

THE LEGISLATIVE COUNCIL SELECT COMMITTEE ON HOUSING AFFORDABILITY IN TASMANIA MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART, ON TUESDAY 23 OCTOBER 2007.

Mr JAMIE WARD WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR (Mr Martin)- Welcome and thank you for appearing before us today. If you would like to start by presenting us with an overview of your submission.

Mr WARD - The basis of my submission is that over the last 20 years or so I have been an owner-builder. I have grown up with a background in business. It is pretty obvious that if you want to try to get anywhere in the world you have to try to secure yourself. The simplest way to do that is through investing in land and housing. My thought was to find some land and build a house as cheaply as I possibly can.

I became interested in sustainability before it became popular and as a consequence I found the cheapest block of land I could in Western Australia and paid \$4 000 for it. I built a house for \$25 000 and I sold it for \$115 000. The house I am currently living in cost me \$100 to build. It is highly experimental and it would no doubt be illegal as far as the authorities are concerned but it is a beautiful home. It is built out of pallets, cupboard doors, packing boxes. It is fully insulated, passive solar, it has internal gardens and it is an absolutely beautiful little shack.

Like thousands of Tasmanians living in shacks, hopefully not getting prosecuted for trying to get ahead in their lives, I have found over the years that owner-builders are getting more and more stick. There is a perception that owner-builders, like dodgy spec builders, are using their designation as a cover in order to try to get more houses built. My understanding is that poor people are more likely to be owner-builders because they do not have any other option. I had no other option and my house in Western Australia took me 15 years to build because you cannot get finance, you cannot get assistance. There is no way of doing it except slowly and with difficulty. But at the end I had an absolutely beautiful home worth a good amount of money. It has now set me up so that I have some land in Tassie and I can continue doing the same things. To my way of looking at it owner-building has given me the skills I need to get on in life and it has made my life secure.

I think the biggest issue with this whole problem is that people with the security of having their own home and a real job do not have the mentality to understand the despair that comes with being so poor. Many people in Glenorchy and Rokeby and other areas are looking at an entire lifetime of never having any sort of security in their life based around their own home. Having your own home is probably the most fundamental security that we have in our society. Instead of assisting, the Government seems to get in the way all the time.

CHAIR - Because of building regulations?

Mr WARD - Not so much the building regulations, just attitudes. I had something like eight years of legal drama with the council in Western Australia because I thought I would go to the building inspector and outline what I wanted to do and he would assist me. Instead, he stone-walled me every step of the way because, unbeknownst to me, he lived in the same suburb and without understanding what I was trying to do he decided that I would devalue the other houses. There is absolutely no proof that the value of houses is adversely affected by having one mud-brick house. This was proved by the fact that my house sold so I could not have devalued the houses around it because they were all selling as well.

Just recently in Tasmania they have introduced new owner-building regulations that have put another two or three layers of restriction for owner-builders realising their dreams for their families. There is now a whole process of having to have a licensed building surveyor, there is an officer of building control and the owner-builder kit that they have produced is probably one of the most amazing pieces of negativity I have ever come across. Having read it I wonder if it has something to do with the Tasmanian Compliance Corporation scenario, because it says repeatedly, 'Be scared, there is so much to do.' 'You could wreck you family.' 'You could wreck your life.' 'The banks will not give you the money.'

I grew up reading owner-builder magazines which are nothing but positive. Many people all over Australia build their own homes and get an enormous amount of satisfaction out of it, they save an enormous amount of money and they build amazing social contacts, pick up incredible skills. I think that it is something that the Government should be encouraging as much as possible, particularly people on public housing waiting lists. They are usually short of skills and would have an opportunity to build their skills particularly with group housing and coop housing, by digging themselves out of the sort of lifestyle they have and setting themselves up for life.

Mrs RATTRAY-WAGNER - Jamie, you spoke prior to coming to the table about a program that you are trying to implement with Shelter Tasmania. Would you like to give us a brief outline about that project?

Mr WARD - I have a copy of the letter that I can submit as well. I have given this to STEPS and I am going to give it to Colony 47, Anglicare and the like. There are two approaches. One is the idea of empty space. There is empty space everywhere, all through the cities. If someone could get on to that you would find enough empty space to can the public housing waiting lists within six months. The other aspect of it is the potential to build public housing out of recycled materials. There is a building method called 'Earthships' which has been around for quite a while. It very slowly trickling into Australia. The basis of it is building houses out of recycled tyres.

CHAIR - Tyres?

Mr WARD - Yes, recycled tyres. You lay the tyres out just like bricks, you fill them with rubble and concrete and then you render over them. You would not know what they were. They are an incredibly strong building material and an abundant building material. The idea I am pursuing with STEPS is to get a job to build a demonstration project. It will be based on building a spine, or central wall of the house, and then the rooms get built off the sides. You use pillars made out of recycled tyres and the spine is also made

out of the recycled tyres. It would use as much as possible recycled materials throughout the entire process.

Mrs SMITH - Have you investigated the fire issues in using the tyres?

Mr WARD - They are absolutely fireproof when they are rendered. Their thermal rating is 22 and the normal ceiling batts are 3.5. Their potential for passive solar and reduced energy consumption is very high.

Mrs SMITH - Are you of the opinion that generally people would be happy to take on these innovative ways in either building themselves or for community housing? We had evidence yesterday in a submission that, I think it was in Maydena, there are 40 empty houses. Your comment was that there is absolute despair in Glenorchy. However, if you ask those despairing people in Glenorchy to go to Maydena they would raise several service issues like transport et cetera. They may raise medical services or just social communication services. Please expand on that process. They are in despair but we have empty houses.

Mr WARD - The basis of part of the problem with these issues is that the design of the houses is generally done in isolation to the support services. I don't know if you have ever heard of a book called *A Pattern Language*. There are three books in this series, with the others called *The Timeless Way of Building* and *The Oregon Experiment*. They were put together by the University of California's School of Architecture. They are the result of something like 10 years' worth of work. What they talk about is how to design houses so that they fit into communities. They are probably three of the most amazing books you would ever read in your life.

In somewhere like Maydena, they would suggest looking at those 40 houses to work out a way to cluster those 40 houses into four groups of 10. One of those houses would become a group house or a childcare house, another might become a workshop so that people would have something to do to generate income and create a lifestyle for themselves there. Then you would blend that so when asking people if they want to move, you are not just giving them an empty house, you are giving them a community. Community is a word that lots of people use nowadays, but I do not think that many people really understand the elements that have to go into the structure of a community. The reason suburbs like Glenorchy and, to a larger extent, Rokeby and places like that do not work is because they were not designed with community in mind at all. Those houses were knocked up as quickly and as cheaply as possible without any real thought of community and you only have drive around the streets to see that. There is no focus for that area.

When you look through a book like *A Pattern Language* you see the examples of communities, because the book contains examples. One of the most amazing things in the book was how sociopathic personalities are produced by lack of community. The figures they have were from the US army and they were from surveying nearly 100 000 people. They found that every kid who grew up without more than one or two friends was much more likely to be sociopathic. When traced back to actual housing developments you find things like 10 houses in a circle with common ground in the middle, so when people come out of their door and they see their neighbour they greet them. The kids have somewhere to play.

You do not see that in modern suburbs. Modern suburbs are all squared off away from each other. The entire idea is to isolate yourself from your neighbours. There is no notion of sharing backyards. In some suburbs you hear about people getting together and pulling down the fences so that instead of having a tiny backyard they share backyards. Kids can run amok, gardens can be established, et cetera. If that is not taken into consideration you are not going to have a successful public housing scenario.

Mrs RATTRAY-WAGNER - We saw in Canberra a situation where they had common area that was in the centre of a development called CityEdge.

Mrs SMITH - We didn't see a swing or a dog or a cat or a bird on a balcony or whatever. Those are part of family and community and kids growing up with pets.

Mr WARD - Another good source for this is a book called *Natural Capitalism*. You might have heard of Amory Lovins who runs the Rocky Mountain Institute in America. It is probably one of the most fundamental pieces of sustainable design. They burn a tonne of wood a year as it gets to minus 40 degrees. They grow their own food and these guys are the leading sustainability experts in the world. The book has so many ideas for blending these things together so that things work properly. They have worked with the second biggest carpet manufacturer in the world, and showed them how to reduce their raw materials input by 97 per cent in one year.

All sorts of ideas are out there but no-one is grabbing these ideas and joining them together. That is the same when a house is built. There is a standard way that a house is built because all builders follow it. Owner-builders have the potential to look at alternatives. A good example is a standard house with a brick veneer then a frame and then the frame has the cladding put on the inside so you have a triple layer of complexity. An owner-builder might pick mud bricks. When you build a mud-brick house you do not have to insulate it because the mud bricks are thick. You also don't have to line it internally because the mud bricks are attractive. There are many ways to make things simpler, but simplicity is not necessarily written into the rules.

CHAIR - There is a community centre at Glenorchy that was built by the community of mud bricks.

Mrs SMITH - You say the builders build the square blocks. Would you not accept that in Tasmania, because of our smaller population, that there are very few spec builders particularly at the moment when the building industry is growing? People cannot get builders to build a house and most houses are built to the design of the person who has bought the block of land and wants the builder to put their design on a block.

Mr WARD - Yes, but it is still -

Mrs SMITH - Therefore it is the person's responsibility not the builder's responsibility when it comes to design?

