a struggle in those early years. We see it as part of a four-tiered housing affordability strategy which includes the Federal Government's KickStart, tax deductions, State Government to free up more Crown land to increase supply, and State and local governments to minimise red tape and unnecessary planning hurdles associated with starting new private housing estates. We also call for State Government to abolish land tax for first-home buyers.

The key points are that benefits are capped at \$7 000, the first home owners grant will still apply, the benefit is for five years, and the benefit is lost if the first home is sold. The reason we are doing that is to try to get people to establish themselves in the community for at least five years to build stability so that they are not constantly shifting around and a stronger community will result. They can claim through the existing tax system just as investors do. The benefit can be claimed as a lump sum at the end of the financial year or they can apply for a variation of tax with their accountants. The dwelling must be occupied by owners, as for the first home owners grant rules. A benefit can only be claimed by individuals who are named on the title, and the cut-off point is \$7 000.

There are also various figures such as the average number of first-home loans, interest rates and tax deductibility arrangements in other countries, and so on. At the moment, the other countries with this plan are the United States, Sweden and the Netherlands.

CHAIR - There have been various suggestions about the way we can help subsidise housing and make more incentives available, and so on. In this case, you have suggested making it tax deductible. The difficulty is that some people believe this would increase inflationary pressure and will lead to an increase in housing prices.

Ms PETRUSMA - Saul Eslake, when he brought out his proposal said that the first home owners grant has been the major cause of inflation, and this wouldn't be as inflationary because the seller does not actually get a direct benefit from the tax deductibility. He said it won't have as big an effect. There would be some effect, but it would not be to the extent as the first home owners grant. He said that people just stuck the price of houses up the extra \$7 000 because of the first home owners grant, but he doesn't believe this would be as inflationary as the first home owners grant.

CHAIR - So he has written an article, I would be interested to read that.

Ms PETRUSMA - Yes. He's written quite a few. If you do a Google search you'll come up with plenty of things on Saul Eslake and his tax deductibility.

CHAIR - I was trying to work out whether this was as potentially inflationary as the first home owners grant, I couldn't quite make up my mind. We will all Google Saul Eslake.

Ms PETRUSMA - Yes. You will get quite a few comments, but on 22 September he called for it, and he is trying to push it as part of being on the board of the Australian Housing and Urban Research Institute.

CHAIR - What sort of response have you had? You announced the policy a few weeks ago, didn't you?

Ms PETRUSMA - We released it in May. We have had a very good response on the mainland. We are finding it a bit harder to get in the paper in Tasmania. As I said, from my contact with families in lower social groups we have been getting a good response. Tax deductibility on homes was something that they perceived as only available to people with wealth so it is something that makes them feel that they are investing in something themselves. That is why we have tried to keep it simple. I do have John Simmons' press release but it is quite complex for the average person to try to understand.

CHAIR - Can we keep that?

Ms FORREST - Does Family First have a policy in relation to getting housing affordability in rental situations? I know you are looking at home ownership but there are a lot of people in housing stress living in rental accommodation or at least trying to find rental accommodation.

Ms PETRUSMA - We believe that the State Government needs to provide additional land and infrastructure on which public housing should be built with a focus on tenants owning their own home eventually. The State Government could buy new public housing out of debt and should receive the same tax benefit on interest payments from the Federal Government that we are proposing. It would also apply to community and

not-for-profit organisations which build public or affordable housing and which can be handed over to the tenant eventually.

Ms FORREST - What benefits do you believe there should be for those people?

Ms PETRUSMA - If you release more land on which more public housing is built, they can own their own home and take advantage. We think they should get the tax deductibility as well. If they, for example, are not earning enough as they are on Centrelink payments and trying to buy their own home, they should get the same tax refund from the Federal Government so they can pay off the mortgage. I am not explaining it well.

Ms FORREST - How about the people who choose to rent as not everyone wants to buy a house?

Ms PETRUSMA - People who want to rent?

Ms FORREST - Yes, we have heard from a number of people that it is nearly impossible to find rental properties in the private market as well as getting public housing, which is another story. How would you address that? Obviously we need more houses and more properties that can be rented, do you have an answer for addressing those people's issues?

Ms PETRUSMA - Rental issues?

Ms FORREST - Yes.

Ms PETRUSMA - No, not at this stage. I know from reading the St Vincent de Paul's report about some people paying 87 per cent of their income on rent and who are therefore in housing stress. I have spoken to families at Dodges Ferry who tell me that they went there to get cheaper rent but water is costing them an extra \$200 a month so what they thought would be cheap rent has turned out to be dearer and they are now locked into a year lease and they cannot afford the water. They have also found out that the area has a lousy public transport system so some families are in a catch-22 situation when they shift out to these areas hoping to get cheaper rent. There are hidden costs involved.

Ms FORREST - Do you think there should be some incentive for investors, even the mum and dad investors, to invest in the lower end of the market but closer to town rather than in these areas where they do have those extra issues? What sort of incentives or benefits should the investors get?

Ms PETRUSMA - I suppose the State Government could work closely with developers to provide incentives such as offering them reduced land tax to develop cheaper housing which could then be offered as affordable housing at 20 per cent or 30 per cent lower costs or at cheaper rent. It is about reducing the initial cost to the developer so they can offer housing at cheaper rent. At the moment with land tax and buying land and trying to put up houses for rent at a certain cost it is difficult to get reimbursed for their moneys. It is about coming up with strategies to try to decrease that cost but we do not have any specific strategy on it at this stage.

Mrs SMITH - One of your four housing affordability strategies is for State Government to abolish land tax for first home buyers. I was not aware that you paid any land tax on the home that you lived in, whether you were a first-home buyer or you have lived in it for 30 years.

Ms PETRUSMA - This is an Australia-wide proposal. In other States they still do have to pay land tax on the family home.

Mrs SMITH - So this policy is over all States?

Ms PETRUSMA - That is right. We should have taken that out for this State but it is a policy that we are using for all States. As I said, there is no magic ball; it is just something that we wanted to kick start a bit of discussion about. People who have lived in the United States, Sweden and the Netherlands suggested it to us as a way of trying to make it more affordable. Then when Saul Eslake, and John Simmons from Aussie Home Loans, came out and said it - two people well known in the community supporting the same idea - then we thought it was something that should be encouraged for people to look at a bit further.

CHAIR - My only issue is whether it would lead to inflationary pressure, so it will be interesting reading to Saul Eslake's views

Ms PETRUSMA - Yes, he is talking about as so long as there is some capital tax component still in it. He was saying that when you halve the capital tax it actually led to more inflation as well because then more investors came into the market instead of just the average home buyer. So he was suggesting that there might have to be some capital tax changes as well to decrease incentives for investors but to make it easier for the first home buyers.

CHAIR - Jacquie, thank you.

THE WITNESS WITHDREW.

Ms AVRIL LEVER, TREASURER, **Ms ANDREA MORRISBY (nee WITT)**, CHAIR AND **Ms PATTIE CHUGG**, EXECUTIVE OFFICER, SHELTER TASMANIA, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

Ms CHUGG - We thought we might describe what Shelter is and who our members are and then open it up for questions. First, we are very pleased that you are holding this inquiry. Our submission is made up of the views of our members and it has been approved by the Shelter management committee, so it is very representational.

Shelter's membership has a wide range of organisations across Tasmania so we are statewide. We have tenant groups, community housing providers, homelessness and crisis accommodation services, local government, research organisations and a range of individuals and services interested in housing and homelessness. Shelter is an affiliated member of National Shelter and is part of the national network that also includes homelessness organisations and tenant organisations. The Council of Homeless Persons Tasmania is a sub-committee of Shelter.

CHAIR - On our interstate trip we went to see a few of your colleagues.

Ms CHUGG - We also have delegates to the Council of Homeless Persons and the Community Housing Federation of Australia, whom I think you met in Canberra. We send three delegates to them and they are community housing providers. Some of those are housing co-ops which are very small organisations often run by tenants for tenants. We have a representative on Red Shield Housing, which is the largest housing association in Tasmania. It has about 140 properties and that is another model of community housing.

Are you working on a plan now?

CHAIR - The Premier announced a State plan in the state of the State address.

Ms CHUGG - I think when we talked about a plan we were referring to maybe revisiting the affordable housing strategy. I think your colleagues are probably aware there is no national housing strategy. You have probably been made aware of that as you have travelled around Australia. We are looking at a plan for the State Government to take us forward and look at how the different housing markets work together. We would be looking at public housing, community housing, private rental market and home ownership and how all those different sectors work together. We know from our experience that we cannot just look with one sector because most low and moderate-income people move between those sectors.

CHAIR - Your second recommendation is about social housing: do you want to run through the four points you have there?

Ms CHUGG - Since we wrote the submission we have also put in a State budget submission and we can forward a copy if you would like to see it.

CHAIR - That would be useful.

Ms CHUGG - Because that is a bit more involved than the submission. There are seven key areas and there are 28 recommendations that come from that. I am aware that Anglicare and TasCOSS and a few other organisations have put in their budget submissions and there are some costings with those as well.

Basically we are calling for a social housing reform package. As you may be aware, through listening to other people, there is a need for more public and community housing. In this particular recommendation we have asked for 1 200 more social housing properties. Since then we have asked for a \$30 million per annum reform package in our budget submission. It looks at increasing the overall supply of social housing to maintain at least a least 6 per cent of overall housing stock, measures to ensure the sustainability of Housing Tasmania's operations and appropriate maintenance for social housing properties, and to increase the capacity of development and expansion of community housing across Tasmania.

CHAIR - So that \$30 million figure has some science behind it?

Ms CHUGG - When we were doing housing advocacy day it was what the community sector agreed on. Part of that \$30 million would include \$17 million relief from the Commonwealth's State housing agreement debt repayment, so we are saying that \$17 million of that should come from there. So that fits in with the second point under social housing. I think most people would be aware of the Commonwealth-State housing agreement debt, which comes from an old loan system in the pre-1980s. It hinders the ability of Housing Tasmania to fully undertake the range of housing that they need because 70 per cent of Commonwealth funding has to go back into retiring that debt. We have been lobbying for some time, along with other organisations, that the debt should be taken into net debt and taken away from the responsibility of Housing Tasmania to repay it, like they have in Victoria, or that the Commonwealth Government should waive the debt. We are currently lobbying both parties before the Federal election to do that.

Ms FORREST - Just on that point, you are most likely aware that some States have dealt with their debt in different ways. Do you think that is an issue for the States which have dealt with their debt and do not have that outstanding debt anymore, that Tasmania and other States which have not done that are suddenly given this bit of a handout? Would there have to be a trade-off?

Ms CHUGG - That is Tanya Plibersek's argument. How they respond to it is definitely a Commonwealth issue. There are two tiers and it is whether the State moves it off Housing's shoulders. So it is a State issue, and that is where we come in. There is also the wider issue about equity or parity amongst the States and Territories. What you need to be aware of is that the debt in Tasmania is higher per capita than any other State or Territory, so our burden is greater than any of the other States or Territories. So even if you try to look at it on fairness grounds you would try to relieve that - as a Commonwealth issue.

Ms FORREST - You are appealing to them on that front?

Ms CHUGG - Yes.

CHAIR - Was that true at the start of the debt or because of Tasmanian governments over 20 years?

Ms CHUGG - I have a table with the last Commonwealth-State Housing renegotiation but that would have been from 2003. The debt goes back to the mid-1980s. At the moment we do not pay any capital; we are just paying interest.

CHAIR - Whereas other States have paid it off so that it won't be a burden on them.

Ms CHUGG - I can look that up if you want me to.

CHAIR - Yes, it would be interesting.

Ms CHUGG - I know that ours is the largest burden of all. So it has been an outstanding issue for some time. The sheer burden of that debt is quite astounding when you look at the level of funding which has to be used. It is not just our public housing system that it funds. You may be aware it also funds our private rental support services, which people here are representing, so they might like to talk about that later. It funds our home-ownership schemes for people on low incomes - the HOPES schemes - so it is not just the public housing system. All of those other areas that help low-income people are being affected by that debt level.

CHAIR - Two years ago we had a change of policy at the State level. Instead of providing more public housing through State Government as landlord through Housing Tasmania, it was replaced with TAHL, a community housing organisation. Do you think a community housing model such as TAHL can replace public housing?

Ms WITT - I do not think TAHL is or should be thought of as a replacement for public housing. It is a strategy that should be part of perhaps a broader strategy. The issue that many members of the community sector have about TAHL is around security for tenants with the five-year leases and so on, what would be put in place at the end of those periods and then how people would be supported after that if need be. There are some concerns in the community sector about where these properties will be built and whether or not the areas that these properties will be built in have sufficient infrastructure to support the community.

Other concerns are that it is almost becoming like some big glory box, that this is a solution that is going to save the whole of the housing system and is going to be the best and the one and only answer to everything. However we are very clear that that is not the case. We need to have a very healthy public housing system. We need a range of different options to meet the needs of a range of different people within the community. The focus on TAHL moves it away from other areas where the responsibility needs to be met.

CHAIR - Why do you think TAHL cannot do it, whereas Housing Tasmania does? That is not necessarily my view; I am being devil's advocate.

Ms WITT - Because public housing has the capacity to work with the hard end more than TAHL will. From what I understand, it is looking at taking the pressure off categories 2 and 3, which is great but it doesn't meet the needs of the high end and it won't be

sustainable without support. I guess there hasn't really been a lot of discussion around what the support will be for the people within those tenancies either.

Ms CHUGG - I think one of the key issues we were concerned about is that we have been supportive of TAHL because it is good to have a range of models and it is really quite a good way of trying to get new stock built rather than trying to put a subsidy model in. A really big issue is where the land is released. They are saying it is going to create a tenant mix but it creates a management mix, in that the same tenants are going to go in at a low income and often maybe high need, so I cannot see how that answers that solution about disadvantaged areas. We are really concerned about public housing estate areas - not only public housing estate areas; it can happen in the private rental market as well. There needs to be a range of incomes living together to make a sound community.

TAHL is subsidised because the gap between the market rent and what they get from the tenants has to be subsidised by the Government. There are two levels for subsidies: Commonwealth rent assistance and the State Government subsidy - and that is an ongoing current subsidy. It is more expensive for the tenants to live there than it is in public housing.

Mrs SMITH - We are in crisis with housing, whether it is home buyers or right through. There are some who say that State governments around the nation can no longer afford to be in public housing, that their main focus will have to be welfare housing - special needs, crisis et cetera - and that we will have to rely more and more on other models of housing - for instance, TAHL or community housing, as we have seen in Brisbane and the ACT model we had a look at. Would you like to make a comment on that scenario?