Mr WARD - I know a lot of builders and have worked with them. I know that if you want to do anything out of the ordinary the builder will straightaway try to put you off by saying, 'That is going to cost you money as it is not the way that we do things'. If you

look at the way that any standard house is built there is a standard way in which they like to do it. It is understandable because, as with a lot of things, you have established how things work so that is the way that you do it and you do not like to change.

But our society is at a point where we have to start embracing some pretty radical changes and not just in public housing. You were talking about services such as transport and one of the most obvious things that we could be doing to sort out a lot of these problems is to make all public transport free and within 12 months have all public transport running on bio-diesel and hydrogen. No-one is doing that. If we really wanted to make a difference that would be one of the most fundamental things we could do.

Mrs SMITH - Only if you then banned people from using their vehicles because we are eccentric about wanting to go where we want to go at the time we want to go not at the time the bus is leaving.

Ms FORREST - If you have a bus. Plenty of places do not have a bus service.

Mr WARD - Yes, if there is a bus.

CHAIR - We are out of time.

Mr WARD - I am happy to submit a copy of that letter working on some more technical aspects of how that would work. Just briefly, I will touch on another couple of aspects. I have talked about using tyres for walls and columns. The other thing you could look at is when you pour a slab for a floor. Most buildings are built with a suspended timber floor which involves an enormous number of components and pillars whereas a poured slab is much simpler and a much more solid and durable thing. If you use the same material you use in mud bricks you would reduce the cost again.

You could also recycle styrofoam boxes. In the construction industry they have waffle pods which are basically those boxes turned upside down and the concrete slab is poured over them. That makes it a very well insulated and strong structure. You could do the same thing with those recycled broccoli boxes which are thrown out by the hundreds every week. You could use those boxes to create an insulated slab. It is an issue in Tasmania as if you do not have an insulated slab it is going to be a problem because it is very cold.

CHAIR - With that as an example, what do building regulations say about that?

Mr WARD - All of this stuff fits well within the building regulations. For the Earthship in particular, there are American technical manuals that deal with every aspect of fit. They are absolutely bombproof, very strong buildings. The basis of the building code says that it has to be suitable for the purpose. Part of the problem is that if stuff has not been tested then the building code has problems with assimilating it. There are situations where the building code cannot give you a thermal rating for a house because the materials you might use as an owner-builder are so far above the measurements that the building code cannot cope with it. In such cases, it squeezes your measurement down and makes you fit under that bar even though you might be way over it.

Mrs SMITH - You have given us a lot of examples of what is happening in America. Quite clearly your research focuses very strongly on that. Can you give me some statistics as to whether or not the issues of affordability of housing and homelessness in America have declined as the growth has come with these concepts?

Mr WARD - From my understanding, an enormous number of people, not only in America but in England, Europe and in Australia, are exploring the options of alternative building techniques and owner-building. It is a bit hard to say how successful they are because they are not a group of people who are being researched. But people are making a choice to have a less substantial home.

I don't know if you read the ADBus magazine but in a recent issue there was a picture of a woman living in New Mexico. She had a caravan, a pallet and a bucket. That was her way of creating a smaller footprint on the earth. In such a situation you would have neighbours ringing up saying, 'What the frig is this person doing living in a caravan showering under a bucket?'. They are trying to save the planet. Those people need some assistance and historically they have not got a lot of assistance. I think that is one the things the Government really needs to look at. I believe we have a right under the United Nations Charter of Human Rights to have shelter, a guaranteed right as long as you are not creating any problems with your neighbours or creating any health hazards. You should be left alone to get on with your life and create a small impact.

CHAIR - I think I have been saying that for the last two-and-a-half years. That is a fundamental human right.

Mrs RATTRAY-WAGNER - There are some very interesting ideas that you have raised there, Jamie. I know somebody up in the north of the State who built a house out of the foamy box things and then rendered over it. As you said, you don't know that the walls are foam boxes. The floor obviously is not though.

Mr WARD - It's the same with hay bales. The straw bale housing is something that has come up in people's consciousness now and once you have been inside one of those houses you would be totally convinced they are an incredibly nice house.

Mrs RATTRAY-WAGNER - Mind you, I can attest to the fact that hay is pretty expensive at the moment in a lot of areas given the drought. There is not much feed in some of the rural areas.

Mr WARD - This is the thing. It is the innovation that is lacking. Salmon feeding bags are these huge big nylon things that are like one-and-a-half tonnes and they are used once and thrown out. So down at Huonville where I live there are hundreds and hundreds of these bags at the tip. It is incredibly strong material and if it was somehow blended with concrete or something you could make nice curved ceilings out of it, but it is all just thrown out - it is landfill. Your Myer building is a classic example. How much of that material could be used for building and it is all just going to get thrown onto the tip. It goes on and on. It is the waste that motivates me. We have all these problems in our society and the solutions are sitting right next to them. And while one person is talking about the problem the other person is throwing the solution in the garbage tin.

CHAIR - Yes, that is the point isn't it. I am sorry we are going to have to cut you off.

Mr WARD - I am happy to supply any further information if anyone in the committee wants to talk further about it.

THE WITNESS WITHDREW.

Mr KEN LANGSTON, SOUTHERN TRAINING, EMPLOYMENT AND PLACEMENT SOLUTIONS INC TASMANIA, WAS RECALLED AND FURTHER EXAMINED.

CHAIR - (Mr Martin) I think when we left off last time we still had a fair few questions to ask so I think I will just open it up unless there was something that you wanted to add.

Mr LANGSTON - I think where we left it last time was exploring the option of housing stock transfers to community organisations or the private sector or government business enterprises or whatever the company structure might look like. There were some questions about that and how effective that would be. Also there were some questions about the type of outcomes that we thought might be achieved as a result and some questions about, I think, the Government's Affordable Housing Strategy which I said I was not quite sure if I could really make some observations about. I was happy to but I was not sure if this was the spot.

CHAIR - We have since met Derris so we are a bit more up to speed.

Mr HARRISS - The other matter, Ken, that will go across that broad issue that you have just mentioned and you have some ideas about that sort of transfer but we were also addressing our minds a bit to the Commonwealth rent assistance and the fact that it is just that at the moment. Your proposition to the committee back a few weeks ago was that that needs to be changed so that it can be deemed, if you like -

Mr LANGSTON - It is certainly an option.

Mr HARRISS - as part of the mix. I am not familiar with what the Commonwealth rent assistance is. Is it on a sliding scale based on -

Mr LANGSTON - Yes, based on income.

Mr HARRISS - What is the maximum?

Mr LANGSTON - I think it is only \$60 or \$70 a week at the most. There are a few questions being raised about its adequacy as well in its current form.

Mr HARRISS - I would understand that one of the issues with the Commonwealth-State Housing Agreement in every State, having been wound back progressively over the years, the Feds have basically justified that position on the fact that they would prefer, rather than giving continuing increasing amounts to State governments, to pare that back but they will provide more in CRA -

Mr LANGSTON - To the individual.

Mr HARRISS - and then they will get people into private rental, as it were and get the States out of their pocket.

Mr LANGSTON - Yes.

Mr HARRISS - That has been an issue. When we were in a previous hearing regarding this matter I was crunching some numbers. Why I was asking about the CRA, if you do some sort of a quick analysis on the minimum wage of \$500 and if you do not pay any more than 30 per cent for rent you have \$150 there, \$70 CRA, you get around \$800 a month which would fund a loan of about \$100 000 at current rates. So, that bears out your point, that if you can get that, people have some sort of a modest deposit kicking around somewhere and you can still build yourself probably a 9 or 10 square house within that sort of scope.

Mr LANGSTON - Yes, assuming you are allowed to use the Commonwealth rental assistance as part of your income for that sort of thing.

Mr HARRISS - That is it.

Mr LANGSTON - That is one of the key points and the other key point is the capacity for people on low incomes to save the deposit. Those two things need to be there together I think for that to work.

CHAIR - At the moment the guidelines would prevent that happening?

Mr LANGSTON - Yes, it would prevent the CRA being used to purchase a property. It is rental assistance only.

Mr HARRISS - I think part of your submission has been that the various programs which we have in operation around the nation, both State and the Federal, are not necessarily flexible enough to address the real issue of housing affordability.

Mr LANGSTON - I would agree with that, yes, particularly in terms of housing affordability and home ownership. When it comes to renting, what the Federal Government does is not sufficient but when it is seen in the context of what is occurring with Tasmanian Affordable Housing Limited and the subsidy that they provide, then those two things go hand in hand and do what it is intended to do and that is assist with housing affordability in terms of rental. So one part works but the other does not; there is a gap there and we are working with Community Sector Banking which, I think I mentioned at the last sitting, is a joint venture between Bendigo Bank and another company called Community 21. We are working with them to develop a rent/buy model for houses that we will construct and based on, at this stage anyway, tenants renting the properties for three years and then through I guess some charitable means of our own that we would give them back 18 months of their rent after three years to be used as a deposit with the first home buyers' grant to assist them with a loan. The loan would be enabled through community sector banking through a relationship that we build with the tenant from the start. They know that this would be the product that would be developed. As long as we are in a position to support them with income sufficient to pay the mortgage, it could be a good product we think and a good way of kick-starting people from rental to home ownership. That should be what we aim for at the end of the day, not just having a large pool of people sitting on rental accommodation options but having the opportunity to move on and progress to home ownership. They are at the moment pretty keen on that. I met with them again on Thursday night in Melbourne and we have made a commitment to actually develop the product properly.

CHAIR - Who did you meet with?