Ms WITT - I think, regardless of what the model is, there needs to be a social mix, in TAHL as in public housing. Without a good social mix the outcome for people living in that community isn't necessarily going to be healthy. It comes back to needing a range of different options. Just as there is responsibility around health, mental health, education and a whole range of different areas, there needs to be State responsibility for housing as well because it is the foundation from which everything else is impacted on.

Ms CHUGG - I think you need to unpack those models you looked at in other States because if you looked at the Brisbane Housing Company, for instance, a lot of Commonwealth-State Housing dollars have gone into that. Their rent model has continually changed, so it is not a clear level playing field when you are looking at those models saying, 'The private sector gets involved in this area, therefore we're going to get a lot of extra housing'. You have to look at the sustainability of the models and maybe I can recommend some other ones. I don't know if you went to City West in Sydney?

CHAIR - No, but we heard a lot about it.

Ms CHUGG - That is a really good one. What they have found - and we have been searching for a long time - is a really good sustainable community housing model. Because the rent streams are so low, if you put low-income people in there, you need to have a mixed rent stream otherwise you cannot have a sustainable model. I think Andrea is right, we have to look at a whole range, but I think there is a level where a government is responsible for the wellbeing of its citizens, and one of those key areas is housing. No matter what, there still has to be some level of government responsibility.

Ms FORREST - So you think the Government should focus more on the welfare side of housing and leave the other housing for low-income earners - or whether they should be involved in both? Welfare housing is a pretty big area, as you well know because you're in there, and public housing for low-income earners as opposed to high-needs clients is another area in many ways. Do you think they should be separated?

Ms CHUGG - No. I think you have to go back and look at the history of what public housing was and where it first started. Construction started post war. It was for working families and it was about people often moving on through into home ownership or whatever like that. It is only since, I suppose, the last 10 to 12 years, where housing has been very heavily targeted, that you have had a really different income level going in and different client groups.

So in some ways governments were very proud of State housing authorities and they were seen as something very necessary and they were not stigmatised, but what has happened is that they have become much more like welfare housing. They have been seen very much as a burden. Lower rent is going in and people are being put together, all often unemployed or with higher complex needs. A lot of our members are very concerned about what they often call working poor. They need to be looked at because you do not want people to fall through the system to be picked up from the system.

Because the system is in crisis, that strong preventative measure that good housing should perform in a society is not there and what we find now with a lot of the people is that they don't just need housing, they have to have all these other issues to be picked up by the SAAP services. So we are saying that a really strong preventative measure is having more options of affordable housing, and Shelter's position is that there certainly should be housing provision for people who are seen as low-income workers because that is happening more and more. There are lots of strategies around key workers to keep them in the city areas. You see that in Sydney and where you have been travelling around because you will find that a lot of low-income workers cannot afford to live in the city areas.

Ms FORREST - I guess we can see more people with higher needs, particularly people in wheelchairs and with mobility issues, because years ago they used to sometimes be locked up in institutions and were never seen again but now we are encouraging them to live independently where possible, which would not have happened perhaps 50 or 60 years ago. So that puts more strain on that welfare housing area.

Mrs SMITH - The model you talk about of what happened in the 1980s and before that - first, we had a stream of houses where maintenance issues were not staring down the barrel; secondly, a lot of the issues that Housing now addresses were health issues. Housing did not have to worry about a lot of these people with particular needs because they belonged with the Health department. Now we have a housing department that has all sorts of needs from the special needs people through to the unemployed through to the low-income et cetera and the bucket of money just does not seem to get any bigger. We need to find the solutions to them all, and maybe if we say to one group that this is your problem, we might be able to solve all of them. Different sectors take different responsibilities.

Ms WITT - I think you make a really good point in that a lot of different areas make use of Housing but the responsibility for providing housing comes down to Housing dollars. That is something we have often talked about and I do not know what the answer to that is.

Ms CHUGG - There are a lot of programs to support people in the private rental market. You will have to explain to me a little bit more about what you mean about different people being responsible for different areas. You are saying to segment it off into -

Mrs SMITH - If you look at the bucket of money that Housing has, and their total responsibility in this day and age, whether or not we will call it welfare housing - it is people with special needs, the high end, category 1, becomes the responsibility of a housing department and then when you move into your category 2, 3, low-income workers who are not even on the list et cetera we should find other models and TAHL could be one of those models. They are looking to grab some private sector dollars and inject some State and Commonwealth funding to try to make it affordable for people in particular areas.

There have been submissions about superannuation funds that have massive amounts of money but the law does not allow them to enter the housing market because they have a fiduciary duty to get best dollar and that maybe the Federal Government could look at that and by loosening the requirements and assisting with some tax breaks for those superannuation companies allow them to enter the private market. The more you have in the private market the less strain there is for people who are looking. That is what I mean by maybe the solution is not just one department, one government, but a range.

Ms CHUGG - I think that most missions would say they are clearing the platform. Housing Advocacy Day is about a range of solutions. Everyone has been trying to get superannuating funds for quite a long time. A lot of these are not very new arguments. It is about what is practical and what has its time. We would emphasise that to relieve the housing crisis you have to have measures that increase housing supply. We know that subsidy assistance like Commonwealth rent assistance and extra subsidies often just add to inflation, prices will increase and push up inflation. What we find is that most of the people we deal with are on a very fixed income. They are going up faster than CPI. We would support any measures that increase supply. Maybe you could have mixed income streams in those models so that you would have people who are working or end up quite well paid and then cross-subsidise the lower. I still think the response is going to be slow and incremental with all those different models and when you look at the numbers of the public housing system there is still a large housing authority that needs to be sustainable. At the moment it is not because of maintenance backlogs, because of debt, because of low rental streams and so it is a government responsibility to look at how that can be a more sustainable model.

CHAIR - That is what you have addressed in your budget submission that you are going to table to us, the initial numbers.

Ms CHUGG - Some interesting work has been done around superannuation and I think we were talking to Terry before about the NARI scheme which I think Julian Disney talked to you about. We are all very supportive of all those schemes. We are part of the National Shelter network and the National Housing Alliance is made up of National

Shelter. That is a supply one and it is really great because it does get more houses built. I think you are aware that every year there is a 600 shortfall of houses. A recent study has just been done. Even though our population is growing quite slowly in Tasmania, we still have changing household formations so there is still increasing pressure. It is also about them being built in the right place. You would be aware from your constituents of the rising cost in petrol and that people move to where there is cheaper rental and often are disadvantaged because they are away from other infrastructure as well.

CHAIR - I am conscious of the time commitment. Going on to recommendation 3, SAAP program. You need more money?

Ms LEVER - There are not enough emergency beds anywhere throughout Hobart let alone the whole of Tasmania and there is nothing on the west coast. Once a family is in our service often they come through about four times because there are no exits and if there is an exit then it is not sustainable. So we are setting them up to fail again. We think that with some extra - 30 per cent we have here - from the SAAP funds we could create more longer-term affordable exits for the people coming through our systems.

CHAIR - How many of your clients, though, belong in the crisis - part of your problem is the fact that there is a bottleneck and there are no exit points for them. So if we provided the longer term -

Ms LEVER - There are lots of different reasons for this bottleneck. One is the category 1 and category 2 within Housing and where they stand once they are in emergency housing, which is only six weeks and not sustainable or secure. They are dropping down categories and things like that, so it is systems within Housing that we are addressing as well.

Ms FORREST - Are you saying that if someone is within category 2 or 3 and they come into a shelter for whatever reason, that they then drop -

Ms LEVER - If they are in category 1 and come into a shelter, some will drop down - it varies.

CHAIR - Because they are in crisis accommodation.

Ms LEVER - But it is not sustainable and it isn't secure but they still -

CHAIR - In that situation, once they come out of your place, what do they have to do to get into category 1 again?

Ms LEVER - Fall back into crisis, usually, which is why we get families coming through multiple times, because it is not sustainable. We only accommodate them for six weeks or just over so they will leave our service and go and sleep on someone's couch and therefore go back into category 1.

CHAIR - So when the six weeks is up you kick them out?

Ms LEVER - We don't; we do keep them a little bit longer. We are not supposed to but we have to. We cannot go beyond 12 weeks because legislation with housing and leases and things like that. So it is a maximum of 12 weeks.

CHAIR - That must be pretty stressful for the staff that work with them if you have to ask them to leave.

Ms LEVER - It is. It is also that the clients are coming through with a lot more complex needs. It is not just that they are homeless or they are fleeing domestic violence; there are often health issues, drug and alcohol issues, Child and Family Services issues. There are a lot of different things and with all the complex needs the support workers we have cannot do enough within that time to address all those needs. The families leave and are not able to sustain where they go because they need more support, so a lot of the funding that we want for the SAAP services is around support and support workers.

CHAIR - Are there 39 per cent more kids through crisis services than four years ago?

Ms LEVER - There are; our turn-away ratio has increased rapidly.

Ms FORREST - Assuming that a percentage of your clients have mental health, drug and alcohol or other health problems, if there was greater access to mental health services, drug and alcohol services and the other health services they might need then do you think you would have as many? Is it because they are not getting the support they need in dealing with those problems that they end up this cycle? Which one leads to the other?

Ms LEVER - While they are transient, bouncing around, sofa-hopping and things like this it is very difficult for them to access services that will help them to keep appointments and keep regular and get some consistent help.

Ms FORREST - So do you think that there is enough help out there for them or is this another problem that needs to be addressed? It is probably outside the terms of reference of this committee but if it is impacting on the number of people that present to the services then I think it is relevant.

Ms LEVER - Possibly, but I could not comment on how much it is or it isn't accessed and why. I would imagine that is one of the reasons.

Ms FORREST - It is a bigger problem for you in your service provision. When you get someone through your doors that has a mental health problem or a drug and alcohol problem, if you want to refer them to a service do you have any trouble getting them into that? Is it one phone call and they are in?

Ms LEVER - Different services have different waiting lists and different ways of dealing with each of their clients. We try to hook up all our clients with all the supports that they are going to need for the future, but because basic housing and where they are going to live changes, that is where it falls down. They might make these appointments and even start to keep some of these appointments but then, because of the housing situation, they have to move on and then don't keep them. A lot of it is around a stable home that would enable them to access more.

Ms FORREST - I hear what you are saying. Say a client came in with a mental health problem: do you only have to make one phone call and you have got that person linked up with someone that can provide that support or is it harder than that?

Ms LEVER - It takes a little bit of tracking around and showing that appointments are kept by the clients and that other needs are met. With all those complex needs you have to prioritise. It might be that their mental health is third priority because of their physical health or other things like that. We try within the limited time that we have to address all of those needs, to set them up as much as we can with as much support to help them to be successful after they leave.

Mrs SMITH - Do most of your clients recognise their need or have you got to help them recognise what their needs are with that support? Is their housing crisis because of their health issues and others have health issues because of their housing crisis?

Ms LEVER - Yes. I would say that most do recognise their needs but they may have different priorities. They know they have a mental health problem and they are not taking their medication properly or they are not seeing a psychiatrist as often as they should. But this takes precedence as far as they are concerned.

CHAIR - Through your survey results most seem well aware they have a problem.

Ms LEVER - Yes, they do. But addressing the problem is hard when there are so many other things knocking them back down into those old habits and bad choices.

CHAIR - Is it one thing to know that you have got a problem; it is another thing to break out and fix the problem.

Ms FORREST - You have said you need more early intervention programs and that brokerage dollars need to be increased, especially in the north-west where there is a lack of front-end services. Can you just expand on that a bit more? I know that brokerage dollars need to be increased but how will that be achieved?

Ms LEVER - Brokerage really helps when a family is suddenly homeless. The house is sold by the landlord or there has been domestic violence or other things like that. Brokerage helps them to find somewhere that night or the next night while they are looking at other emergency services around the place. In the north-west and along the west coast there is even less of those services available. They would have to travel quite a way to get help, so they don't, they stay and things just impact.

Ms FORREST - Staying in the situation they are trying to leave?

Ms CHUGG - Yes. We had a meeting on 26 July in Devonport with our members. I followed that with some visits to Zeehan. Because of the geographical dispersion of services, especially in the case of domestic violence, it was not really safe to leave someone in a small town where often there are more costs incurred in moving people around. The brokerage dollars are funded through the Commonwealth-State Housing Agreement as well. They are not actually SAAP dollars; that is another service that is funded through CSHA. The members on the north-west were very adamant about the

lack of services and the need for more brokerage dollars. So we just put that in our response to members.

Ms WITT - I think they were talking about needing to top up brokerage out of their service dollars.

Ms CHUGG - Yes. They actually put a high proportion of their funding towards brokerage, mainly because of the geographical situations and issues of privacy and safety.

Ms FORREST - Rural communities are small communities where everyone knows each other.

Ms CHUGG - Exactly. I think that was the point that they were trying to make.

CHAIR - In the budget submission, do you have a figure for number three?

Ms CHUGG - It was \$10.8 million for homeless services per annum.

Mrs SMITH - What is it at the moment?

Ms CHUGG - That was a 30 per cent increase. That would also be for increased support services. Getting back to the SAAP thing about exit points, the private rental market is just unaffordable and it is really difficult to house families. All of the homelessness services are very difficult. We are getting reports of housing in the private rental market. That is where the majority of low to medium-income people live, much more than public housing, and the rents are just increasing. Plus, as you would be pretty well aware by now, there is such a low vacancy rate in the private rental market and has been constantly now for several years. So it is a competitive market. It is really competitive down the bottom end because a lot of higher income people live in the lower end of the private rental market. Sixty per cent of higher income earners actually live in low-cost private rental.

Ms FORREST - Trying to save money to buy their own place?

Ms CHUGG - Why would you move if your not paying very much rent and there is no incentive for you to move?

Ms LEVER - Plus the families at the lower social end have lots of things that are working against them when it comes to private landlords choosing tenants. Private landlords have a choice of 10, 20, 30 people sometimes going for properties. If a client is then accessing Colony 47 and having help with their bond and things like that or have any kind of debt then immediately they are not chosen, so they are not able to get into the private market in the first place. If they have a debt with housing, even though they are paying that debt off and what have you, the private landlords have that choice just to say no and not tell them why. They often don't know what that they are being turned down about so they cannot change it.

Ms CHUGG - Another issue with private rental, particularly on the north-west coast, was the standard of the properties. Often the rental properties are of a very poor standard and

people are too fearful to complain about that standard because they are scared either the rent is going to go up or they will be asked to move. That is a big issue.

Mrs RATTRAY-WAGNER - Have you found that across the whole of the State?

Ms CHUGG - Yes, because basically when things become more competitive that is when the landlords can pick and chose, but we are also finding in remote and rural areas that the standard of properties is really quite poor. I do not know whether some of you spoke to some of the constituents on our advocacy day, but we had a case of open sewerage problems, which is not uncommon. For the Tenants' Union that is one of their real issues. People are too scared to complain and get emergency relief in because the landlord has to do that. Another really big problem is mould.

Ms WITT - Mould is a big one.

Ms CHUGG - It is a really big issue. You would be aware that in Tasmania we have a particularly high percentage of informal landlords, like mums and dads, much higher than other States and Territories.

Ms FORREST - Do you have a percentage for that?

Ms CHUGG - They say 30 per cent but I read something last week about the new residential deposit authority and the Real Estate Institute was saying that 40 per cent of properties are managed by REIT. In other States it is probably more like 80 per cent. We think that when the bond board is introduced that will probably increase the number that go through real estate agents.

Ms FORREST - Do some mum and dad investors put their properties with real estate agents to manage?

Ms CHUGG - Yes, of course, that is where they get them from.

Ms FORREST - Not everyone manages their own?

Ms CHUGG - No, 40 per cent of mums and dads or whoever are managed through the Real Estate Institute of Tasmania, and that is where you can get the data from. That is where we get the vacancy rate data. We really do not know about that other 60 per cent and that is why we are hoping that some of the data that comes out of the bond board will be helpful.

Mrs SMITH - I would have thought it would have been higher than that and therefore it leads me to presume that of that 40 per cent managed by real estate a lot of them are absentee landlords -

Ms CHUGG - Yes.

Mrs SMITH - not particularly the mums and dads that have a house out of town and they have moved out and they have decided to rent it. I will be interested for the Real Estate Institute to break that down a bit. We have had a lot of absentee landlords come in and purchase at the cheaper end of the market and go back to the mainland.

Ms CHUGG - If you look at the Real Estate Institute it breaks down who are investors and who are purchasers. When we had our forum on the north-west coast one issue was the number of absentee landlords buying quite cheap properties around the north-west coast and then being very hard to contact about retrievable bonds or the standard of the properties because there was no formal management in place.

Ms WITT - Within the private rental market we are seeing tenancies placed at risk because of people not being able to afford the high rents or being able to continue to pay those high rents. That and maintenance issues are probably the main two areas. Certainly what Shelter would like to see are standards around private rental properties to protect tenants but also the continuation of support programs to support the tenants through their issues with the private rental market.

Mrs RATTRAY-WAGNER - Does that \$10.8 million of funding that is being sought include those two programs?

Ms CHUGG - No, that would be \$4.5 million continued funding of the private rental support service and the private rental tenancy support services, which are two separate programs. The private rental support service funds bond assistance and removal assistance and often access to get into the private rental market for low to moderate-income earners. That was expanded as part of the Affordable Housing Strategy. Then the private rental tenancy support service was funded through the Affordable Housing Strategy. That helps people maintain their tenancies in the private rental market.

Ms WITT - A lot of work done within that program is around preventing homelessness as well as tenancy education, such as teaching people their rights on things like maintenance, helping them with budgeting and knowing their responsibilities.

Ms CHUGG - The \$4.5 million is the whole funding for both those services. Those services are really invaluable and need to continue because so many people need help in the private rental market.

CHAIR - On the Housing Standard Code - I have seen working papers on this for years - where is it up to?

Ms CHUGG - I do not know where it is up to in Tasmania but that code is from a National Association of Tenants Organisation union. It has national benchmarks. I know the ACT code is different around home ownership. I do not know whether there is work being done in Tasmania on those.

CHAIR - There has been the Attorney-General series. Is anyone in the sector dealing with them?

Ms CHUGG - We have put in our budget submission to the Attorney-General and lobbied around those issues, but I do not know of any particular work being done on those.

CHAIR - Okay. On number 5, home ownership.

Mr CHUGG - We know there is a proposed equity scheme coming in December and that will be extended to include low income earners, whether they are in private rental, community housing - across the board.

CHAIR - Number 6 - that is like an integrated impact statement.

Ms FORREST - I was going to say the same, but also not just the problems of mining industry, which affects my patch much more than yours. When looking at what is happening on the west coast, the fear is that people who are renting will be squeezed out by those who can afford to pay more. They do earn good money there.

Ms CHUGG - Yes, we put in a submission about the pulp mill and our concerns about the inability of the market to absorb the influx of workers and that people who will be impacted by it are particularly low-income people. Our reading was that there was not enough infrastructure being put in place to offset the need. The other one is about the four mining booms happening on the north-east coast resulting in a really rapid increases in rent, and that came from our members because -

Ms FORREST - This is not true for just the west coast, the flows through to north-west. Their families live up the coast and they have a house there as well.

Ms CHUGG - Yes, and that came from all Zeehan.

Ms FORREST - From Allegiance. Metals X are looking at building their own accommodation, I hear, the ones right near Renison.

Mrs SMITH - That would be single men's quarters.

Ms CHUGG - Traditionally in mining towns they did have construction. They find all over Australia, especially in the boom areas in Western Australia and Queensland, that large companies are moving in but not building the infrastructure. Key workers are being affected too. Those who get pushed out are the people that we are concerned about, the low to moderate income earners.

Mrs SMITH - You are right, 40 years ago the mines provided the housing, the swimming pool, the public hall, et cetera. As mining contracted so did their capacity to do some of that. Society has also changed. Workers do not want to live there, they want to fly in, do their work, fly back out. That has created a double problem because they have a house in both places and block the market even further. How do you solve that in an area like the west coast?

Ms CHUGG - Also when you look at the spread of socio-economic areas, that is a high income area, whereas the people down the bottom end of -

Ms FORREST - Such as the retired people. A lot of people retired in Rosebery and Zeehan because they have lived there all their lives. They have been through the last boom cycle and they are still there. They are the ones who are going to find it really tough, unless they own their house.

Ms CHUGG - The rents are increasing exponentially and they are certainly not CPI-capped or anything like that.

Ms FORREST - You are suggesting that a proper economic impact assessment has not been done -

Ms CHUGG - No.

Ms FORREST - on the west coast or with the pulp mill and it was not addressed?

Ms CHUGG - We believe it should be part of government planning and a requirement.

CHAIR - It is actually part of a requirement in the Projects of State Significance legislation.

Mrs SMITH - The mining industry has never gone through it.

Ms FORREST - The pulp mill did at one stage.

CHAIR - No, that is right.

Mrs SMITH - Are you suggesting that when the Minerals Council issues a lease to explore, at the same time they should be working up a program to show what effect it might have?

Ms FORREST - When they get a lease to mine, that is when it should come in because with just a lease to explore they might never do anything.

Mrs SMITH - It is a bit late when you have a lease to mine.

Ms FORREST - No, there is still a long time before we get a hole in the ground.

Ms CHUGG - You probably know better than I do when is the right time but we just know the impact it is having on our services and the people they see. It would seem to be commonsense that a large development has to have a holistic approach and look at the triple bottom line.

Mrs SMITH - In a place like the west coast where a mine probably has a 10-year life span, what is the best way to tackle the accommodation issues that will bring in if, for example, they are going to have 200 workers for 10 years?

Ms CHUGG - There is a lot of modular housing they could construct and then move. We were looking at something in that line the other day. We are always looking at ways to have really flexible building structures. Architects have done a lot of work on housing that can be moved or even transfer maybe to aged homes. We have found on the west coast, because of the ageing population, there is such a shortage of housing for older people. There could be some community obligation that they can then pass that on and it could be transformed into something else.

Mrs SMITH - So it should be a responsibility of the mines initially?

Ms CHUGG - Certainly in partnership with government and probably local government. Maybe when we are looking at the state housing planning scheme mentioned in the state of the State address, we should think that those things need to be factored in.

CHAIR - Especially as it is also mucking up the tourism industry on the west coast because the resorts and motels are filled with workers. There is no room for tourists.

Ms FORREST - Have you heard of Wild Terrain Designs?

Ms CHUGG - No.

Ms FORREST - They built a little prototype in Queenstown. I cannot remember the name of the owner now, but she is an architect, a very smart woman who was engineering in Queenstown. They come in a flat pack and you build them. They are furnished and everything. You stick them up anywhere.

Mrs SMITH - Do you have a concern if a State housing policy says those want to build a pulp mill or mines or whatever that will employ a 100-plus workers must put in housing but a government ignores this because they feel they may lose the economic benefits of companies setting up and thus providing jobs et cetera? Should it be a national policy rather than a State policy? I see a danger in that sort of issue if States do not all follow the same path.

Ms CHUGG - We are saying it is a requirement; it is not an imperative that you must. A requirement is about good social planning and planning across the board. It would be about setting a clear direction. I do not think there is anything wrong in asking for that and it would not be necessarily seen as a disincentive. There are big issues in the West Australia boom especially for Aboriginal people in company housing areas. These people are housed only if there is a strong public housing system because they can afford it. We find key workers - hairdressers, teachers - have problems which means you cannot have a sustainable society if you just have people come and go and there is no obligation put with it.

CHAIR - Unfortunately I am going to have to cut this off.

Ms CHUGG - Can we just add one comment? We did a survey about my response to this inquiry and a number of people in housing crisis who said they were willing to give evidence. I did not know what the capacity of this committee had to see any of them. It is at the end of our submission. Of course those names and numbers are confidential. We would not want those published in any way. It is just to remind you that those people who are living in difficult circumstances or unaffordable private rental are willing to be interviewed by you.

Mrs SMITH - We can assure you, and I hope you assure those people, we see them in our office every week of every month of every year.

Ms CHUGG - I think a couple of people said this was the first time anyone had ever asked about housing.

CHAIR - Well that is a tragedy. I thank you for coming in and your submission. I especially thank you for doing the survey because it is really important to get those views.

Ms CHUGG - We will pass on the information to you that we promised.

CHAIR - Thank you very much - it is much appreciated.

THE WITNESSES WITHDREW.

Ms GEORGINA MCLAGAN, DIRECTOR, CENTACARE WELFARE SERVICES, and **Ms ANDREA WITT**, MANAGER OF HOUSING PROGRAMS (CTSS AND PRTSS), CENTACARE WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR - Welcome. Everything is being recorded and may be quoted.

Ms McLAGAN - I will be circumspect.

CHAIR - Not too circumspect! Where do you want to start?

Ms WITT - Perhaps we could start with an introduction about Centacare.

CHAIR - Okay.

Ms McLAGAN - I think you probably will have heard quite a lot of points that we will raise from Shelter Tasmania. I will put some perspective into where Centacare fits in housing. We have a range of programs, from transitional support program, that pathway to help women and men in shelters into longer-term housing and support for that period. We have a family support program, most of whose clients are frequently in housing stress. One of our more recent programs is the Integrated Humanitarian Settlement Strategy.

We have considerable difficulty in accessing private rental for new entrants who are disadvantaged by not having referees, language skills and understanding of the system. Our push is about renting, and although we are very keen to see the number of public houses increase, we have concerns about the policies of both Federal parties as home ownership sits higher on the agenda and supporting rental tenancies and yet most of our clients will never be in the market for home ownership. That is the basis from which Centacare is coming at this stage.

CHAIR - There is the evidence that if you can get more people into home ownership that hopefully frees up some rental space.

Ms FORREST - Do you have any idea of the percentage of people you deal with who do not believe they will have the capacity to be a home owner and what percentage would like to or may move into home ownership? This stems from the comment you just made about the policies of the Federal Government.

Ms McLAGAN - We have not done an in-depth survey but we know is that 85 per cent of our clients are receiving Centrelink benefits. Almost 100 per cent of our clients are in family support programs and obviously those in transitional and all the new entrants are on Centrelink benefits.

Ms FORREST - Most of them would be in that situation -

Ms McLAGAN - Yes.

Ms FORREST - unless their circumstances change, I guess.

Ms McLAGAN - Yes.

CHAIR - Your survey figures are quite staggering, aren't they?

Ms McLAGAN - They are very scary.

CHAIR - You show that 81 per cent pay over 50 per cent of their income with 56 per cent paying over 60 per cent. That would have a major impact on the rest of their life, basically.

Ms WITT - We expect that if we were to do that with the majority of our clients that would be mirrored across the board. What is scary is that when the surveys were typed and you could see them as a whole, workers were not that surprised because it is something that is fairly common across many of the different programs.

Mrs SMITH - I am looking at your charts on the back of your submission that show the main reasons for people seeking assistance. In the south 22.3 per cent were behind in rent; for the north 20.6 per cent; and the north-west 6.7 per cent. Does that reflect that rentals are cheaper compared to incomes in the north-west? Is that what you might take out of that?

Ms WITT - You could, but I could not say it with any real certainty without doing the research to back that up.

Mrs SMITH - It seems a big gap between those three regions.

CHAIR - I did not notice that.

Mrs SMITH - I do not think there are any better or worse money managers in any particular region.

Ms FORREST - The north-west has the highest level of poverty in the State, though, so it does not quite add up in that regard.

Mrs SMITH - But they are not behind in the rent.

Ms FORREST - Maybe there are fewer clients on the north-west coast.

Mrs SMITH - They give percentages, though.

Ms FORREST - Only percentages?

Mrs SMITH - Not numbers, percentages.

Ms FORREST - Percentages relate to numbers, though, in providing more support with budgeting and money management. Does Centacare provide any advice in that area?

Ms WITT - Centacare's Private Rental Tenancy Support Service provides support to people in the private rental market about anything affecting the tenancy.

Ms FORREST - They do that too.

Ms WITT - Yes. This covers anything that puts a tenancy at risk, anything that can prevent that tenancy from being successful. It also needs to be looked at in terms of how people present at the first point as well. Often they will present with a specific issue such as the neighbours, for example, but that could be just the beginning. Once you start working with that person you break it down and there are often many other issues underneath. From that point it may become clear that there is an issue around the rent and being able to pay. Once the relationship is built we are able to talk about those issues and be more open about those issues.

Ms FORREST - Is your ratio of staff to clients fairly similar in the three regions or is one area better resourced?

Ms WITT - It is better resourced in Hobart. Within Hobart we have four workers; in the north we have two workers and in the north-west we have one worker. That was as per the initial tender from the Affordable Housing Strategy, wasn't it?