Mr LANGSTON - With Community Sector Banking, with Greg Peel who is their chief executive officer. The product needs to have a credit policy developed around it and so on so there is a fair bit of work to do yet but it is work we think is achievable.

Mr HARRISS - Any modelled elsewhere, Ken?

Mr LANGSTON - I have heard of rent line models. I have heard of them in the context that there are suggested models but I am not aware of the model. It is just that I am not aware of a model other than this one that has been worked up but suggestions of how you might put one together - and I am trying to think of the gentleman's name. I think it might be Hal Bissett. He is a bit of a guru on housing affordability in Australia and I am pretty sure it was one of his submissions to the Federal Government a couple of years ago. I could be wrong - it is either Bissett or Disney, one of the two. I think it is Hal Bissett.

Mr HARRISS - Because that proposition that you just put is pretty innovative, would you need to sit down with your customer -

Mr LANGSTON - Yes.

Mr HARRISS - Before you even built a place?

Mr LANGSTON - Probably not when you build the house but I think you would need to make the relationship at the start of the lease agreement by telling them of the option or opportunity that is presented to them, that if they do all these right things like paying their rent on time and looking after their property and so on they could aspire to home ownership.

Mr HARRISS - Wouldn't they need to be part of the equation right at the start because if you build a 13 square house they might not be able to afford that down the track with their level of income but if you build a 9 square house they know in three years' time that a 9 square house is going to be \$125 000, whereas a 13 square house is going to be \$175 000. Their salary and their 30 per cent, if you like to go down that path for mortgage, will not allow them the bigger house but if they are in the equation right at the start -

Mr LANGSTON - With the example you give, Paul, then I would say yes, it would be better if that is the case. I am not assuming the house is necessarily a new build at that particular time. It might be as a consequence of a stock transfer, in which case then it is a home they are living in. You negotiate with them on the basis of there is the potential for them to own it if we have this understanding that they can work towards it.

Mrs SMITH - You would intend in this project to have different types of stock?

Mr LANGSTON - I think you would have to, because there are different means.

Mrs SMITH - That would solve some of the issues Paul has raised about the different types that might suit different people.

Mr LANGSTON - I do not know you could have a particular formula about what that would look like - whether it is 10 per cent of this and 20 per cent of that, I am not sure. It just

depends on the individual circumstances and not everyone would want to take it up. Some might want to live in a house for three years before they even decided that this was something that they wanted to do. Their circumstances are different or change or whatever.

Ms FORREST- Obviously that person, once you have established that relationship with them, over three years would be able to demonstrate they had the capacity to pay their rent on time and everything, so I come back to the size of the property. If you are getting a young family they could expand their family in that time so they need to be a little bit forward thinking as much as they can.

Mr LANGSTON - Yes.

Ms FORREST - If they can show the capacity to rent at a higher rate their 13 square house as opposed to a lower rent for the 10 square then they are still showing their capacity to pay for a house at a higher rate.

Mr LANGSTON - I would think so. It might not be that house, it might be another one you are building. It might be one that they could grow into. The point we are making is that the relationship is about rewarding their investment in maintaining the property and in making sure that they can pay their bills and so on. It is a question of saying that they have been able to demonstrate the ability to service a particular commitment. The banks do not see rent as being able to service a commitment - they do not view rent the same way they would view a mortgage.

Ms FORREST - What limitations would there be on selling it? Say if they buy it after the three years, one of them is offered a job at the other end of the State and the offer is too good to refuse. Has that been considered?

Mr LANGSTON - In terms of ones that we would build for ourselves, that would come out of our own efforts as an organisation and through our investment trust - I would say that we would not have any particular criteria around what people do - if they have an opportunity in the marketplace that they can use somewhere else, well then good luck to them. But if it was public housing stock, well that would be criteria that we would negotiate with the State about what they would like in those circumstances to occur. Is it a portion of equity that they get after a period of time, as opposed to the full amount - those sorts of things.

Is it a shared equity model from the start? That was one of the things I have been talking to Community Sector Banking about; in some circumstances it might be that you have to have a shared equity model right from the start as well. So even though we can create a deposit option for them by giving back 18 months' rent, once you take the CRA out of their income-generating capacity then there still might not be enough to afford a, say, \$120 000 loan, if that is what is required.

But if, say, the organisation that was looking after the properties was able to take an equity stake to make the difference, so instead of having to borrow \$120 000 to get a home ownership when they can only afford \$100 000, we take the equity option with them, then I guess you would have to think about those sorts of things when negotiating

those stock transfers and how they might work. I think they are all doable, it just a question of wanting to find a way to do it.

Mrs RATTRAY-WAGNER - Ken, yesterday we had some evidence from a person who was talking about the sweat equity component of assisting people into affordability. Is that something that you have looked at at all?

Mr LANGSTON - I have read about it, and I have been told a few times about it.

Mrs RATTRAY-WAGNER - Given that some of your clients might be able to paint or do something like that, they would need to be in at the very front end, at the beginning of the project.

Mr LANGSTON - I think that would be right. I do not see any reason why you could not - again if it is an option that works, why wouldn't you make it work? But yes, it would have to be at the beginning.

If you are talking about using stock transfers of public housing to leverage up and increase supply, which is what we are suggesting, then you probably would not pick up more.

Mrs RATTRAY-WAGNER - But for building new homes?

Mr LANGSTON - Yes, because the whole idea of having the stock transfers take place, as we say, we would have the equity in that asset to build new houses, so it is at that point you could bring new people in and if sweat equity was an option, then -

I think there are so many options that you can use with it, there is no reason why you would not explore it. The whole idea is to get people into homes - increase the supply, so I think you remove the walls, not build them.

Mrs SMITH - I was looking at your 'Another Brick in the Wall' concept here and one of the costs of course is that even though housing is on the move and there is significant stamp duty in government coffers and the valuation on property has increased land tax issues, et cetera, there was a suggestion made that perhaps all residential housing, whether it is owner living in it or in the rental market, should be land-tax exempt. What difference do you think that might make to the rental market, if it flowed through?

Mr LANGSTON - It would have a difference, but land tax is a small percentage annually of the value of the property. I think if you had -

Mrs SMITH - Until your portfolio grows?

Mr LANGSTON - I think if you had 1 000 or 2 000 properties, you would be sitting back thinking, I would not mind that growing, for sure.

Mrs SMITH - But in Tasmania, is there little difference in the big scheme of things?

Mr LANGSTON - I think as long as you can guarantee that it was flowed on but you would have to guarantee it. I do not know that is something that you could do. Certainly, in the private sector you would offer an option for a reduction in land tax.

Mrs SMITH - For affordable housing, perhaps, would that be it?

Mr LANGSTON - I think you would have to have some criteria, otherwise I would just say, 'Thanks very much for the tax rebate' and that would be about it.

Ms FORREST - As a landlord you couldn't be happier.

Mr LANGSTON - Of course I would be. You would need some criteria around the use of the property which made you eligible for the land tax rebate, or capping rent or the sale price or something like that. It would have to help.

Mrs SMITH - The private developers or not-for-profit organisations or who ever answers the tender of the Tasmanian Affordable Housing Ltd, even though they will build and then pass them through, do they pay a land tax?

Mr LANGSTON - Yes we do, we pay a land tax.

Mrs SMITH - The cynic in me could say, over a period of time the \$6 million that the Government is putting in per annum could be land tax components that they are getting out of the extra private development passed through anyway.

Mr LANGSTON - If I were a cynic, such as -

Mrs SMITH - Such as myself?

Laughter.

Mr LANGSTON - As you were suggesting you might be.

Mrs SMITH - You are not insulting me by saying it.

Mr LANGSTON - I would have to agree. But I do not know where the Government will get its revenue from. That is not for me to answer.

Mrs SMITH - There is nothing wrong with governments trying to make things self-sustainable if you have a process of user-payers and you can make it come back to go around. This is fine as long as it does not block, as some costs have in the past, moving on and providing the service.

Mr LANGSTON - I tend to come back to the first page of our submission which has a quote from Dr Ron Silberberg, from the Housing Industry Association dated 13 August 2007:

'Clearly the crisis in housing affordability is primarily a structural problem on the supply side, not a cyclical phenomenon, otherwise recovery would already be underway.'

He is saying this a question of the markets moving and changing and doing what they do and down the track it will be different. This is simply saying that we are not building enough houses to meet the demands of the people in the marketplace now, let alone those who will be the marketplace in the future. I guess anything the Government can do to foster an increase in supply is going to work to a degree. It is a question of how you target those things to make sure that they are working. I am not really in a position to comment on those things.

CHAIR - Another submission that we have had is in relation to income tax and the fact that mortgage payment for first home buyers should be tax deductible.

Mr LANGSTON - Again, if it increases the supply that is great. I did hear you mentioning earlier, when talking to the previous person, that meeting demand is difficult because the demand is so high and there are not sufficient skills around to do it. Anything we do is going to have a problem on the other side too.

One of the things that we are suggesting quite strongly is around the stock transfer and we think it is a sensible thing to do. There are examples of it occurring. It costs government nothing extra to do. It removes the liabilities from their balance sheet and puts them onto another organisation's balance sheet. The risk that goes with managing those portfolios belongs to somebody else, but you get the social outcome that we are all looking for.

CHAIR - I have the devil's advocate question. The concern that some organisations have in relation the stock transfer is purely and simply whether whoever takes over the stock will consider taking category 1 candidates, those most in need. I think you said before -

Mr LANGSTON - Yes, my answer was that it is your stock and it comes with your rules on transfer. You then look at that and ask whether it is what we want to do or not. If it is what we want to do we would stick our hand up and tender for it. I would not see any problem with that to, be honest with you.