Ms McLAGAN - It was part of the initial tender, based on the population and the statistics around people on low income benefits et cetera.

Ms FORREST - From Centacare's point of view on your ratio of staff to clients, is that even around the State or is it better in Hobart because you have more staffed or do you have more clients there? Do you know what I am saying? If one staff member in Hobart has 500 clients, each of them has 500 clients, and one in Launceston has 400 and the one in the north-west has 600, so the ratios are different - do you see what I am asking?

Ms WITT - If you divide the number of clients within each region by the number of workers, it works out to be fairly comparable way across the State, depending on the month.

Ms McLAGAN - We have the capacity in the north-west to increase the staffing there, but at this stage the demand level does not indicate that we need to do that. If that changes in the rest of the contract then there is the capacity to do that. The case loads that the workers carry are all pretty universal across the State.

CHAIR - The recommendations, I'm pleased to see, are fairly similar to Shelter's. Is there anything you would like to add?

Ms WITT - I guess I would like to make the point that at the end of last financial year the Private Rental Tenancy Support Service had seen something like 1 500 tenants across the State. In January we had seen something like 150 or 140 and in February we saw another 150 and the number of clients we are seeing seems to be increasing, not decreasing, yet our funding is due to end in March 2008. We are hoping for that to extend to June 2008, but the program is demonstrating itself to be a really needed program within the community and we have grave concerns about what happens to those tenants and where they will get support if that program stops.

CHAIR - So I would have thought by now you would have some indication whether the funding would be ongoing.

Ms WITT - No, we have not.

Ms McLAGAN - We certainly have made representations about it, but we have had no indications to this stage about what will happen. Housing Tasmania I think would probably help, it would continue, but they are not able to say so.

The other issue too, around the number of tenants that Andrea is referring to, is that as part of TAHL and having looked at where the first 260 properties are to be built, they are predominantly in the south with a small number in Rocherlea and Ravenswood. Lots of those properties are to be adjacent to already-existing broadacres, so we would anticipate that there will be another body of clients likely to come out of that development as they go up over the next 18 months to two years.

I think that two years down the track this program is getting wider recognition, which is probably a contributory factor to the increase, but we also know that there is going to be an increase in that kind of area of housing and the associated problems that will go with that.

Ms FORREST - So the reason, in your opinion, that the properties TAHL are proposing are on the land in those areas - and we have heard that some of the land is in those areas, is located close to those other broadacre developments - is that they already own the land.

Ms McLAGAN - That is right. One of our concerns is about the continuation of the broadacre development, but we are really glad that in the state of the State we were able to hear that a future planning process will allow for a wider diversity where these houses will occur, that there is a good body of research that says that children from a disadvantaged background growing up in a more dispersed housing area will actually do better than children growing up in a Gagebrook-type concentration area.

CHAIR - What we have been told is that the Housing Tasmania land release so far and from other government departments like school sites and whatever -

Mrs SMITH - I do not think they have identified other sites in other departments yet. And of course there will be the take-up by private enterprise of that land at market value - it is not a gift, they have to buy it at its value, the valuation, which in this day and age is pretty close to market value anyway, because most of the State has been revalued. So that is the next question of course - how much interest there will be from private developers in developing the sorts of housing that is required.

Ms FORREST - The thing is, if they want to create a mix, if they come up against an area that already has a high public housing area, it might not be so attractive to private developers.

Mrs RATTRAY-WAGNER - I think that is a fairly general perception out in the community just in some of the areas that I know. The land uptake in some areas for private developers has been extremely slow so I think it is right across the area. How we educate the public about inclusiveness is always going to be a difficult area.

Ms FORREST - Centacare is not in the business of building properties though?

Ms McLAGAN - No. We have not persuaded the archdiocese to go there.

CHAIR - You had an involvement in TAHL in the early days, didn't you?

Ms McLAGAN - Our business manager is on the current board of TAHL.

CHAIR - He is on the current board, yes, so you are pretty up to speed with what is happening.

Ms McLAGAN - We also looked at the recent tender too for providing property management services and I suppose that gave us a little bit of an insight into what the development plans were.

Ms WITT - But decided against it.

Ms McLAGAN - We did decide against it.

Mrs RATTRAY-WAGNER - A bigger job than you anticipated?

Ms McLAGAN - No. We thought it would be a conflict of interest because our role in the private tenancy support services to support clients in difficulties and the role of property management would be to do the evicting, so in terms of our core business and our mission of values that would be a really large conflict of interest to have that service.

CHAIR - It would be a pretty hard one, wouldn't it.

Ms FORREST - When you do focus on the rental area, you have no doubt probably heard about the NARI sort of national assistance, the rental initiative.

Ms WITT - No.

Ms FORREST - Okay. It is at the Federal level looking at tax incentives for rental assistance. In your opinion, not knowing about it, do you think incentives could be provided to investors either big or small to assist expansion in the rental market at a more affordable level?

Ms McLAGAN - Yes I think so now. I think there are some indications that it is working in small pockets. The problem we would have with that is that, while we would really welcome it and we would encourage it, I am not sure it will pick up our client group. What tends to happen in the prioritisation to us, is the tenants who are likely to be consistent long term - probably easy maintenance tenants - whereas many of our clients are not easy-maintenance tenants.

Mrs SMITH - But surely if you have more stock on the ground then market forces prevail and therefore if there is more stock it frees up the rental market so that some of the people who are in the tent or in the motel room or whatever have some opportunity to come in at some level. If there were more stock on the ground one would think you would not have landlords saying 'Well, I am going to fix it but I am going to put your rent up and then your choice is to move out' as we saw on the Housing Affordability Day. Landlords, if that is what some are doing, would have to stop and think. If it is not that

easy because the market suddenly has more capacity in it, they would have to look after their tenant a little better than that.

Ms WITT - I think certainly we would support anything that has more houses on the ground but again with the houses on the ground there needs to be the support for the high end as well to have tenancies and people maintaining their tenancies. There is a pocket of the community that needs to be supported in that process.

Mrs SMITH - That is right but, again, more on the ground to take the stress off the waiting lists et cetera may allow more concentration of the support that is needed at the high end needs, possibly. Would you accept that possibility?

Ms WITT - I would hope so.

CHAIR - I have the obvious question, and you are an important organisation to ask given the fact you have been involved in the TAHL process right from the beginning and you are still involved. Do you ever see the day that a community housing model like TAHL can take the place of Housing Tasmania?

Ms McLAGAN - No.

CHAIR - Why?

Ms McLAGAN - I think that Housing Tasmania even its role were minimised would always need to be an essential safety net, particularly for the kind of clients we have just been talking about who possibly would not make the tenancy when it is a privately owned market. So I think it is essential that we have Housing Tasmania, and that they have housing stock.

CHAIR - What percent of TAHL's tenancy mix do you think will be category 1?

Ms WITT - Having a look at that document I do not think that the target is category 1. I think it is category 2 and category 3 but I do not think it is category 1. I think that as far as a healthy public housing system goes, that cannot just be for category 1 or high-end clients either; it needs to have a social mix so that the communities can be healthy and sustainable.

Mrs SMITH - Do we have time in the process where there is significant housing stress in people's capacity to get in, to do anything more than attempt to get some housing on the ground of different sorts of models as quickly as possible to take some of this stress out?

I hear what you are saying, and over time a plan to develop our way forward, and that is probably the housing policy that the Premier is speaking to, but I will put the same scenario - someone will come to me with no responsibilities except to himself and say that he is on the housing list and he cannot get a house. I will say that he has extended broadly but he will say no, he wants to be in West Ulverstone because that is where his mates are, and I say, well what about if something comes up in Wynyard; no, no he doesn't want to go there - for no reason except that his mates are not there. I wonder if we are doing the same in a crisis situation with housing, to get housing on the ground. Do we take the time and plan it properly or do we take the risk and put the roofs over

heads? That is the thing I struggle with in this issue, and you are the people on the ground. If you had the choice, which would you do?

Ms WITT - Of course I would want both, because the issue with the knee-jerk bandaid reaction is that for the minute it gets sorted but in the end it has not been considered as to what the long-term implications are. But at the same time, something needs to happen now.

Mrs SMITH - It has taken us three years to get TAHL to the stage now where some houses can get on the ground - this is a still-going-on government organisation process, and there are lots of reasons. You have to go through those things to get a company up, et cetera. So if I said to you that a good strategic housing policy could take three years for Tasmania, can we afford to wait?

Ms WITT - TAHL is one piece of what needs to be a bigger jigsaw puzzle. Get that happening by all means, but there are issues with the clients that we are working with every single day so that no, that cannot wait, and I guess if you look at some of the responses just within that survey, they are not one-off responses, they are responses that people are experiencing every day. People cannot afford to send their kids to school; people are making choices between buying medication and meeting their children's medical needs and paying the rent - that is just the way it is. People are not buying groceries; they are living on two-minute noodles.

Ms McLAGAN - I guess also I am thinking about the humanitarian entrants, and we take about 440 a year, and about 270 of those come south. No matter what our position with housing, they are still coming in. They are coming in very rapidly, and we do not have houses to give them. We cannot really wait until TAHL. You made a very fair observation earlier that there is no guarantee that this land is going to be picked up at the appropriate price, and then we have to wait for the houses to be built.

I have listened recently to a few suggestions about putting up prefabricated houses, kit houses, cheap cabins as an emergency response, and I guess that is one consideration in the short term, but for people like the humanitarian entrants coming in we are unable to wait because there is nowhere to put them, particularly if they have a large family. There are quite a number coming in with nine and 10 in the family, and even within the housing stock of Housing Tasmania there are no houses large enough to accommodate them. Then if you move that into the private rental market the cost of the private rental for those houses is usually in an inappropriate area and is frequently well out of the range.

CHAIR - What you are presenting us with here is some qualitative information about the problem through your survey results. When you look at the quantitative figures, we have 26 000 Tasmanian households in housing stress, and 3 000 households on the waiting list, 700 of whom are in category 1 which means homeless or living in a dangerous situation. Whilst that has been growing the stock has been diminishing. The current strategy to deal with this is TAHL, which is 700 homes in four years. Even if 700 homes are provided in the next two years, and it is four years since it started, we are falling behind.

Ms McLAGAN - Absolutely. From our perspective TAHL has never been a complete answer - it has been one part of an answer.

CHAIR - Your number one strategy to the State Government is?

Ms McLAGAN - To continue to provide public housing and increase the amount of public housing available.

CHAIR - If they say they have not got the money to do that is there an alternative strategy you can think of?

Ms WITT - Find the money.

Mrs SMITH - I put the scenario to you that the State has \$1.2 billion worth of assets in its public housing stock. Let's say a corporation or government business enterprise or whatever, like Metro buses, was set up where they could go out and use their asset to borrow money to build more, so you utilise the asset you have rather than sit it on the books of Treasury and in the headache of Housing. That is how I say it sits at the moment. If you used your asset, as somebody would use two houses to buy a third et cetera, do you think that is a possible model? Like the Government makes contributions to Metro's community service obligations - those who have a particular card can have cheaper travel on Metro - do you think that model could work in housing and perhaps get some more finance to get some more stock on the ground quicker?

Ms McLAGAN - I think it is a great concept but I think at the moment it would fall between Commonwealth-State housing agreements. This, I think, is one of the frustrating things, that the minute you start to ask things, such as retiring the \$17 million housing debt, you come against the difficulties of having Commonwealth-State housing agreements. This agreement is up for renewal in 2008 and - depending on which governments and which policies - it may or may not be renewed. I think it creates a complication for services like ours which are trying to tell our State Government to increase the housing stock. That is a really good suggestion of how you do it and then you look at the balance between the two funding areas.

Mrs SMITH - If you remove the Commonwealth and say that this State has a \$1.2 billion asset of housing titles that sits on the books of Treasury, so put it out and make it work, is that a scenario that is worth, at least, doing some financial modelling on?

Ms McLAGAN - Absolutely.

Mrs SMITH - Because there will always be the argy-bargy of State and Commonwealth housing agreements that will go on every time the agreement that is current has to be re-signed. There have been some indications that the Commonwealth may open the agreement to all and sundry. If that is the case you may be able to apply for Commonwealth funds for housing.

CHAIR - If the State does it, though, the Treasury is going to have to do a mighty backflip on debt strategy.

Mrs SMITH - It depends how tough the Treasurer is. He is in charge, not Treasury - supposedly. We have to look at innovative ways, don't we, of getting something on the ground.

Ms WITT - There have to be answers out there and there have to be innovative ways of doing it, but people are so busy trying to sort out the here and now. For us, our role is very much trying to support the people who are finding it really tough. We would love to come up with innovative solutions, but we are so flat out working with the people whose backs are breaking.

Ms McLAGAN - We need you to do that for us.

Ms FORREST - You were talking about the Federal Government's opportunity to retire the debt. I think it would be a bit of a winning policy announcement by any party to say, yes we will retire the debt. I am not sure what the total debt is -

CHAIR - \$17 million.

Ms FORREST - No, the whole amount.

CHAIR - \$240 million.

Ms FORREST - There was \$34 billion in tax savings that the Liberals have just announced that was apparently stuck down the back of a piano. So it is not without reach because a lot of people would benefit from it. You would think it would be a policy winner if they came and said that they will retire the debt of those who have debt and for those who have done a good job and retired their debt they will give you so many million dollars towards housing - because every State has a housing crisis. Do you think that would be a good policy and so could win an election?

Ms McLAGAN - I heard Mal Brough on the radio the other day responding to Paul Lennon's state of the State address, and his comment was a loud and clear 'no thank you'. He came up with lots of figures that we have given you x million dollars of money and that your mismanagement that has left you in this position, so no, we are not going to help.

CHAIR - Tanya Plibersek said the same thing.

Ms McLAGAN - I believe so. It was not looking hopeful.

Ms FORREST - There is no hope for that one then.

Ms McLAGAN - It is unfortunate because the Premier did promise that the \$17 million could go into public housing if we got it.

Ms FORREST - Well if they retired it off the debt of housing, we still could.

Mrs SMITH - Treasury have the title and Housing have the debt.

Ms WITT - The impact of housing affects all other areas of the community service industry, so it does affect SAAP greatly. Centrecare's transitional support service and other transitional services are seeing the issues of taking clients out of the shelters and supporting them while they bed-hop from place to place to place, and also trying to get

them into the private rental. However, when you are turning up for private rental appointments what you are seeing is 10 other families there, and business people turning up in lovely cars.

Ms FORREST - So they would you not give it to them.