CHAIR - What seems to have emerged from our discussions interstate is if you took just a fair percentage of category 1, whether the proposition is sustainable economically because of the rents they can afford to pay.

Mr LANGSTON - If they transfer to community organisations such as ourselves with Tasmanian Affordable Housing Ltd operating in the marketplace to pay the gap, then it is not a problem. There have been examples of stock transfers in other States. I do not know why they call them stock transfers because the only thing that transfers is a house and a lease, the title does not transfer with them so it is a bit of a misnomer to call them stock transfers.

There are many organisations around the country, including interstate, that manage tenancies. This is really what they are doing, they manage tenancies and leases. Certainly sufficient income is generated to manage those tenancies on their own just with the rents that are paid. Even with Commonwealth rental assistance you are still only coming up to about 75 per cent of the market rate. They are not particularly high income generators but if they are transferred in sufficient numbers there is capacity to earn sufficient revenue from them to look. It is like anything with scale and volume. The

more there are the better. A number of studies done into the ideal number of houses to transfer have reached conclusions which vary between 500 and 2 000. Housing Tasmania stock is about 12 000 so you are not talking about wholesale dispatching of the State's assets.

What I believe makes it viable and sustainable in the long term is that if the stock is transferred with the expectation that the recipient organisation must leverage to increase supply and more rental streams come from that. If you have no criteria around what happens to that housing it can be mixed. Parts can be sold, parts may be provided for modest rental returns in the market place, but they can be built and head-leased to TAHL so that market returns are provided. The Government can get, I believe, what it wants, the people of Tasmania can get what they want and that is for the most needy people to be looked after with a transfer of housing, because it is your stock, your criteria. As long as you do not put any criteria around what happens with the leveraging capacity of that organisation other than the fact that they must leverage maybe by building 100 houses, or 200, whatever the case may be, it would be up to them to work out who goes in and the mix. Then there would be sufficient dollars -

Ms FORREST - In the new properties not the existing ones.

Mr LANGSTON - In the new properties, not the existing ones. They are yours, they are the people of Tasmania and you want the people of Tasmania looked after according to your needs. We are not suggesting that should change at all. I think anybody who would suggest to you that there is insufficient income to be generated from those tenancies to manage them is only thinking of them in the context of those existing tenancies. I am not suggesting that to you at all.

Mrs SMITH - We received some evidence on the mainland from one State Government department that they had legal advice that they could transfer on a 35-year lease to allow community not-for-profit organisation to utilise them like a mortgage to borrow against. Would you agree with that and have you checked any of that out?

Mr LANGSTON - Yes I have. I would agree that is the legal advice that States are receiving. There is another question altogether around whether or not those community organisations can leverage against it. The Government can but the Government is underwritten by the Government. The banks want bricks and mortar title and there are examples. I am well aware of at least two examples in New South Wales that are considering the 35-year terms and the banks are at best cold when it comes to providing them with the ability to gear against it. There is a 55-year example in WA that is starting to be looked at now. Again, all I know is they are looking at this one. I don't know that it has been tested by taking it to the marketplace as such for finance. I know with the 35-year ones, the banks have said, 'So what'.

Ms FORREST - They have the titles.

Mr LANGSFORD - It is different if it is the Government that says, 'Can you secure some borrowings with 35 years' worth of revenue for these properties' because at the end you will underwrite anything that went wrong anyway.

Ms FORREST - And the Government has the titles anyway.

Mr LANGSFORD - That's right, and you underwrite it. If you were transfer a 35-year lease to a non-profit company that does not have access to the titles, they are going to want to tie them up for the other things that are in their company. They are going to tie up their balance sheet, which many of them do because all they do is manage tenancies. They are a cash business essentially which is marginal in lots of ways because they don't own title. As you said, one of the respondents has said that it quite difficult to make all that work, and it is true.

We belong to an alliance of housing providers around the country called PowerHousing Australia. It is a new organisation which has been going for about two years. It is made up of practitioners; there are no peak bodies or policy groups involved. We sit around the table and talk about it and that is all they talk about, how they are literally strangled and all they want is title. My understanding is that there is one example where that has occurred, and that is Community Housing in Canberra. I am advised of 130 unit capacity there. I think last time I was here, after I spoke to you, I was having a coffee outside and there was a gentleman in here - I can't recall his name -

CHAIR - Yes, we met with him last night - Rob Murfet.

Mr LANGSFORD - Yes, I think that's right. He told me that he was the inaugural chair of Community Housing in Canberra and that they had had a stock transfer of 200 properties prior to that. I did not know that and I said to him, 'I understood that this was the stock transfer', and he assured me that it wasn't. I said, 'These come with title?' - some people talk about stock transfers as these tenancy management agreements - and he assured that they came with title on that first 200. I do not know that, it is just what he assured me, but I feel more confident about the 130 that exist now.

I know that South Australia is looking at this as well with an organisation called Metropolitan Adelaide Community Housing Association. They are considering stock transfers with them. They had 250 homes recently that were transferred as a result of a housing company going to the wall there. There were 250 properties. They put them up for tender and we tendered for them, just because we wanted to have a look and see what was on offer. What was on offer was the titles to the value of \$39 million, but with debentures to the value of \$39 million to offset the asset value. Really, what was on offer was not much at all, apart from being paid to manage tenancies and having to carry both the asset and the liability on the balance sheet but with no capacity to do anything with it. If you did not maintain the property, the liabilities grew and you were penalised for not being able to sufficiently manage the properties. We put in a non-complying tender and we put to them the model that we are talking about here. Now they are talking to that organisation that received the tender on the basis of perhaps getting what we are talking about, and we think that is great.

CHAIR - As you know, the committee has been to Canberra and met with Community Housing Canberra. We have received a fair bit of information on it since we last spoke to you. Are there any down sides that you are familiar with?

Mr LANGSFORD - I am familiar with the organisation and Julie Quaass and I will be speaking to her at a meeting on 7 November in Adelaide. I am not aware of any down sides that she is speaking about. This was their initiative. They took this to Treasury and

quite frankly if this is going to work that is where it needs to go. Not to Housing Tasmania, it needs to go to Treasury because there is a good economic argument for this to work. My understanding is that they could only see upsides to it.

Mrs SMITH - The cynic is coming out in me again so do not worry about it. The concept of Tasmanian Affordable Housing Ltd announced in 2005, \$6 million a year for four years for 700 houses on the ground, or 700 properties of some sort on the ground, and the concept that private enterprise will build and put them into a lease process. This is a \$6 million commitment per annum for four years. Different government, different minister, change of policy. What might happen to Tasmanian Affordable Housing Ltd in four years if they achieve 700 properties under lease, the Commonwealth rent assistance is increased, one hopes, and CPI to something, but if State policy takes a different direction in housing?

Mr LANGSTON - Again, I do not want to sound as if I am avoiding the question but I think it is a question to ask Tasmanian Affordable Housing Ltd, about what happens to them. My view is that if government changes it, because there is no further need because 700 houses was all that was needed for example, well then that is where it stops. There is no need for the organisation to continue, no need for it to continue. However, having said that, there are five-year leases in place so they must go at least for five years; even though they have four years left of funding there are five-year leases in place, with a further three options of five years at a time. Anyone who invests in that knows that they are the rules and you assume that if at the end of five years the Government does not want to renew or TAHL does not exist and there is no renewal of the options then the owners of the properties have to make some decisions about what they do with their individual properties. What happens to TAHL? I am not sure that I am in a position to answer that.

Mrs SMITH - So we could have a situation in four years' time where we have achieved the properties, and there are still one, two or three-year leases on properties because they are not all going to be built in the short space of time. My interpretation was that the company needs the \$6 million plus the Commonwealth rent assistance to make up the difference. As policies change so much in government I am just wondering from experienced organisations outside that sort of scenario to a degree, whether I as a politician should be worried about changes in government policy that might see an organisation sitting out there - 700 houses we hope, managed through a property developer - and suddenly one stream of the middle range of money disappears under government policy.

Mr LANGSTON - Yes. I would think that as a politician that is something you need to be aware of. Again I do not think I am in a position to -

Mrs SMITH - No, I understand.

Mr LANGSTON - All I would say to you all as members of parliament is if you have built 700 houses in four years you would probably still need to build another 1 000 in another four years, and you probably need to build another 2 000 in the four years after that.

CHAIR - I suppose 700 will not scratch the surface on the waiting list.

Mr LANGSTON - I do not think it will do that at all. I do not think this is going to go away and I would hope that any party in parliament would take the view that this was worth taking a long-term view with.

Mrs SMITH - Six million is very small bickies for a State government if they can achieve 700 in the first four years -

Mr LANGSTON - I completely agree with you.

Mrs SMITH - and say do it again in the next four. Over eight years 1 400 properties, we are not going to see that through a Housing department trying to put them on the ground.

Mr LANGSTON - I would hope that in two, three, four years whatever the case may be that someone says exactly that, that \$6 million is small bickies and maybe it needs to be \$20 million so we can really get something happening. That is my view. Rather than seeing a negative result from the policy change perhaps a positive result could come to give it the funding that it really needs as opposed to the funding that it gets.

Mrs RATTRAY-WAGNER - Otherwise we will always be playing catch up.

Mr LANGSTON - I think so. I really do.

Mr HARRISS - Ken, with regard to TAHL, are you aware whether there is sufficient flexibility in there for you to embark on a shared equity with the person who is renting that house from your organisation as the owner of the house with your headlease back to TAHL?

Mr LANGSTON - Yes, there is. We have to sell the houses with the leases intact so there is flexibility in the sense that we can sell the properties -

Mr HARRISS - Or part of them?

Mr LANGSTON - Or part of them, but we would then be expected to provide another house into the pool I would think. So if we have provided them with one for the next 20 years and we were able to arrange an agreement with somebody to purchase a house, we could sell it. If it happened to be the individual owning it I believe that we would have to supply the pool again. That is how I believe it would have to happen.

Mr HARRISS - You addressed your mind earlier to a question from Ruth about shared equity. Your organisation is interested in the concept with other of your clients than just this TAHL process, but it seems to me that the TAHL process probably does not deliver you that flexibility as the owner of the house to enter into a shared equity arrangement with the tenant.

Mr LANGSTON - Not in a straightforward sense, no. Not in the simpler sense that you put then, it does not, but there would be sufficient flexibility to allow it to occur, as long as we were flexible by providing another house. I guess that is something that could be improved through the process. It is only a question of changing policy -

Mr HARRISS - It is.

Mr LANGSTON - and allowing that option to occur.

Mr HARRISS - If you lock people in to renting that is fine; that addresses some measure of affordability because lots people are happy to rent forever and have it as an affordable component. But if you give them the option because they are really looking after this place and all of the things that you said earlier, an incentive along the way, then you do not want to remove that flexibility do you?

Mr LANGSTON - I would prefer that it was there as an option for sure, which means for us that we might either - well, my thinking was we would have to keep them outside of the TAHL arrangement but I am thinking you would put it in and if you end up with the right person there then you negotiate on putting another one back in its place. I think that is the way that we would approach it but it would be a far better improved policy if there was capacity for a sale to occur to a vendor who was going to own the property, but whether that achieves the Government's goals or not I cannot comment.

CHAIR - We are out of time. Are there any final questions?

Mrs SMITH - I want to double-check page 13 of your Another Brick in the Wall.

Mr LANGSTON - I do not have it with me but I -

Mrs SMITH - I want to double-check. It says other outgoings, insurance, structural maintenance, average cost per property per annum basis, land tax \$7 500?

Mr LANGSTON - Yes, we had a model that suited that particular sized block and house and so on that we are basing it on. That is a financial model, using some assumptions, and that would be right.

Mrs SMITH - \$7 838 land tax on an average model, on an average block per property?

Mr LANGSTON - Yes. As I said, I would rather have it in our back pocket too because as a residential component it is not much, but once you get to multiple landowners it becomes fairly significant -

Mrs SMITH - Yes, because the more you get the higher the rate. I am well aware of the -

Mr LANGSTON - If you had 500 of 1 000 properties you would be very keen to get it but your responsibility would have to be to make sure that it was directed the right way.

Mrs SMITH - I wanted to check that.

Ms FORREST - If you had people wanting to invest, like the mums and dads you have talked of at other times, they might buy one or two or build their second home and rent out their first, there could be incentives there for those people. If they are providing affordable housing within a criteria do you think that is worth pursuing?

Mr LANGSTON - Effectively TAHL operates to do that, so if people have the capacity to provide another home for somebody the Government would argue, that the incentive that

they are getting there is that they are getting the property maintained, they are getting 6 per cent guaranteed return, a majority of their outgoings are covered and they are getting basically a 20-year guaranteed rental -

Ms FORREST - That is only for new homes though, isn't it?

Mr LANGSTON - Yes it is.

Ms FORREST - So if someone was going to build a second home, this would not come under that.

Mr LANGSTON - No it wouldn't. That would be nice it but that is not the target; the target is for new properties. By getting new properties they can guarantee the maintenance issues are low at least for the first few years.

Mrs SMITH - And down the track when the market is more settled they may look at a second stream. Who knows? It is as wide as they want to make their brief.

CHAIR - Thank you for doing overtime.

THE WITNESS WITHDREW.

Ms JUNE NOBLE WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR (Mr Martin) - Welcome to the hearings and thank you for putting a submission in. If you would just do an overview of your submission.

Ms NOBLE - I have made a written submission to the committee which touched on some economic issues and planning issues. I do not wish to add anything to the economic issues that I have raised on the tax but I would like to go into some further detail about the planning issues. My comments are based on the premise that all the economic pundits are telling us that the affordability problem is partly due to demand outstripping supply, and in my experience supply is hampered by various aspects of the existing planning system in Tasmania.

Getting houses through the planning system has become overly complicated both in the process it has to go through and in the standards set for permitted housing. If we could remove some of those inefficiencies and inappropriate standards we could deliver new housing more cheaply and more quickly. The first issue would be the number of planning schemes which has been raised up before a previous committee. There are 48 planning schemes in such a small State. And whilst that has been raised before and I think that it is widely recognised that it is a problem nothing has been done about it at this stage.

There is currently talk of developing regional schemes but in my opinion that does not go far enough. By far the most efficient and effective system is to have a statewide residential code as currently happens in Western Australia and Victoria. That would give consistency for building companies operating throughout the State and reduces their costs of having to deal with umpteen different schemes, terminologies, definitions and philosophical approaches. It would also greatly simplify the work of the planning tribunal and reduce the costs there. There may be some resistance from councils to this approach but having a statewide code does not mean that there is no room for individuality. In the other statewide codes in Western Australia and Victoria they have a menu of different densities and the councils can choose which densities best suit their particular area. For example, a rural-based council may choose only to have rural residential and low-density zones, whereas a city-based council may choose to have higher-density zones. It does not mean that one size fits all. There is some room for flexibility.

Also, there is the opportunity to have what they call neighbourhood character overlays where, if the council is able to make the case that special provisions should apply in a particular area, then they can go outside the provisions of the standard State scheme. It has to be evidence-based and the onus is on the council to demonstrate why there should be a special case.

The second issue is the framework and wording of current planning schemes. One of the current problems I have come across is that the provisions of some Tasmanian schemes are so poorly structured and worded that it is not even clear what is permitted and what is discretionary, which leads to unnecessary appeals and to more time-consuming and costly appeals. Obviously one thing that would overcome that is the introduction of a State planning code, but failing that, the State Planning Unit has already produced the

Planning Directive 1, the common key elements template, and introducing that in all council schemes should go some way towards addressing the problem. At the moment there is no deadline for that. Councils, if they are producing a new scheme and they have to do it in the template format, do not have to produce a new scheme. There is no deadline for them to address that issue.

Secondly, there is no requirement for amendments to be in the template format. I think there should be as it would be a way of progressively bringing things into greater clarity and consistency if all amendments had to be in the common key elements template format.

The third issue is the issues which trigger notification and third-party appeal rights. Under the present terms of LUPAA, wherever council has to exercise a discretion on any issue to do with the application, the application becomes subject to public notification and representations can be made to a council and there are third-party appeal rights. That system is entirely appropriate if the variation being sought is something significant that is genuinely going to impact on neighbours. But it is inappropriate in circumstances where the variation sought is very minor. For example, if an application has a fence which is 10 centimetres higher than the accepted standard, it now becomes fully discretionary and all things appear to be up for grabs in the appeal tribunal. That, in itself, adds greatly to the cost of administering the system and causes delays on application, which really should not ever have come into that category. I have just come back from Queensland where I was doing some work and their system has a three-tiered approach. They have what they call self-assessable applications which are the equivalent of our committed applications. You have ticked all the boxes and you meet all the permitted standards. They have impact assessable, which is the equivalent of our discretionary application, where you have not met all the permitted standards and the impacts of what you are proposing has to be assessed. Unlike us, they also have a middle category which they call code assessable, which means that you have not met all the permitted standards, but the variations can be assessed by council without public notification and without third-party appeal rights. I think it would improve our system to introduce something similar to that, where you are taking out of the full assessment system things that should not be there and are really fairly minor variations in an application which should not have to fall under the full appeal processes.

CHAIR - Is that a recent change in Queensland?

Ms NOBLE - I do not know. I have only recently looked at their system, so I do not have any background on when it was introduced.

Ms FORREST - This is about things like the extra 10 centimetres on the fence as opposed to something which might create a nuisance or harm?

Ms NOBLE - Yes. What that envisages is that you leave in the full appeal system issues like setbacks, densities and heights where it could have a significant impact on neighbours. But you take out things like the amount of private open space which is essentially only affecting the applicant, not the neighbour, or the heights, whether the carparking is adequate, which again is only affecting the applicant and not the neighbour. Everything that does not have significant impact on neighbours could be taken out that system and put into a code-assessable stream of applications.

CHAIR - Does the Queensland model achieve that?

Ms NOBLE - I do not have a broad experience in all of the scheme there. They do not have a statewide code. The one scheme that I have looked is in Cairns. In Cairns it is generally used in the sense that use categories are put into the three streams rather than individual aspects of a planning application. It is more tailored to use there, but there is no reason that the same system could not be used for different types of aspects of an application that is being assessed - such putting density and height and those sorts of issues in one category, and the more minor ones in another category.

Mrs SMITH - Who decides what that middle road is and what goes into that category? Does the council decide that or the State Government?

Ms NOBLE - In my ideal model it would be part of a State residential code, and the State would take more of a leadership role in determining appropriate standards and what goes into them, and which category they go into. That code would then be applied to every council. Failing that, if it was decided not to produce a State residential code, LUPAA could be changed to introduce a provision for councils to do that themselves.