Ms WITT - Yes. One of the things that SAAP finds very frustrating, particularly SAAP workers, is when hear people say that it provides opportunities for people to get into the private market. It really provides an opportunity for people to go through soul-destroying experiences of being knocked back over and over again. That is the reality within the SAAP sector.

Ms FORREST - Maybe Centacare need a range of suits they can put the people in when they go out to look at the property!

Ms WITT - The problem is they do not have the bank balance to back it up.

Ms WITT - Another issue is breaching, which I know is a Commonwealth issue, but increasingly we are finding people who are being breached. They have no income and there is the impact that has on their being able to stay in a tenancy. All those micro issues - and there are many - are all because of housing.

CHAIR - It effects everything else, doesn't it?

Ms WITT - Yes, mental health, people not being able to have their children with them and being unable to increase their capacity to parent because of not having stable housing to go to. Also, people return to unsafe families, to domestic violence, because there are no other options.

Ms McLAGAN - And interruption to children's education and access to health services.

CHAIR - We heard stories of one child who has been to nine different schools because his mother has had to keep moving from one school to another.

Ms WITT - And that is common in the case studies.

CHAIR - Thank you, all.

THE WITNESSES WITHDREW.

DR ROBERT MURFET WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

Dr MURFET - I am Bob Murfet and I have been a planner and land economist for the last thirty years. I have worked in every State in Australia and I am now back to my home State and have an interest in housing and land economics here.

I want to add a little bit more information to my original submission. It should have probably gone onto the front of it all because when I sit and listen to the presentations and papers I really wonder what this hearing is about. Is it about what the rest of the nation is primarily talking about under housing affordability and housing stress - the problem of moderate income households not being able to buy into the housing market and of people needing to apply more than 30 per cent of their income to housing?

I see that the welfare advocates have presented a lot of material on the dire straits of people in homeless circumstances. I guess it does not hurt to listen to all of that. However, as one of the co-authors of a major study on homelessness - probably the biggest one funded in the last 10 years by the Commonwealth - and being aware of all the housing affordability literature, it concerns me that these two issues are not being clearly kept apart. Homelessness is a welfare issue: housing affordability is an economic and management issue. They have very different solutions and they need very different approaches.

CHAIR - The terms of reference have covered the two. I am certainly clear in my mind that you need different strategies for the two issues but there is a cause and effect connection as well.

Dr MURFET - Of course but the two issues only intersect in a small way and often you are really fixing the results and not the cause. I see homelessness as something different. Homelessness and crisis housing refer to a different population, in my mind. You are talking about people often with mental health issues, those who are drug impacted. You are talking about a different section that needs an entirely different set of solutions, not normal families who just need more affordable housing.

Mrs SMITH - May I put to you that the homelessness we are seeing in 2007 is also made up of families who cannot afford the rents? Therefore they are closely linked within a market and supply process.

Dr MURFET - Yes, I know but for many of the homeless providing them with just normal non-crisis housing, not supported accommodation, is not always the right solution. My view is that when you turn to housing affordability you are talking about a different set of issues. I see those issues as being residential land supply, overheads resulting from the planning scheme, taxes and charges by local and State government, housing supply and demand, appropriateness of the stock, cost of the product, and the management of greater housing supply.

I have some notes if you want to have a look at this material. It is quite specific in terms of land economics and so forth. It is not that I want to downplay homelessness or crisis accommodation but what when I look at what is happening here I think that it has slipped

very much over into the welfare end and away from land economics and housing. Now that could be a false -

CHAIR - No, we have certainly had lots from the building and development sector on these same issues so I would say it is about 50:50. You may have just been here in the wrong times.

Dr MURFET - But I have read the other papers, as well. Can I talk a little bit more about this sort of stuff?

CHAIR - Yes.

Dr MURFET - I have heard it said that there is 40 years' supply of residential land in Tasmania. Who knows what that means? That is not a really meaningful statement. They might be referring to land that has been zoned residential but that is not a very useful statement. I think what people normally talk about in terms of land supply around Australia is the number of lots that have currently been developed and are ready to be built on. Land developers usually minimise the gap between supply and demand because of the on-costs and overheads that they are likely to incur.

Given the considerable interest in land supply in relation to affordable housing in other States it seems rather remarkable to me that nobody in Tasmania collects any data on land supply. How can any sensible strategy be formulated under such circumstances or how can any proper planning occur when nobody knows what the land stock is? Land development seems a bit haphazard in Tasmania with small developers building a small number of lots and taking their chances with market forces.

There is anecdotal evidence that small-scale developers have blocks on the market for five years or more just selling a couple of houses each year. In fact, little has changed in this process over the last century. This is a most unsatisfactory situation with a State not meeting its responsibilities in terms of land supply. In other jurisdictions State and Territory governments play a very active role in land-use policies and planning and ensure that land development is in the right form and in the right localities. In fact, this sort of planning of housing can have a major effect on the wider economy.

Let me just turn now to the overhead -

CHAIR - Do you have data or a table on that? I mean we certainly discovered that in New South Wales when we were there a couple of weeks ago. Does your report include a document that highlights what each State does in relation to the point you have made?

Dr MURFET - I could have a go at finding some material about lot sales across different States as introduced by HIA. Could you ask me a more specific question about that later because I will cover some housing demand issues?

I want to talk for a minute about the overheads imposed by the planning scheme. Your planning schemes in Tasmania seem to have grown up like Topsy and are very convoluted. Having worked with other planning schemes they seem to be much more robust, reliable and consistent. For example, New South Wales is well advanced in standardising its planning schemes across the State with a model planning scheme so that

consultant planners can move from one scheme to the other very easily without getting caught out by legal quirks in a particular scheme.

Central planning departments in the other States seem to be far more proactive and make far greater contribution to the planning process. For example, in New South Wales the State planning department has brought into existence State planning and environment policies which cover a whole range of planning and environment issues to help small local governments move much quickly through difficult planning processes.

It seems that in Tasmania the planning system is much more about regulating rather than introducing new initiatives. This is like a car with very good brakes but not a very good engine. Planning is left to the district local government planning officers who are often not up with new planning initiatives and theory around the world on new efficiencies in land use. Planners who visit Tasmania seem to be quite amazed that there is not a dedicated department of planning.

CHAIR - Some of us in the State agree with that.

Dr MURFET - I am sorry.

While this hearing is not directly about the planning system it should be remembered that weaknesses in the planning system show in additional costs with the development of residential lots and the construction of dwellings. In a discount cash flow model prepared by a land economist time loss is converted to holding costs and added on to the lot price. Even more critical an uncertain planning environment results in financial risk which is often factored in as a cost contingency and can easily kill off an otherwise viable project. Public sector planners often forget about holding costs and risk. Anecdotal evidence would suggest that Tasmania's holding costs average add about 5 per cent to 10 per cent to the cost of residential land and risk a further 10 per cent.

The State planning system should be working proactively on a regional basis to provide effective strategies for the provision of infrastructure, transport systems and community facilities associated with housing. In New South Wales, for example, the planning system now gives clear priority to residential development that includes lots geared towards work generation within the subdivision.

Taxes and charges are a very hot issue in terms of land affordability in the other States. For example, in New South Wales there are section 94 contributions which add up to in Gosford, for example, \$65 000 per lot as infrastructure and development levies. The Housing Industry Association has argued that there is probably around \$30 000 in normal taxes and charges which is added on to the cost of housing lots. Last time I looked at local councils in Tasmania they were not allowed to charge development levies.

CHAIR - Some are starting to do so.

Dr MURFET - Okay.

CHAIR - None has realistically done it in the past or they were reluctant to do so.

Dr MURFET - Given that land prices in Tasmania are starting to catch up to the rest of Australia one could argue that there is a very good case for applying development levies to land developers. In the other States land development models usually show an internal rate of return or profit of 20 per cent. It would be interesting to know what Tasmanian developers get out of their land development projects. I do not know about all of those issues in Tasmania at the moment, but I think probably a lot more work should be done on modelling to understand how they actually impact on housing affordability.

Turning to supply and demand, clearly there is an unacceptably high level of housing stress on mortgagees and renters in Tasmania and most other cities across Australia. However, it would appear to me that the welfare model probably has too much of the upper hand in Tasmania and there needs to be a much more sound modelling of the economics and the land economics areas. The welfare model often calls for simply more houses.

A sophisticated analysis and modelling of the housing market, on the other hand, would answer important questions not only of how many houses are required but what type, where, and the most cost effective way of achieving the required goal. It would link housing issues into the wider economy and would show benefits that would flow on to better management of the housing asset class. For example, a good housing environment can be used to attract skilled workers to a region.

How many privately owned houses and how many rental properties does Tasmania need? Probably the answer is that nobody knows at the moment. While the modelling will not be accurate to the last house required it will give relatively accurate indications of demand-side requirements. In addition, the supply of a lot more houses will not necessarily bring house prices down. For example, I know of small-time investors in Tasmania with good housing stock who have been known to leave their properties vacant until they find the right tenant who will pay the right price for the property.

The efficient management of the housing supply must also look at the protected changes in the housing requirement. This means factoring in the data on housing approvals and demographic changes that might be taking place. By way of example, the ABS figures for the March 2007 quarter show that in Tasmania the population increased by only 308 people with a net in-State loss of 23 people and an overseas gain of 330 people. In addition, in the June 2007 quarter there was a large seasonally adjusted drop of housing approvals of 11 per cent - 11 per cent is a worrying sign.

The fact that Tasmania's population is ageing rapidly also needs to be considered. All these issues must be factored into a model. The level of pent-up demand needs to be analysed as well as understanding the dynamics of housing information. You can see that there is a lot of work that should be done before any housing strategy can be put into place.

We can talk about the appropriateness of the product. What sort of additional housing should we build in Tasmania? These issues are sometimes as important as the number of houses required. You can currently buy a three-bedroom dwelling on land in Queenstown for \$82 000. The problem is that large numbers of people do not want to live there because there appear to be no jobs nearby and it is too far away from friends

and family. Similarly, dwellings on the fringe of urban areas are sometimes inappropriate because of the lack of services and public transport.

It is also a waste of resources not to provide housing choice so that single older people or single parents can live in high-density, two-bedroom dwellings that suit their needs rather than a four-bedroom home on a quarter acre lot. Who knows how many houses are used inappropriately in Tasmania.

The median price of land has increased by 59 per cent over one year to \$125 000 in Hobart and by 21 per cent to \$85 000 in regional Tasmania. Hobart is now on much the same level as Adelaide. In comparison to the cottage building industry in other localities, Tasmania seems to have a number of anomalies. Builders seem to be very much slower at building dwellings here and there is a lack of available and innovative new building materials.

It is said that builders are very busy but if there were an 11 per cent drop in building approvals in the June 2007 quarter one would expect that there would soon be some spare capacity. Nobody seems to measure the spare capacity and it is not of interest in the representational bodies to let on that it exists. It is also said that it very hard to get trades in the building industry. But it is unfortunate that HIA collects data on this in every State except Tasmania.

It is unfortunate that the State Government in Tasmania does not take a more direct role in land development and have a land development agency like those of every other State and Territory. People in the industry say that the scale is too small to attract interest of large developers from the big island to the north. This proposition should be tested. My view is that if the Government sought joint venture partners to develop land in Tasmania the big developers would show considerable interest. There is documentation that the required deeds and expertise are available to mimic joint ventures between the private and the public sector such as that recently in the ACT to develop the new suburb of Forde. In that circumstance the joint venture mentored cottage builders to build on the lots that are produced. Across Australia there are many new and innovative ways being implemented to produce more affordable house and land packages. All it needs is the will and the enthusiasm to achieve acceptable outcomes.

In my original submission I pointed to a number of ways that the provision of more affordable housing could be achieved. The most effective way, as demonstrated in the other States and the ACT, is to dramatically boost the level of community housing. Community housing uses social capital already within the community to boost the supply of housing. It achieves that all important sense of ownership that results in easier management of the dwellings down the track.

Community housing companies also have that important advantage of being able to be run as business enterprises without the constraints of public sector rules and restrictions. Community housing in New South Wales has boosted housing stock by in excess of 20 000 in a short period of time. Tasmania could quickly introduce a structure such as Community Housing Canberra Limited to dramatically lift the level of this form of housing. I have probably given too many facts and so forth.

CHAIR - We inspected a development at Community Housing Canberra.

Dr MURFET - I knew that you had done that.

Ms FORREST - It was on your recommendation.

Dr MURFET - Was it really?

Ms FORREST - You had some involvement in that, didn't you?

Dr MURFET - Yes, I was on the board when that was produced. It's hard work but you can very quickly get properties on the ground. I have built large subdivisions on large housing estates for the Defence Housing Authority and I have been involved in exercises where they have built houses in a month. You do not have wait around forever.

Ms FORREST - What do you think are the main impediments? Tasmania seems to be slow in building. Is that because of supply issues or enthusiasm for the job issues or what?

Dr MURFET - Tradition. I do not think they have changed in the last 100 years. Lots of places are the same but here we do not have the large-scale developers pushing them along and saying 'Do this in a contracted period of time'. Maybe I need to do more work on this before I can definitively say but from my experience people come and start the house and then they go away for a month. I do not quite know where they go to - and then they come back.

Ms FORREST - They go and start another one. That is what they do.

Dr MURFET - They probably do.

Ms FORREST - Builders are so busy at the moment. They will get the slab poured and then they will go and pour another slab.

Dr MURFET - Who said the builders are so busy?

Ms FORREST - Have you tried to get a builder?

CHAIR - They do.

Dr MURFET - They do. I am not sure that this is not a bit of marketing that they do.

Ms FORREST - Do you think they are having a week or two weeks off every now and then.

Dr MURFET - No, it is in their interest to say that they are always too busy. If there were a lot of builders that were not employed they would have to bring their prices down a bit, wouldn't they?

Mrs SMITH - There is solid evidence. The best builder in my community closed his books in 2005 because he knew he had 18 months of committed building to do for people. He was the best builder so people who could afford it go to the best of course. That was the top of the tree and as you went through the builders the story was similar. They did not say straight out that the books were closed and they could not touch anything for 18

months. But the stress I think has been proven out there. I cannot speak about down here but it is certainly in the north - because we lost so many. They all went to Sydney to build the Olympic village and they did not come back. They met the love of their life or whatever and that was the end of the builders.

Dr MURFET - It would be nice to have some overall data on that. This is sort of going from the anecdotal level up to the aggregate level. I think there would be ways of bringing in a Delfin Lend Lease who may even choose to bring their own builders. What is stopping that? They came into Canberra without builders.

Mrs SMITH - So why haven't they come into Tasmania? What has stopped them?

Dr MURFET - Because nobody has developed any sort of innovative way of bringing them in. In Canberra they came in on a joint venture involving the ACT Government, Lend Lease and another firm called CIC. That innovative approach allowed them to build chunks of housing.

Mrs SMITH - And that was housing for sale, of course. Not all of it, though.

Dr MURFET - In the joint venture contract 5 per cent had to be for affordable housing.

Mrs SMITH - So how does that compare with the invitation Tasmanian Affordable Housing Limited put out over the last fortnight encouraging private enterprise to come in and build. Will that encourage a Delfin Lend Lease, do you think?

Dr MURFET - No.

Mrs SMITH - Why not?

Dr MURFET - While I was working with the Defence Housing Authority, I was strategic planner from 1987 to 1995 and we tried desperately to get private investment into domestic housing. The big investors are not interested in private housing. The rate of return is probably less than what you can get by having your money in the bank. Why would they bother?

Mrs SMITH - There has been a suggestion about superannuation companies who have lots of money but are restricted because their fiduciary duty is to their funds. They must get the best return. There are some organisations in Australia who have a proposal before both the superannuation industry and Federal Government to say that if there is more incentive they believe they can bring big dollars very quickly out of superannuation schemes because of tax incentives for those schemes to actually put houses on the ground. Do you think that is an innovative and quick way for the Government?

Dr MURFET - I know that a person called Brian Ackworth in the Westpac Bank has rounded up some money to put into housing because certain groups had a balanced portfolio and he has managed to do that. But you still have to go back to the economics of why would you bother unless you force them to do that?

Mrs SMITH - By your tax incentives. Some people say you can make money in property if the incentives are there.

Dr MURFET - No.

Mrs SMITH - You cannot in residential at the moment, we accept that.

Dr MURFET - The Prime Minister and his Government have been trying to get private-public combinations to provide residential housing. It has been a bit of a red herring; it has actually wasted the last 10 years in fiddling around. So while everything has gone downhill I could have told him 10 years ago that the private sector is not interested in large licks of residential housing. In the Defence Housing Authority we ended up with hundreds of houses that we wanted to get the sale of lease back on. In the end the only people we could get interested were mums and dads who did not really understand the economics of it all. They would like to drive past their house on a weekend and show their friends. It does not work.

Mrs SMITH - Okay. The other scenario you may have heard me put to people is that we have \$1.2 billion worth of housing asset in this State. That is on the balance sheets of Treasury and we have all the pain and the stress on the balance sheet of Housing. The scenario is like that of the Metro, which does not have a dividend and actually gets community service obligations out of the State Government for their community service of transporting people that have a health care card, pension card or whatever. If you transfer the stock to a company you have \$1.2 billion worth of assets to borrow and build houses.

Dr MURFET - I have seen that work quite effectively in the ACT. The State Government allocated 200 public housing dwellings to community housing in Canberra to provide them with a rent stream which they could then use as a basis to fund their operation into the future, so that is not too different to what you are suggesting. It could be done on a small scale very easily. You might not necessarily want to move big licks of them over but that asset can be used very well.

Mrs SMITH - What are the dangers in that for the State portfolio?

Dr MURFET - I cannot think of too many dangers. The only danger is that they do not get the rent stream, I suppose, which is an income stream to them.

Mrs SMITH - It is not really a rent stream to Housing: what comes in goes out.

Dr MURFET - Of course. Probably like elsewhere it goes back into Consolidated Revenue.

Mrs SMITH - If I were a private developer and I had 10 houses that I owned, surely I could go to the bank, buy five more, and use 15 to pay off five plus maintain them at an appropriate level because you have to maintain your stock lest your asset base depletes.

Dr MURFET - I refer back to the Defence Housing Authority, which was a government business enterprise. There were economies of scale and a whole range of things by it taking over the Commonwealth's asset. Then it became a separate legal entity that could invest and roll things out. We would go and develop a subdivision and because of the scale and that we wanted some houses out of it, we would make an enormous amount of money out of that exercise because we had guaranteed sales. So, joint-venture partners

would love coming to a situation like there, where they have guaranteed sales. So we use joint-venture arrangements where 50:50 is often the arrangement between the joint-venture partners. You could drive it, from the Government's position, so that you received what you wanted, but you used all the expertise and business acumen of the private developers and builders. We were in with Mirvac, Lend Lease and all those other guys and we did not build very much on our own. They were nearly all joint-venture product and we made large licks of money for the Government out of that process.

So all the 24 000 defence housing stock went over the Defence Housing Authority. It is a bit hard to explain that model in detail here, but it can work. I have been involved and housing is very difficult to manage when you are working under public sector rules.

Mrs SMITH - What are some of those difficulties and restraints, from your experience of being in the arena in the past?

Dr MURFET - There is a big advantage in being able to buy things within a short time frame. If you see a house and it is a bargain, buy it. I do not know that under the public sector rules you would be allowed to do that.

Mrs SMITH - No, I know you cannot. I have had the experience and frustration of that.

Dr MURFET - The Defence Housing Authority could buy land and houses. In fact, it did in its first six months, just bought them willy-nilly. It still had proper procedures and audit, but it was like a private sector company.

CHAIR - You made an important point that started to worry me during this process and made me question what I have believed for the last decade. Back when I was at Glenorchy, there was a report done by the State Department of Planning, when we used to have a State Department of Planning. You are right, it did quantify the infill residentially approved land available and it was said to be 40 year's supply based on the population projections. So, as a result of that, my council and other councils became really tough on rezoning new residential land. We have had submissions over these hearings from property councils and other organisations saying that there is now a shortage of land. It has made me question that there needs to be a new study done on this. Do you know of any data?

Dr MURFET - No. I could not quite believe that nobody would have a handle on land and so I did a bit of a phone around but people said, no, nobody knows.

Mrs SMITH - Would you mind giving us some indication of the types of places you phoned? I would be quite interested.

Dr MURFET - No.

Mrs SMITH - I will put the scenario to you then. The Central Coast Council, which is in my area, are developing a new planning scheme. They sent the planning scheme south to the RPDC and when it came back they were informed they have an oversupply of residential-ready land and must backfill from residential to rural. Some of it, if you have ever passed Ulverstone, is in the confines on the sea side of the highway, which is a natural boundary for infilling. That tells me that there must be some data for a State

planning authority system. The RPDC - and that is their role in a planning scheme process - must have some database to be able to say to a council, 'We will not accept it on that basis. You will say to a council that on that basis it is not acceptable and they must go back and remove some residential areas because of an oversupply. That is the sort of thing that is happening. Surely such an organisation would not do that without some database to check whether there is an oversupply.

Dr MURFET - All I know is that a few years ago a lady did a one-off study of land supply -

CHAIR - It was in 1995 and it was Sandra Hogan and that data we are still using, unfortunately.

Dr MURFET - Thank you.

Mrs SMITH - She is on the RPDC.

CHAIR - She is not now, but she was.

Mrs SMITH - So they are still using that same data?

CHAIR - Yes, it is 12 years old.

Mrs SMITH - Excuse me, wasn't it just a study of the south?

CHAIR - No, it was statewide.

Mrs SMITH - Okay.

Dr MURFET - Housing supply and the amount of land that is rezoned do not match, that is what I am trying to say. Land supply is how many lots are there now and ready to be built on. It is a nonsense to say how much is rezoned and that there is a 40-year supply - if you look at the rest of Australia you could have an infinite number of houses.

Mrs SMITH - But you criticise people like Property Council and comment there is a time process. One of the aspects of time processes for developers is if land has to be rezoned which could take up to 18 months and time is money. Therefore we need to get a handle on whether if councils wish to move out they should be allowed to do so as against having an overall State planning system. In one place they are blamed for a time process that takes 18 months - if you have to rezone you cannot do it really any quicker than that. This costs the market money against a local government restricted by a State planning system that say you have enough.

Dr MURFET - All I can repeat is that I cannot find any data despite searching and I know how to find it believe me. I think that the planners in the Department of Justice are working on some regional data and you know what 'working on' means.

New South Wales and Landcom there would probably know to the last half a dozen how many lots were available in New South Wales.

Mrs SMITH - Unfortunately, the minister would not allow Landcom to come and speak to us.

CHAIR - We have three or four minutes left. Anything you would like to add?

Dr MURFET - No. Any other questions?

What I have been trying to do is add some information from an entirely different direction and if anyone has any questions I can drag out some more information.

CHAIR - It was certainly very good information.

Mrs SMITH - We were very impressed with Canberra and the mix of tenancies, ownerships et cetera from disabilities through the whole spectrum. The one we went to was very impressive.

Dr MURFET - New South Wales even has new community housing legislation and they put 20 000 houses on the ground within two or three years. That would nearly solve the Tasmanian circumstance wouldn't it?

Mrs SMITH - It would be too many.

Ms FORREST - There would not be the economies of scale because they would be built in big clumps whereas we would have to spread them around the State. It would not be as efficient as building that many houses the way they have built them because a builder takes longer to build them, as you said.

Dr MURFET - What Victoria did way back was to look at the downtown areas of the towns and cities and they came up with a massive amount of land that was sitting there and that was owned by the State or the Commonwealth or somebody. They found old school sites, old warehouses, all sorts of stuff. I can wander around Hobart and see these derelict patches of land that are left there. Why?

Mrs SMITH - But you would have to accept that has been happening here on a smaller scale: around the waterfront, up at Wapping, further development at North Hobart. We are just a lower scale of the same principle.

Dr MURFET - Yes, but that lower scale thing really worries me. When I look across a whole range of things in Tasmania, this small scale is blamed for a whole lot of things. 'We are too small, we don't have the scale.' When you look across the range of all the social indicators we are at the bottom of the pile on all of them, right down to suicide rates and poverty. I am really struggling to work out why that is because it is not to do with scale. There are islands like Tasmania all around the world that are very wealthy, so what is it? Is it an attitude problem?

Mrs SMITH - May I suggest that some of the wealth might be gas offshore, oil offshore and those sorts of things?

Dr MURFET - No.

Ms FORREST - Holes in the ground from which the product goes elsewhere.

Dr MURFET - No.

Mrs SMITH - In the middle of where people have to transit - Singapore is a wonderful example of a community that is -

Dr MURFET - I would have to dig out some of the exact evidence, but being an island with small scale doesn't mean that you have to be at the bottom of the heap. I have been away for 35 years and when I came back I immediately saw that there is a lot more wealth in Tasmania. There are a lot of Mercedes four-wheel drives in Sandy Bay that used not to be there.

CHAIR - The bottom line is that up until 2000 -

Dr MURFET - Sorry, on the north-west coast there is a lot more money.

Ms FORREST - But a small number of people have the most money up there, that is the thing.

Dr MURFET - Remember I grew up in Burnie.

Ms FORREST - Did you take the money when you left?

Laughter.

Dr MURFET - That area is a lot more wealthy, but the distribution is a problem. How can Braddon be the electorate that has the highest level of poverty of any electorate in Australia? How can that be?

Ms FORREST - Because of the distribution problem.

CHAIR - Bob, I really do appreciate the work you put into this submission. It is very important information for the committee. Thank you for coming along.

THE WITNESS WITHDREW.

DISCUSSION WITH Mr TIM MORRIS, MHA.

CHAIR (Mr Martin) - Welcome, Tim.

Mr MORRIS - Thank you very much, Terry. Thank you for the opportunity to address the committee. I have chosen to try not to cover the territory that a lot of other people will cover. What I want to introduce to you is a very small part of the issues as far as myself and the Greens are concerned. In here there are some things that won't be covered - my guess is they won't be covered by anyone else. I am aware that you will have been given a lot of information by the HIA and the property council stressing the State need to build more houses thereby flooding the market with houses and that will bring the prices down. It may well do, however I think there are a lot of problems with that approach.

I have chosen today to talk a little about the insight I have had into affordability issues in the introduction, but more specifically about public housing and Housing Tasmania. I have a lot to do with Housing Tasmania in my work and I am blown if I can understand why it is that an organisation with over 10 000 houses under its control is going backwards at a rapid rate. I am starting to get a bit of an insight into that. To develop that insight I am trying to get hold of the planning documents from Housing Tasmania. They are not overly keen on handing them out. I put a request in today for the strategic plan, but in particular I have been trying now for six or seven months to get the Housing Tasmania business sustainability report. My first FOI request fell down the back of the desk and that was the end of that. As a consequence of knowing the FOI act, that was deemed refusal, so I went to the Ombudsman. They said, 'You can't do that. We haven't got a submission from you. We haven't got an FOI from you', so I had to start the process again. So far it has taken me seven months to get the 'ans' and 'thes'. After they decided to refuse to give it to me, under I think it was section 27 of the act, they decided to remove all the interesting bits which left a whole lot of 'ans' and 'thes' and the rest of it has been deleted. I am unhappy with that.

CHAIR - They doctored the document before they gave it to you?

Mr MORRIS - Yes, and this is happening on a regular basis at the moment. I have the Ombudsman, hopefully, giving me a ruling around the doctoring of documents. I can understand the deleting of commercial-in-confidence by blanking it out, but with electronic documents at the moment they are deleting whole sections and re-doing the index page as well so that the whole document is condensed. Instead of having a paragraph, it has 'section 37'. I am quite happy to give you the document I have at the moment but it is fairly useless. I hope and expect to get the full documents before too long. So far my record with the Ombudsman is going fairly well so I am pretty confident.

The insight that I do have to Housing Tasmania, firstly, is that the organisation itself - and this is not from the FOI stuff - is very inefficient. They have people in place whose attitude seems to be that when someone rings about a concern with their house they spend a lot of energy batting it off and not doing anything about it rather than having an efficient process in place that says, 'We'll get onto that and get it done and get it out of the way'. No, you need letters, phone calls, and you have to pester them. People in my position have been doing that for a long time. In fact, Charlie Batt built his entire career

on having a mechanism of being able to get through the Housing Tasmania bureaucracy to get things done. It is a lousy way of doing business, but Housing Tasmania seems to have built up a major defence against that.

At the moment I have a case of a woman at Clarendon Vale who has huge problems of overcrowding in a house and, at least in part as a consequence of that, a massive mould problem. Housing Tasmania said, 'Well, open the windows'. That is a great idea in the middle of winter. 'That's all we have to suggest'. I said, 'What about a dehumidifier?' and they said, 'What's one of those?' I explained and they got back to me a couple of weeks ago and said, 'We don't do dehumidifiers. Sorry'. That has nothing to do with housing affordability; that is about service provision in Housing Tasmania. Their service provision, from my experience, is lousy. I am sorry to say that about a State government organisation, but that is my experience. If it is anything other than that, that would be fantastic, but I think there is a real problem.