The next issue is specific provisions of planning schemes. It used to be the case that getting approval for houses was a relatively simple process and the main area of detailed scrutiny for councils was on commercial and industrial applications, or the types of residential applications that really pushed the envelope. In the last two decades the standards required for a permitted house have increased dramatically both in the number of standards and the complexities to the point where, in my view, the bar is set far too high in many cases. In a sustainable planning system most houses should be able to be approved as a permitted application. However, we have reached the stage where the reverse is true. One example is Hobart City Council where more than 70 per cent of all applications are discretionary for housing

CHAIR - For single houses?

Ms NOBLE - For single houses - well for all housing.

CHAIR - Oh, go to Glenorchy!

Mrs SMITH - So 70 per cent of the City of Hobart are discretionary?

Ms NOBLE - More than 70 per cent.

CHAIR - For single residences?

Ms NOBLE - No, for all housing. I do not have a breakdown of which of those is single. Still the incidence of multiple housing applications is not great, so you would expect it to be mainly single.

Mrs SMITH - Would that have been put there when there was an expectation of a lot of multiple housing around Hobart, do you know?

Ms NOBLE - No, I do not think so. In my experience the standards they have trigger discretions in virtually every single house planning application, because of a raft of changes that were put through which now make it nearly impossible to get a single house through without triggering a discretion.

One example in the last raft of changes they put through is if you had a new window in a habitable room within nine metres of a neighbour's window, you have to either raise the sill height of the window to 1.7 metres or the application becomes discretionary. Given most blocks are somewhere between 50 and 20 metres wide it is impossible to get a house that does not have a window within nine metres of a neighbouring window. That in itself triggers a lot of discretions.

They also reduced the site coverage to 30 per cent, which is highly unusual in an urban residential area. In Victoria it is 50 per cent, in the Cairns plan I looked at it was 50 per cent. Western Australia has a menu of densities but there is not any standard residential density anywhere near that. The actual bar that they have set is so high that the discretion point is being triggered on standard applications. Again, a State code with reasonable standards would overcome that problem.

The second last issue is multiple housing. One of the problems is that most planning schemes in Tasmania do not have any permitted criteria for multiple housing. Hobart, to its credit, does. It depends on the size of the land, a dwelling unit factor. In most other schemes that I am aware of all multiple housing applications are discretionary, which means that the applicant never has any guarantee that they are going to get approval. They can talk to the council officers, get an idea of what they think would be acceptable, they go to the great expense of doing the designs and then when it gets to council it gets knocked back. They have no means of determining what might get approved the next time. They can go to appeal, but that can be enormously expensive. There is never a point where you can say, well I know I can definitely get three houses or five houses on that site.

There is no reason that should be the case. There is the ability to define permitted standards. They do not have to be lax standards but you can at least say, if you have 3 000 square metres of land then you are permitted to have three or four houses on that, if you meet these other standards in terms of height and privacy and whatever. There is no problem in defining the standards, it just has not been done in a lot of council areas and if it was done it would greatly improve the chances of getting new housing schemes to market.

CHAIR - I am interested in your opinion on one aspect of this. A lot of the problem with discretionary uses is the decision making and where politics comes into it. There are many seemingly political decisions rather than good planning decisions made by local government. There is a view that maybe it is time for elected representatives to cease the role of planning decision makers on planning applications and putting in a competence-based committee or board. Do you have a view on that?

Ms NOBLE - I would not like to see it entirely left to a panel of experts. I think that the DAF model that they are looking at in New South Wales uses a combination. I have not looked at that recently but I think a combination of some elected representatives and some with particular expertise in the field would probably be the best combination. That

is certainly a problem that perhaps some training could overcome. I think there is the problem of the will to adhere to the system even if you know what the situation should be. I do not know how you would overcome that.

Mrs SMITH- In two mainland States it is a requirement for newly elected people to have some training in the first three months, I think it is, after their election.

Ms NOBLE - I think that would be a wonderful improvement on the existing system. That is not necessarily a criticism of aldermen. The planning has become increasingly complicated and it is a big ask to expect anyone to make good quality decisions when they have had absolutely no training in the subject. I think it is essential that there be some training for aldermen.

Another impediment to housing approval is that many Tasmanian councils do not have a specific housing or density strategy. In Western Australia, for example, they have a menu of densities and the council, in formulating its planning scheme, has to go through the exercise of looking at all of its municipal area and assessing which is an area that is appropriate for medium-density housing and which is appropriate for high-density. They have to go through the exercise of determining where such housing types are appropriate rather than, as we have here, every application being assessed on a case-by-case basis and being subject to the lobbying of community groups when all of that should have been done at the stage of the scheme.

Mrs SMITH - Does that apply in Western Australia regardless of the size of the community? Western Australia tends to be have large numbers in the city of Perth and then very scattered -

Ms NOBLE - Yes, as I understand it it is regardless of the size. There is a State code and each council has to choose which bits of that code it is going to apply to its council area. As I said, a rural council may choose to be all low density or rural residential and the city councils may choose a different mix but they have to opt for something that is in the State's scheme.

Mrs SMITH - It is not mandatory, they just opt for what suits their environment?

Ms NOBLE - It is not mandatory that they choose any particular density level but it is mandatory that they determine which levels are appropriate and go through the exercise which we have not done here and which would assist.

The last issue is the period of validity of planning permits. In Tasmania they are currently valid for two years. That is an insufficient time period, in my view. Various things happen - the market changes or people are balancing different projects and they cannot necessarily start immediately on something they have had approved and once it lapses they have got to go through the whole process again. The time period in Queensland is four years and in New South Wales it is five years. I think it would be appropriate to increase it to four.

If I can just give one example - I am aware of one application in Sandy Bay where a developer was seeking approval for seven or eight houses. He went through an appeal which cost him close to \$100 000 because it was an extremely lengthy and complex one.

He was given an approval for six, I think, but for various reasons was not able to proceed within the two years and one of the reasons was that such complicated conditions had been imposed it took a long time to get a building application through council and he still did not have it at the end of the two years. The application lapsed. Council did not give approval for a two-year extension and after him spending all of that money he lost the lot and was not able to proceed. So that is six fewer houses that could have been on the market that are not because of that very tight restriction.

CHAIR - What are the Better Planning Outcomes recommendations? Do they cover most of the points you have raised? The difficulty is there is no time frame for councils to implement them.

Ms NOBLE - They do not provide a State residential code, which I think would be better, they only provide a template. That is certainly an improvement in that at least there is a standard format and standard terminologies but you would still have the bar being set at different levels all over the State. Different councils could determine different heights. I think it is preferable to have one State code but, at the next level down, the template will help to improve things when and if it ever gets introduced but there are no mandatory elements of it. Councils do not have to produce a new scheme. They do not have to tailor their amendments to the template format so it is all in the never-never as far as I can see. There is nothing driving it being implemented.

CHAIR - The amendments, there is an argument against that. You could finish up with a real mishmash planning scheme.

Ms NOBLE - You could, but at least the new bits of the mishmash would be better than the old bits.

Mr HARRISS - On the matter, June, that you raise in your written submission to us. You have points including a couple that I want to have a look at with you.

The first, your contention that most planning schemes have onerous standards with regard to subdivision proposals nowhere near the twenty-first century. Can you give us a few examples of those or is it the mix of standards required for subdivision development?

Ms NOBLE - It was not specifically subdivision I was thinking of there. It was more infill development where because of issues like the privacy provisions that I mentioned previously, in particular the Hobart site coverage of 30 per cent. It is very difficult to get any infill housing on a site coverage or even a standard single house on a site coverage of 30 per cent. It was less subdivision than the specific measures that they are using for density and fairly onerous privacy-type issues that make it hard to achieve a permitted application in any normal block in a residential area.

Mr HARRISS - Do you have a view then on some of the matters related to, say, road width, kerb construction type? It seems to me from my study of various planning schemes over the years that basically the road width shall be x metres no matter how long the street is. In a very short street you could get away with half the road width with no parking on the sides. Do you have a view about some of those issues related to standard requirements?.

Ms NOBLE - No, not really. I have not dealt with that in any detail.

CHAIR - June, thank you.

Ms NOBLE - I have a copy there of the additional comments if that is of some help.

CHAIR - Lots of insights and agreement.

Mrs RATTRAY-WAGNER - Some practical approaches.

THE WITNESS WITHDREW.

Mr HANK PETRUSMA, PETRUSMA & PARTNERS, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR (Mr Martin) - Hank, welcome to the committee hearing.

Mr PETRUSMA - Thank you very much.

CHAIR - You obviously know everyone and are familiar with *Hansard* being recorded and are happy for us to quote anything in the report?

Mr PETRUSMA - Fine.

CHAIR - I will hand over to you to give an overview.

Mr PETRUSMA - I think you have a copy of what I submitted and I have an additional one today, which is a few extra points that I thought were worthwhile. I do not feel that Federal, State and local governments have given housing the importance that it deserves. In the early 1980s I think Housing Tasmania was the flagship of housing and they were doing a brilliant job and some of their design and construction work was very good indeed and in fact it was even the equal of the private sector. Since that time that has been buried amongst the community service, which I think is a shame.

I would like to spell out why the cost of housing has made it so difficult for first-home buyers and families who battle from day to day. First of all I think the antiquated, inconsistent local government planning laws are the foremost. I have to say that I think councils contribute very heavily to the high costs of housing by total inefficiencies. I think a lot of local councils are very inefficient in how they run places, in fact I would suggest that some of the planning departments and councils are basket cases. I have dealt with a number of councils across the State, including the north-west coast where you have one council in particular which is a basket case and which has been acknowledged publicly, and the one next door is a very good council where the whole processes of planning and getting through the system are much simpler, much more cooperative. My view would be that we need consistent planning laws all across the State. I think that is part of the dilemma.