The other thing I have come to understand is that Housing Tasmania takes on a lot of social work in the way that they not only manage the waiting lists and put people in houses but they also deal with a lot of social issues with the tenants. As far as I am concerned, that is not their obligation; that is the obligation of the Department of Health and Human Services proper and I think that Housing Tasmania really should focus on providing houses and looking after those houses. I have not been able to determine - and that is why this business case is important - to what extent they are doing that. It certainly means that they essentially use all the rental money in paying staff to deal with social issues with tenants. One of the insights from the bit of documentation I have is that it appears they have a huge and increasing backlog in upgrading the houses they currently have. I think we all have a bit of an understanding of that. The extent of that is possibly revealed in this business case. So the 10 000 houses they currently have are going backwards in condition at the moment. It will possibly require hundreds of millions of dollars of work to bring them up to scratch to modern standard.

Ms FORREST - Tim, do you know if Housing Tasmania has a social worker attached to their office?

Mr MORRIS - If not at the front desk, certainly behind the scenes.

Ms FORREST - When you say they seem to be doing a lot of social work, isn't that the role of that person any way or should they be focussing on housing? Does that person need to be taken out of that and put into Health and then directed there?

Mr MORRIS - You talked earlier about the community service obligation payments and things like that. What happens is that the income from Housing is being used to supplement the Health and Human Services budget. Our expectation with Housing Tasmania at least is that it should be focused on providing houses. It should be providing as many as possibly can, it should be maintaining them in good condition and getting people into them as fast as possible, and keeping that occupancy rate up.

On many of those levels they are failing and I believe that a separate public inquiry is required. It may be that we do something through the Community Development Committee later, but it is not happening at the moment and we don't know the level of cooperation we might get from the Government. I think there are really problems that

need inquiring into with Housing Tasmania. You also mentioned with the last witness the possibility of forming GBEs or separating off some or all of the houses into a GBE, into a business unit that can, firstly, act in a more businesslike manner and, secondly, potentially attract the Commonwealth-State housing funding subsidy, which is a real problem for Housing Tasmania. They aren't able to attract that money. It is a huge loss of income. I don't know that anyone has calculated how much is there.

Mrs SMITH - What is your opinion of the modern type of business unit?

Mr MORRIS - I think we should try. I think Housing Tasmania - the Government - could consider hiving off a couple of hundred houses, or whatever we think might be a viable unit, putting them into a business that is government-owned or a joint venture with someone else - partly government owned, part joint venture - and try to bring in some of that building expertise and see if the equity in those houses could be leveraged off to build more stock or to upgrade the stock. Given that they have 10 000, and that 200 houses should generate a fair bit of income, then I think that it is worth mucking around with or seeing what can be done with a small number of those houses. I do not think they should be lost to the public sector as such but I do think that they should try to do a few things and I just do not see that trialling going out there at the moment.

I think there are enormous possibilities. As you say, there is well over \$1 million worth of equity holed up in that housing stock. It is significant and it is not being utilised, it is basically rotting away because the houses are not being maintained properly as well as they could be. The whole issue of the maintenance contracts probably needs looking into as well. As we know they have just renewed the two northern contracts. They have cost a whole lot more than the previous ones and more than was predicted by Housing Tasmania themselves, but we do not quite understand the impact of that. Again, the level of service from those maintenance contracts is not very good from what I can determine so unless they have significantly improved service provision performance indicators in those contracts, I think we are just in for more frustrating times of trying to get those houses looked after. When a window gets broken or a gutter rusts out, getting those things fixed is just a painful process and that is why people come to us in terms of trying to get simple maintenance issues done on their houses.

CHAIR - I think everyone around the table has had the same frustrations. You do not think it is simply because they do not have anywhere near enough funds allocated to be able to do what needs to be done?

Mr MORRIS - I see individual private owners having a stock of housing and being able to earn perhaps not a major rate of return on it but at least enough money to be able to maintain the properties. In theory, at least, there should be enough money coming in from the rent and the Commonwealth-State Housing Agreement money, even the \$4 million which was left over after they pay back the outstanding money to the Commonwealth and the other bit of money that is topped in from the State. There should be enough there to at least not have the housing stock running down.

I do not understand. It is only what I see as this poor service provision and the social factor of their providing the social support for the tenancy which a normal private enterprise would not do. They would say go to Health and Human Services to get your social problems sorted out, we provide the house, you pay the rent; end of deal. Housing

Tasmania is clearly going a lot further than is the private sector. If they are going to continue to provide those services, that alone could be a good reason for the State to put more money in. There are plenty of reasons why they should but I think that if they are going to do it they should be transparent and do it through a community service payment model. Currently it is not transparent.

Ms FORREST - The other factor there is that people in private rental pay market rent but in public housing they do not -

Mr MORRIS - No, it is a different model. They are moving towards a market rent model. There is a whole project that has been going on for a couple of years now which is the market rent models and I do not fully understand it but there have certainly been significant increases in the rents for most people in recent times. One of the reasons which I have some sympathy for is that if - and I think there is an affordability test in there - there is a maximum of 25 per cent I think of someone's income that can be applied to rent but what the department is saying is that in the market rent project, if your income is sufficient that the rent you are currently paying is below the 25 per cent of your income, we will move it up towards the 25 per cent, recognising what the market rent for this house is. So if that 25 per cent of your income is above the market rent well it does not go above the market rent but it can go up to the market rent for that property. The idea is that people then can make an easy transition into the private sector rental business so that it is comparable. If your income is sufficient then you do not get a particular subsidy from the Government just because you live in a Housing Tasmania house.

Ms FORREST - The majority of people would pay below market rents.

Mr MORRIS - Yes, that is correct. Again, I think that probably should be a community service obligation payment to make up the difference so that it is transparent. We do not know what the differential is at the moment between the market rent of that whole housing stock and how much people are actually paying. If there is a differential, it should be only a paper transaction, then it should be there for us all to see. It is one of the distortions that we cannot get our heads around. I simply do not think anyone has done the sums at the moment but it probably should be there. It happens for Metro so why shouldn't it happen for Housing Tasmania?

If they were operating as a commercial entity the Government would probably say, 'Well, you give us a 3 per cent return on your investment and in return we will give you a community service obligation payment'. Yes, it ends up just being a paper transaction effectively or they should balance each other out and at least then we would have an understanding of how Housing Tasmania was performing against its private sector counterparts. Those things could and should be, in my opinion, transparent and currently they are not.

The other things I would like to focus on today in particular - one is around the housing occupancy rates. One of the things I do not think has been raised in terms of the cause of the so-called shortage of available housing is tourism and the impact that that has had. There has been a huge number of houses go off line because they have become available for tourist accommodation under the huge increase in the number of tourists coming to

this State. In fact it often gives you a better return from your house and generally perhaps a more predictable tenant, certainly in rural areas, if you take your house and have it available for tourist and visitor accommodation. Instead of charging \$100 a week or a \$150 a week you can actually charge that a night, and wear and tear on the house is a whole lot less.

Yes, you need to service it; yes, you need to furnish it but the actual rental return you can get, especially over the summer if you happen to be in one of the east-coast towns, you only need to rent your house out for a matter of six weeks of the year and you can make more out of that than you can out of having it rented permanently. So a lot of houses have gone off line right around this State. I have not done the calculation but I think we have tourists coming in here in the order of a million a year at the moment or whatever it is. Each one of those needs a bed for each night and if you subtract the hotels and motels and other purpose-built accommodation, the rest are in houses. It could be as much as 20 per cent of the tourist numbers that are coming to Tasmania that are actually staying in cottage accommodation and a lot of those houses, apart from the ones that are being purpose-built, have gone off line. I just wanted to mention that as one of the additional factors that has happened.

The other one, of course, is the house occupancy rate - the others related to this - and the number of people per house these days, which has been continuing to fall since, I believe the mid-1950s. It was in the order of about five people per house then. It is now down to, I think, just over two people per house or thereabouts - 2.1, 2.2, I have not seen statistics for a little while and have not yet had a chance to get the figures out of the latest census data. What it does mean is that there are a lot of spare bedrooms out there. In a lot of houses there are one, two or three spare bedrooms and what I am proposing is that there are a couple of systems that can be used to utilise those.

One is through the renting arrangement and this is in particular for older people who currently own a house and would like to stay in it and perhaps have lost a partner. There is a program going and I meant to actually bring the details for you - there is a small program at the moment going whereby older people who are in their own home are matched up with a suitable tenant to move in with them to either give them a little bit of additional income to help pay the rates or whatever because usually if they are an older person they do not have an income flow, or they might be pensioners so they have someone else in there - either do that and/or both - to provide them with someone to help maintain the property or just to provide company and security. So being an older person on your own can cause security issues and concerns. Having a tenant come in who helps you in cash or in kind can help sustain a person in their own home longer and it takes someone off the housing waiting list or whatever.

Mrs SMITH - I have seen the advertisements about that program. Have you any information about what the response to that was?

Mr MORRIS - As far as I know it has not been widely advertised. I think that it is Community Base South that do it.

Ms FORREST - Who is running it?

Mr MORRIS - Community Base South I think is the organisation.

Ms FORREST - That is their name is it?

Mr MORRIS - Yes. I have the advertisement sitting on the desk at home.

Mrs RATTRAY-WAGNER - What about the northern area?

Mr MORRIS - I don't think there is anything. It is much more widely done on the mainland. These programs do exist elsewhere and this one is essentially a copy of the model that is there.

Ms FORREST - The organisation that is doing it, are they a body that has been formed specifically for that purpose or are they -

Mr MORRIS - No it is additional to what they do. I think they charge \$150, and I think they have it on the Net so it can be looked up. For a person who owns a home you pay them \$150 and I think the potential tenant might too when they go to them, and that is their fee. It is a flat fee, a matching fee. However, I think there is room for enhancing this so that their basic details and preferences were filled out on a form. It is pretty much the same but also probably a police check would be done on both the owner and the prospective tenant. It is not to say that someone who has record for burglaries is not able to get into a place like that, it just means that it is disclosed. In the same way, the person who owns the house might have a record for burglary and they might think that someone who has the same sort of record as the tenant might be the perfect tenant.

Ms FORREST - Your TV ends up their room and their TV is in yours.

Mr MORRIS - That is right, but at least it won't bother them whereas -

Ms FORREST - Depends if yours is better than theirs really.

Mr MORRIS - a frail, aged person who has had a sheltered life would be really seriously concerned and would say no, they don't want someone who has record for stealing. However, they might not be concerned if someone had picked up a record accidentally for having a car accident where someone was hurt or something and that led to charges. That might not bother them but property offences might. So the police check is not about discrimination, it is just about providing information for both parties. I think that there is a lot of scope there to do that.

CHAIR - I have a one-liner but not with *Hansard*.

Mr MORRIS - I am sure *Hansard* can cope.

CHAIR - But I cannot.

Mrs SMITH - We have heard his one-liners.

Mr MORRIS - I believe that there is potential to investigate this further. It could be done through real estate agents to some extent, those who do rentals. It also could be auspiced by Government and subbed out to NGOs or it could be both. It could be done in the

private sector, it could be done in the public sector; there is a multitude of ways. But basically it is about providing access to those existing bedrooms out there and trying to create opportunities and incentives for people to utilise them. If you spend \$1 000 putting someone into an existing bedroom, that is a whole lot cheaper than trying to build a new house for them and it is about supporting people in their own house as well. This can also apply in terms of tenants in common. I do not know how many of you are familiar with the current system for tenants in common. A lot of couples buy houses as tenants in common and it primarily really does exist within families at the moment. But the system does not have to. There is no secondary market for this at the moment for tenants in common. But essentially again a matching program could be where say, again, an older person for example, or anyone who is on their own and owns their house and suddenly finds they are on limited income and they are tossing up with the choice of selling their house and having to move into a unit or something smaller just simply because they do not have the money to stay where they are. Or they can sell half or a third of their house. You share or whatever arrangement that you like whereby you just sell half of your house to someone who is matched up, who has been through a police check and that can happen. Nothing new needs to happen except a bit of a program being put in place.

Mrs SMITH - Nothing stops anyone from doing that now does it?

Mr MORRIS - Nothing stops it; they just do not know about it. No real estate agents, to the best of my knowledge, handle this but real estate agents could advertise half shares in a house. What it means is that instead of it being \$300 000 to get into a private house, an individual or even a couple can buy into a house, a half share of a house. They get all the benefits, including extra company, of an established house.

Mrs SMITH - And when one side sells their share to somebody who is incompatible?

Mr MORRIS - That is where a scheme is really helpful whereby you have perhaps a standard form which the person who sold the house has first right of refusal to purchase it back again. Secondly, this is where we need to establish a bit of a market whereby this trading of shares in houses becomes a common thing. That is my thought. There is an initial hurdle that has got to be overcome.

Mrs SMITH - I can go back to my childhood as an instance of that. One co-owner sold his share to some external person and my father had to buy his mother's house back from over her head because of the difficulties of common ownership.

Mr MORRIS - Yes, that is right.

Mrs SMITH - So you would need a very strong regulatory process around that.

Mr MORRIS - I think you would, yes. I have not done the work around that. I am just saying it is an opportunity that is so much cheaper than trying to build a new house.

CHAIR - That is true.

Mr MORRIS - My position on housing affordability and affordable houses is that there is not one solution. There is a whole raft of solutions, some of which are more affordable

than others, some of which are more immediate than others - like the rental stuff. With a concerted effort in three months you could get a program up and running. If it had a promotion I am sure you could get a significant number of people into houses on a rental basis within a matter of six months.

Ms FORREST - The benefit with that one is that if it was not a compatible match you could actually ask that person to leave.

Mr MORRIS - Yes. There could be probation periods.

Ms FORREST - Whereas if you have to purchase it is a bit harder to say you have got to sell your half.

Mr MORRIS - Even with a purchase there can be a situation whereby there is a probation period for three months; someone rents for three months and then if they are feeling good about each other they can move to purchase. They can put in the contract a first right of refusal for the owner to buy back, or the owner can have a veto over who they might sell to. Under certain conditions the original owner might want to have some sort of veto as to who they sell to. Any of those things are possible to put in a contract. That is the whole beauty about contracts - they are flexible - but what you would need is reasonably educated people, which is what I think real estate agents generally are, understanding the range of possibilities and being good advocates for this type of thing.