I think there is a huge amount of frustration by genuine people who genuinely want to do what I call sustainable or good, sound housing but are frustrated by the process and that is because it is often hard to determine what the planning laws are. I think if you gave people who want to build houses clear guidelines as to what they can and what they cannot do they would do it. In my experience over 30 to 35 years, the whole planning process is antiquated, inconsistent, it is cumbersome, it is slow, the processes are just unreal. Years ago you could get a quality set of plans drawn up by an architect or by a draftsman you would submit it to council and you would have it approved within a matter of weeks. Now you are called upon to have more reports than you can throw a stick at and the whole process - just even a simple house application - can take weeks and months. I believe councils should have the red carpet treatment where they have a person in each council who can sit there and facilitate the process because I think 99 per cent of people do the right thing and those people are frustrated. What often happens is they get to a position where they submit their plans and one of the departments goes back

to the proponent and tells them they'll fix it up. The person thinks he has got it now but then they get another letter. Now you have to fix that, then you have to fix that, then you have to fix that. My view is - and I will be blunt about it - I think the whole planning processes are really very bad in this State.

There are the time-consuming preliminary costs and a myriad of reports are required. I saw a report just yesterday, about a 10-page report describing the various grasses that are on a piece of land. It is making all these people who do reports very wealthy. To me, if you have a good set of plans and specifications which have been well designed and well thought through it should not take weeks and months. It adds to the cost because of the holding costs.

The development costs associated with the land subdivision are now increasing and our local council is now also putting infrastructure cost demands on a developer. Contrary to what people think, that developers make a lot of money, the reality is that it is line ball for many. I have just had a quick look at the development costs and then adding to that the cost of GST and stamp duty, and GST on top of GST on stamp duty on top of stamp duty on top of GST.

That is a very good sum for the committee to have a look at because if you did a simple transaction where somebody buys, say, some undeveloped land - which of course they pay stamp duty on - then they go through the whole development process which of course does contain costs. When the developer sells a block of land he has to pay GST so the purchaser, who may be a builder who wants to develop a nice house, pays GST and more stamp duty. So a good local builder then builds a nice house on it, he has more GST to pay on his building costs, but when he sells the property again he has to put GST in the purchase price.

I have done some very rough sums and even buying a modestly priced block of land, putting a modest house on it, even around \$300 000, potentially the whole GST and stamp duty could be worth \$30 000 to \$40 000.

Mrs SMITH - You accept that some of that GST is claimable back with a lot of paperwork. You pay it out and then you claim it back.

Mr PETRUSMA - Yes, but at the end of the day the Federal Government has a fairly strong GST profit they make from that. My concern is that the State Government then charges so the person has already been charged GST and then they get stamp duty on GST, so GST on GST, and I think it is double-dipping. I just did a quick run through that. Potentially with even a standard house there are massive costs involved in GST, stamp duty, also the Government infrastructure, the costs they charge and the processes and the length of time. I am just saying I believe they add significantly to the cost of somebody wanting to try to buy a house.

CHAIR - Are you able to table that?

Mr PETRUSMA - Yes I can. This may have to be verified because it was done very quickly and I am happy to table that as an example but I think it is worthwhile doing some more to it.

The other thing is the lack of availability of affordable land, and I think one of the big things that has happened in Tasmania in the last four or five years. There is no doubt that when prices have gone up, a strong reason for that would be the land component. I can recall in 2001, for example, a block of land in Warrane you could buy for \$20 000 to \$25 000 and now you pay \$100 000. In other words, there is a very strong increase in land components to even property sales because of the demand.

CHAIR - This is an issue that has been raised a lot during the hearings. One of the problems that local councils reacted to was a report that was done back in 1995 that showed there was 40 years' supply of already developed, already zone land. That report has never been updated so on that basis councils, and in fact the RPDC have been very reluctant to approve new zonings for residential land. The Property Council, for example, said in its submission that there is now a desperate shortage of available land for sale.

Mr PETRUSMA - There is, that is what happened. I can give you an example of land in a subdivision that 12 months ago was worth, say, \$75 000 to \$80 000, because there is such shortage of land in Kingborough, all of a sudden it has gone to \$110 000. It has jumped in value by \$20 000 to \$30 000 a block. In that location there is a shortage of land and therefore the less the supply the greater the price is.

CHAIR - You do not think that infill land is available?

Mr PETRUSMA - Possibly and that is one of the recommendations that I am making. I still think councils across the State are sitting on, what I call the old cash in lieu. They are getting some subdivisional land as part of a subdivision. They have massive funds as cash in lieu of open spaces.

I think that within most suburban towns and cities of Tasmania there is still land available, which is Government-owned - either by the State, or local, or even the Federal Government. Also there are opportunities, as I have put in my submission, where older people own large homes on large pieces of land. The reason they are not shifting is because of the cost factor in buying and selling. One of my recommendations to this committee is that the State Government encourages retired people to sell such homes which could potentially be divided into eight blocks where all the infrastructure service and the schools are there. As a way of encouraging them to downsize, and to make more properties and land available, the Government could allow the stamp duty on the purchase of a retirement home to be exempt. That is probably one of the solutions, as I have said.

In the next few years we are going to see some rationalisation of school properties, and I believe there is land potential. What is happening now is that Treasury will want to get their hands on it - which I do not agree with - whereas those blocks of land could be made available for affordable housing. I would rather affordable housing people get that land and build on it, than the Treasury grabbing 80 per cent of it - or at least put the whole lot back in Education, which would make me quite happy as well.

There is land that you could get, and that includes land like the massive warehouse space in North Hobart which I identified 10 years ago. Why couldn't some creative people have suggested relocating the residents to Bridgewater, which does have positive benefits

for social and infrastructure? They could have been given free land, and they could have had acres of acres of land smack in the middle of North Hobart for affordable housing.

Even some housing areas, such as the original Warrane properties, have 800-900 square metres of land. You do not need that any more today. If you look at what is happening in Melbourne and other parts, in the majority of suburbia the house and the blocks are much smaller and they are relying on recreationally you have parks and lakes for the community to get together, rather than have everybody having 1 000 to 1 200 square metres.

Mrs SMITH - Are the blocks smaller in those cases, or the houses bigger?

Mr PETRUSMA - Both.

Mrs SMITH - Because they do not want gardens, they want five bedrooms and the rumpus and family dining and so forth.

Mr PETRUSMA - Yes. In Victoria, I have looked at display homes which are 35-40 kilometres out of the CBD. But they make the homes such that the people can be self-sufficient - they do not need to travel back to town. They are building bigger homes with an indoor/outdoor entertaining area, and there is hardly any grass to look after but just across the road there are magnificent parks and recreation. That is happening certainly in Melbourne, which I have sighted. They are building houses on, say 400 square metre blocks of land.

Looking at some of the initiatives - and I am happy to answer anything - I have indicated that the solution can only be found with local government, State Government and Federal Government working together to make this happen. Superannuation funds need to be able to be accessed - an absolute must, particularly for young people. First home owners must be exempt from paying stamp duty. To me, you have to help our young people. Stamp duty is a killer - it is one of the biggest revenue raisers for the State Government - which I thought was going to be abolished with the GST coming through. With the new home buyer package what is wrong with exempting buyers from at least from the stamp duty on the building component of a new house and land package? On a building component of \$200 000 they could save \$6 000 to \$7 000 in stamp duty which would be a little encouragement to get building. New developments could also be exempt from stamp duty. I think the Federal Government should be looking seriously at tax deductions for interest on housing loans for the first home buyers for perhaps five years. What better way is there of encouraging a young couple? If these things were place it could become more affordable.

CHAIR - To be the devil's advocate on those matters, the contrary view to doing those sorts of things - and I am saying I agree with this - is that it adds to the inflationary pressure and in fact helps force up the prices. There is an opinion that the first home owner grant has been a significant player in increasing prices.

Mr PETRUSMA - I do not believe overall you can really demonstrate that it is going to make a huge difference. The reasons Tasmanian housing prices went up, particularly in 2001, were because in Tasmania prior to 2001 the mortgage lending institutions and the mortgage insurers virtually had most of Hobart suburbs and towns black-listed.

Fortunately the present State Government introduced a plan which included all affected parties and they provided an extra premium to cover the loans to be insured. That meant that those who previously could not buy a house anywhere were now able to do so which released the floodgates. Then the snowball started to roll down the hill because those people selling to the first home buyers had to buy another home and that really kicked off very strongly plus. I also list another 10 reasons.

To answer your question, I do not believe it is really going to add much to the inflation situation at all. I think it is more about availability. The best way to keep land prices stable is to have more of it.

CHAIR - Market forces.

Mr PETRUSMA - Yes.

I still think there is a role to play in identifying land within areas where existing infrastructure and services that can be made available. Again, State, local and the Federal governments should be involved in doing some work on identifying land that could be used for affordable housing across Tasmania.

I think we need to move industry away from suburban areas and I strongly believe that North Hobart is an example there. I think we should look more at reverse infill housing policy. From a social justice perspective, I think rather than whacking out on broad acreage there are ways and means of doing what I call reverse infill. You could maybe get the private people to buy in public and public back in town. That is a strong view that I hold.