I have had one discussion with a real estate agent who really was not interested but I want to have discussions with more as to the possibilities that might exist. I think it has some scope because the laws are already in place. What is not there is the common knowledge about how you might use the system more flexibly.

Mrs SMITH - You are really talking about a body corporate sort of set-up but under one roof.

Mr MORRIS - You could do that as well. Yes, that is right. You could do a strata title arrangement. I am not quite sure how that would work but certainly the tenants-in-common mechanism is there.

CHAIR - What about commercial properties?

Mr MORRIS - Those problems do get resolved. Yes, they cause grief when they come unstuck. They do not always come unstuck. In fact you do not hear about the success stories; you only hear about the disasters. Maybe you need an arbitration system in place. If this comes under a program then you have an arbitration system. Maybe you even have a fund of a small amount of money where, if you have a situation that really gets stuck, this fund can come in and buy out the half share, resolve the problem and then seek to find someone else. There is any number of ways you might overcome the problems.

Mrs SMITH - In the instance of someone passing away and the estate says that share is to be sold, the tenants can bottom-line this to buy it cheap or make it bad for everyone who comes through - 'We cannot afford to buy it, but we do not want those people in here'.

Mr MORRIS - That could well be. All housing purchases come to an end at some point where the owner dies, unless they sell first, but those things are built into contracts on a regular basis. We have got plenty of lawyers around to deal with those issues. I am sure they can be dealt with.

Mrs SMITH - Usually say that they will come back and visit them when something blows up in their face and they need to stay somewhere again. The cynic in me is coming out now.

Mr MORRIS - But even if this only deals with half a per cent of the problem then it only takes 200 programs dealing with half a per cent of the problem each to have the problem solved. At the moment we tend to focus on thinking that there is one big solution out there for this and I do not think that there is. I think there is a multitude of small solutions that will help.

The next thing I would like to touch on is again from personal experience. Having lived in Maydena until relatively recently, there is a town that has half of the houses empty.

CHAIR - Still.

Mr MORRIS - Yes. Here we are with this wonderful forest industry providing all this magnificent employment out there but a lot of our rural towns are still empty. There have been no serious projects to put employment-creating industries into those towns.

Ms FORREST - Build a pulp mill down there.

Mr MORRIS - Well, it might help - if only you were prepared to drink the effluent down here.

CHAIR - You have a tourist attraction, haven't you?

Mr MORRIS - The Hauler. Yes, flying with its feet in the air.

Ms FORREST - Isn't it working?

Mr MORRIS - No, it is dead.

Mrs SMITH - It has not started yet, has it? It has only been promoted as a project.

Mr MORRIS - It is not going to officially die; that would be too embarrassing. We have got really lovely car park and a tin shed. That was a project that was not well thought out. When the community were asked what they wanted we came up with some projects we thought would be sustainable. Those projects were rejected and it was someone's fanciful idea to build this. It was impractical right from the start and it is not going anywhere. Between \$6million and \$8 million was allocated. The issue of underemployment in particular was recognised but unfortunately the project was not able to go ahead - for bad planning purposes amongst other things. There are about 40 houses in Maydena that could be far more utilised or are currently completely empty.

Ms FORREST - Could they be relocated?

Mr MORRIS - You would destroy the town in doing so.

Ms FORREST - So how many people actually live there now?

Mr MORRIS - Probably about 150 or so; it had a peak of about 350-400.

Mrs SMITH - Are the houses privately owned by different individuals?

Mr MORRIS - Yes.

CHAIR - What condition are they in?

Mr MORRIS - Most are in quite reasonable condition.

CHAIR - And there are 40 empty?

Mr MORRIS - Something in the order of that.

Mrs SMITH - So have you spoken to some of these non-government organisations that have people coming through?

Mr MORRIS - No, we are not recommending that they rent them out for social housing purposes. Because of the distance to travel you have to have a reliable car. You also need a reasonable cash flow to make sure you have enough income to get you through the winter, so relying on the dole is not a good way of dealing with it because it is expensive to provide your wood. What we need up there is employment. It is probably a lot easier to try and create some work in those areas, especially work that has relatively lower levels of skill in terms of jobs. That is probably a lot easier to spend money on than it is to build new housing closer into town. So you create jobs over there and in return hopefully people move from the outer urban areas or wherever they are to where there is work. For example, one of things we identified long ago as a possibility was a water bottling facility. In fact Hartz get their water from just at the back of Maydena and they process it in Derwent Park. I think that they are actually building a new factory. One of the things we tried to talk to them about, but did not get much response, was whether it might have been possible to relocate their factory to Maydena. Now a factory like that, even if it was only their bottling plant for water, might employ 10-15 people and maybe even a few more. That would be a huge difference for that town. I am sure another business would easily fit into the business space they have down here. In a place like Maydena it needs to be a specialist business that actually relies on the resource. Their water comes out of the Junee River. They cannot easily get water of that quality anywhere else. It is exceptional, yet they do not give us any recognition even for that.

So we did think there was an opportunity to target a business like that but the government did not seem in the slightest bit interested. In fact it does not seem in the slightest bit interested in any ideas that might come out of the community, which is a real shame I think given that there are often a lot of good ideas generated within the local community. There is really no mechanism for them to be taken forward in any serious manner that we can find. Even as a local, trying to get the message through in this place I find it

incredibly frustrating and incredibly difficult to be taken seriously in any way, shape or form.

CHAIR - Is this a Maydena-specific situation?

Mr MORRIS - It is the town I know best but Westerway has also got a number of empty houses. Alanvale has got a number around that way as well and Hamilton and Ouse. In Bothwell I think you will probably find a number of empty ones. It's a different matter on the north-west coast.

Mrs RATTRAY-WAGNER - I recently went through the exercise because someone was in dire straits in my particular home area. I could not identify, with all my contacts, one rental property, one vacant house, in the whole north-east that might be suitable for rental, so that is a very unique situation.

Mr MORRIS - I do not know what the situation is down in the Huon these days but I would imagine it would be difficult to find rental housing in Geeveston; Huonville might be a little bit easier, I do not know. The advantage of Huonville is that it has got a bus service so you can actually commute. One of the problems we have with the Derwent Valley is once you get beyond New Norfolk there is no bus service. There is no public transport so we cannot have people living in those places commuting down for work. It just is not possible.

Mrs SMITH - And it is not only your area.

Mr MORRIS - That is right, yes. Houses out there, a solid three-bedroom house, is selling for under \$100 000. Now they are affordable houses, there are no worries about that.

Mrs SMITH - Waratah had a project and people came in from the mainland and bought Waratah's houses. They moved in because it was cheap, affordable housing.

Mr MORRIS - Absolutely.

Mrs SMITH - I am surprised Maydena have not run the same program.

Mr MORRIS - There has been a bit of it going on.

Mrs SMITH - The people who come sometimes only stay six months through the summer and then they are gone.

Mr MORRIS - Yes. We do get a lot of people coming in from the mainland and moving there but only about a third of them actually survive the first winter. They come in the summer and it is a nice idyllic climate; it is not so pleasant in the middle of winter.

Mrs SMITH - The people at Waratah are smarter; they come in the summer and go in the winter.

Mr MORRIS - Yes, right, which is fine if you can afford to do it. That actually took houses out of the market for locals. What I am trying to do is provide houses for Tasmanians, not houses for mainlanders.

CHAIR - Your next one is quite interesting.

Mr MORRIS - The sweat equity?

CHAIR - Yes.

Mr MORRIS - Yes. Again there are any number of ways that can be dealt with but certainly that largely applies to anyone who would be buying a new home. It is very easy to incorporate for someone who is buying an existing house that needs to be done up to bring it up to a reasonable standard. If one of the things it really needs is to have insulation then there is no reason why, as part of a program, the potential owner couldn't put the insulation in. If you are insulating a house you are buying around about \$800 worth of insulation and you are putting in about \$400 or \$500 worth of labour. There is no reason why that person could not have that and then it can either be recognised as existing equity in the house or potentially, if that is built onto the price of the house for purchasing if it is done under a scheme, then that that is recognised as a contribution from the owner. As far as I know there has never been anything in Tasmania that has done that.

Even Housing Tasmania in their sell-off program could do that or could have done that. The HOPES scheme in particular had some examples where they were actually selling substandard houses, which I think was a wrong thing to do. I think that the contracts on those houses should have involved bringing those houses up to scratch under part of a program because I know that some of those houses were sold to people and they were seriously substandard, they should not have been lived in. We had the Government selling them to tenants or people who wanted to get into anything that had a roof over their head and then not having the money to do them up. It was done under part of a scheme and then someone could be in there putting some sweat into it and building up the quality of that house and having that recognised as part of their equity into that. I am sure that there are any number of examples around the globe and around the country.

Mrs SMITH - The banking industry has been involved in those programs too so we should acknowledge the corporate sector when they do those things. It is happening on the mainland with one particular organisation and the bank.

Ms FORREST - Around the world that is.

Mrs RATTRAY-WAGNER - Habitat for Humanity.

Mr MORRIS - I have not gone into any depth in that. It is something that has not been used in Tasmania that could and should be introduced here. But other people have done the work so we might as well pick up on that. To finish off, I am strongly against the idea of just releasing more land as a solution. I believe that there is plenty of land zoned residential that can be utilised. There is quite a lot of land in the inner areas that can be utilised. Although it is sad to see some of the homes in the closer urban areas being bowled over and having units and higher density buildings put on there, I think that it is necessary that we improve the density of the inner urban areas where it is close to services. There are lots of good reasons for that. A lot of the people that we are dealing with now are in high need for services. Public housing and affordable housing in

particular is much more about meeting the needs of those who are not capable of competing in the work force and are not capable of competing in the private housing market. They are also the client group who need access to services. Whacking a whole lot more people out into the broadacre housing areas is not helping them and it is just really making it very difficult for them. We do need to improve the density and provide housing for them where it is close to services. I am not convinced that we need to open up a whole lot more land. In fact the work that is required to identify what land is available for residential dwelling now without rezoning is a relatively simple job of going through the planning schemes and looking at the zoning maps and identifying those areas that are zoned residential that have not been developed yet.

CHAIR - That is what happened in 1995.

Mr MORRIS - Yes. That project should be replicated every 10 years or so. But if there were 40 years of residential zoned land available then I do not believe that that will have been diminished. It might be down to 20 years if there was not a single extra block zoned residential but I cannot believe that there is less than 20 years' supply available even now. I would find it difficult to believe that even with the record housing building that occurred last year of some 6 000 houses that it would have eaten into that stock very greatly. Perhaps that is the job of the RPDC or whoever; it really does not matter that much. But the job should be redone every 10 years so that we do keep that in mind. The other thing that I will note is that the Government itself, as I said before, does hold substantial land which could have social and affordable housing put on it and I will give a plug for One Collins Street, an absolute abysmal failure by the Government despite the Better Cities Program which the Government had signed up to. Despite a lot of lobbying the Government was determined to sell it off at a bargain-basement price to a developer and there was no affordable housing put into that whatsoever. So one wonders what the Government's commitment is to affordable housing when it had a perfect location, a proposal to redevelop an existing building into affordable housing. All that work had been done and yet it chose not to go down that path. I cannot even get an answer from them on the block that they have at Chigwell. There is a really good block with the power on, it is the old school site. It has a bus service running past it, it has sewerage, sealed roads around it and they will not even talk about what they are planning to do with it.

CHAIR - It need rezoning.

Mr MORRIS - There you go, what a problem.

Ms FORREST - That is a huge barrier.

Mr MORRIS - That is a huge barrier.

CHAIR - It is being worked on. Council is working on it.

Mr MORRIS - Yes, but the State Government will not even talk about it. There is room for a whole new suburb with open space, not far from shops, 200 metres from a school and they cannot even talk about it.

Mrs SMITH - It is not up to me to defend the department, but I think they have learned from the past. When they bought the motel at Kingston and they were clearly asked in the House about the zoning, the zoning was right but down the track it was not. A motel is different from the type of accommodation being planned. That rezoning took 18 months to two years to do. If they have to rezone I would not be opening my mouth until it was done either in defence of -

CHAIR - Mind you -

Mrs SMITH - Because you build up false expectations which you just can't meet.

Mr MORRIS - It has only been empty for 10 or 12 years.

CHAIR - It burned down five or six years ago.

Mr MORRIS - More than that, I thought.

CHAIR - It is only in the last 12 months they have made the decision about what they should do.

Mrs SMITH - Why didn't the council do something straight away?

Mr MORRIS - It was not the council's responsibility. Council is only the planning authority.

Mrs SMITH - To rezone the area.

CHAIR - It is to the frustration of a former mayor.

Mr MORRIS - It was the landowner's obligation. How much other land do they have around? We do not know but we do know that it is reasonably substantial. Then there is the case of some land at Moonah which was owned by the Hydro. Again, without being publicly advertised, that was sold off cheaply when there should and could have been affordable housing built into some proposals there. It is right in the heart where there is plenty of work handy, all those sorts of things. It was not even raised in the public domain.

Mrs SMITH - That is the Aurora site after they went to Mornington?

Mr MORRIS - Yes.

Mrs SMITH - They have disposed of that?

Mr MORRIS - Oh yes.

CHAIR - Who to?

Mr MORRIS - Hazell Bros. I believe were the purchasers.

CHAIR - For what?

Mr MORRIS - The Hydro site, more factories. That is just an example.

There is lots of room for improvement. To conclude my comments there are just a few ideas there. I am happy to provide any further information on that and the business sustainability report for Housing Tasmania if I get it within your time frame.

CHAIR - I would appreciate that.

Mr MORRIS - You might look at the Auditor-General's report no. 57 of 2005, which recommended strongly that Housing Tasmania make available their strategic plan. I do not know whether you have it yet but that is the Auditor-General's recommendation.

Ms FORREST - They are coming to talk to us later and they might give it to us.

Mr MORRIS - Maybe you could ask them for the first three levels of their planning document - the business sustainability report is second level, I think. There is also their annual plan and maybe the Auditor-General's report would be worth a look at to see how they have gone in implementing the recommendations given they have had two years now.

CHAIR - Thanks, Tim. We really appreciate a submission from one of the opposition parties.

Mr MORRIS - If it is one way I can help in trying to push this issue along, one I am very passionate about, then I will do all I can. Good luck with it and I look forward to your report.

THE WITNESS WITHDREW.