Mrs SMITH - Would you accept that a bit of a nimby syndrome has been a problem there? The department has attempted to facilitate, if my reading is correct, both in the City of Hobart and Glenorchy some public housing and in the planning process it fell over because the councils have followed the direction of their community and said no. How do we solve that sort of thing in this issue?

Mr PETRUSMA - I will continue from my own example. I lived at Mount Nelson for a while fully knowing that next door was a Housing department area which had not even been developed because I am confident. In all areas of Tasmania there are good and not so good people. I think it is a matter of educating people. There are people with dignity in all incomes groups and I think it is just a matter of not fully understanding the process. I would not feel at all uncomfortable having public housing next door to my own home.

Mrs SMITH - I accept that and if you talk to everybody individually that is what they say. Then you go to a public meeting and you will get two irate landowners who drive the mob and at the end of the night you could in trouble as an elected member if you take certain decisions concerning public housing. They are the facts of life. We will all individually say we cannot pick our neighbours. You could have the worst neighbour in Tasmania move in next door to you. It is not a monetary thing but we still have this community perception. We do not mind who lives next door until they move in.

Mr PETRUSMA - The classic case is Glenorchy as the moment with Claremont as the clients. I think, dare I say it, that we have to be strong. If we believe in something in time you demonstrate to the community that their dire predictions have not happened.

Mrs SMITH - About 25 years ago government departments did not have to go anywhere near State Government to get planning approvals et cetera. Should we reverse the trend and say wherever they want to go they can go and do as they like? Do you have that much confidence in the planning systems within the State Government.

Mr PETRUSMA - I do not have any confidence in the planning system at all.

Mrs SMITH - I am looking for suggestions.

Mr PETRUSMA - To me if there was a quality, consistent planning law across this State that that made clear what has to be done, I would have no hesitation in going down the track you are saying. But I have grave issue with the whole planning system in this State. It is a disgrace.

Mrs SMITH - How would you have solved the issue of Glenorchy? It was an aged persons home and they decided accreditation was too difficult so it is up for sale. Housing say they can house x number of people there as they do not have to comply with Commonwealth accreditation where aged people have to live in six stars when they are moving from three stars and would be happy to have a certain standard. Suddenly Housing sees an opportunity. Nobody could have predicted in the Glenorchy planning scheme one day it might change from being aged care with public purpose into private/public housing and suddenly you have this situation. How do you solve that? Do you take away discretions in residential areas and say as long as you are residing it does not matter how many reside in a residential zoned area?

Mr PETRUSMA - In the case of Glenorchy, if I was Housing Tasmania I would make sure that the clients or the people they put into that facility uphold the standards. In other words, you do not put people in who have a reputation for vandalising properties. I am not sure what they are going to do with it, whether it is going to be used to house retired people.

Mrs SMITH - You are asking the Housing department to be as judgmental as the community about who goes in.

Mr PETRUSMA - Not at all. I can show you a brand new development in Devonport, where the people bought in wrecked the joint. People have to start assuming some responsibilities, that is not discriminating, it is saying they have to be more responsible if they are given housing. If people do not demonstrate responsibility then they deserve not to get housing and I think the vast majority of Housing Tasmania tenants are good people.

Mrs SMITH - Other States are moving down the road of leasing terms. Some States are looking at two, four, six-year terms. This means that when you get a Housing department property, just like anything else, you get a lease and that does a few things. It allows flexibility to move people if you can accommodate them and they are happy to move from large to small as their circumstances change. Whilst they did not say it, I suspect it

also gives you leverage. If the tenant does not look after the property and behave after lease is up they may be on the street. Do you think a leasing concept within Housing might give them some more capacity?

Mr PETRUSMA - It is certainly worthwhile. The reality is that Government is the steward of our taxpayers' money in the same way as in the private rental market where if a person owns a property they deserve to get a fair and reasonable return on their investment. Therefore they put a tenant in with a lease and they have to make sure they do not wreck the place. There are certain obligations. I think going down this track within Housing is a very worthwhile idea and it does allow for people to move down or move up. People may want to change areas. It may be that somebody lives in Bridgewater but has elderly parents who live in Devonport so they may want to be moved to Devonport. A leasing arrangement would give that flexibility.

On the issue of planned rules for all council processes, consistent planning laws across all councils would put an end to uncertainty in giving home builders rules and guidelines they can comply with. Most people say, 'Give us the rules and we will do it'. Time constraints will not allow me to talk about what I have seen and examples where there is massive frustration across the whole Tasmanian community about councils.

CHAIR - On the point you just raised, I went through the development of new planning schemes 1992, a long time ago, which is still the planning scheme but should not be now. It is too old. I conducted a lot of meetings. We had 50-odd meetings with different interest groups. One of the most interesting was with the builders, developers, entrepreneurs et cetera. Total division, which made my own life very difficult in framing the scheme. Fifty per cent wanted certainty, which is what you have just advocated, but 50 per cent wanted a degree of flexibility and that is really the conundrum. If you set down the rules too rigidly then the complaint comes two years later that this is too and you should have more flexibility in the scheme.

Mr PETRUSMA - Yes, however you know what happens with flexibility? The planning decisions are politicised -

CHAIR - Yes.

Mr PETRUSMA - and I will be blunt about that, having had personal experience where something happened to my wife and me some years ago which cost us a lot of money based pure bias, bigotry, whatever you like to say. It had nothing to do with planning, which led me to believe in training councils to make better equipped and planning decisions. What happens with discretion is that you get politics in the decision-making process and certain people can get approval for stuff and others cannot, so I hear what you are saying; that is the argument.

CHAIR - Yes.

Mr PETRUSMA - On the other hand, my view is that the greater discretion, the greater the politilisation of a decision. We are all human -

CHAIR - And discretion takes more time.

Mr PETRUSMA - That is correct.

CHAIR - You would go for the certainty?

Mr PETRUSMA - I think so, particularly with housing. For goodness' sake, with housing these are the standards we require: the size of the home, the size of the blocks of land -

I had a case yesterday. Somebody wants to put a house on a block of land and I did not realise it but it is in their discretion where you can build a house on it because it is in a prime residential area. So now the poor purchaser has to go through the process of going to council - he does not want to build for two years but -

CHAIR - For a single house?

Mr PETRUSMA - A single house.

Mr HARRISS - Which council, Hank?

Mr PETRUSMA - Hobart.

Mrs SMITH - Why is it discretion?

Mr PETRUSMA - Because it is a pretty sensitive area. But there are houses next door, except there is one and the land at the back is all grassed and what have you and I support that, but my point is the process. Somebody wants to buy it but the council will not say if they meet all their requirements they will in principle approve. No, they cannot even do that. So the poor purchaser has to go through a whole process of getting plans drawn up. When you have busy designers that is going to take a month to get them done. Another 42 days. That is probably not for affordable housing, I am giving a case in point about planning.

I do a bit of work in Ulverstone and Devonport; that is where I come from. In Devonport, disaster; Ulverstone is a different process and you will find that builders and - I am sorry; that is your area -

CHAIR - She is happy with Ulverstone.

Mr PETRUSMA - It is a different approach. In Ulverstone there is a 'Come in, sir. What can we do to help you?' In Devonport you get those little tin gods in departments - 'Well I have been here for 30 years and I will make the decision whether I will approve this or not', and that is what is happening across planning.

CHAIR - Hank, you touched on another point, and I asked the previous witness the same question, when you talked about the politicising of planning decisions. There is a view going around at the moment that maybe councils should set the policy, develop the planning scheme, then the application decisions should be made not by elected representatives but by a committee of experts.

Mr PETRUSMA - I totally agree.

Mrs SMITH - Regionally.

Mr PETRUSMA - I would be delighted if the planning decisions were taken away from councillors and that in each region you had a panel of experts where the decisions are based on planning rules and regulations. I think that will take away a lot of the situation that is currently existing. I know that councils will not like that.

To give you an example, I was at a certain council about 12 months ago and they spent three quarters of an hour discussing the local toilet in one of the particular areas and they spent five minutes on a \$4 million development which none of them had a clue about. And that is probably the same in parliaments too, and I have been here -

Laughter.

Mr PETRUSMA - I want good planning, I am not one for demolishing everything. I want good, proper quality sustainable housing. I love this State with a passion. We are getting more people coming here from Western Australia who love our climate, who love our water, who love our safety -

Ms FORREST - And Queensland.

Mr PETRUSMA - And Queensland, I was going to get to that - but it is happening. We want to make it easier. The processes are far too difficult, too complicated and only those who have the stamina keep fighting. Some just give it away.

If you think about that then more building will happen which supplies more jobs, which allows our young kids to stay here, and I am not talking about having 10 million people here in a short space of time but let us have some modest increase in population whereby we can sustain and look after the elderly as they come. I have not even touched on retirement housing. We have an ageing population and we need to be creative in allowing people to downsize from their existing homes to smaller homes.

As I said, I believe it is not just State Government. I am thrilled that this committee has been started, I think it is fantastic. It needs local government, State Government and Federal Government initiatives which I have outlined, and which probably somebody already mentioned to you anyway. They are not brand-new necessarily.

CHAIR - Quite a few of them have been mentioned. One you have not mentioned - in new number 14, the Minister for Housing, can you expand on why you think that is important?

Mr PETRUSMA - When I was in the Legislative Council before - and I actually was on the housing committee - I was one of the strong proponents, even coming from a private sector background I was just totally rapt with the quality of Housing Tasmania's whole processing and how they were leading the way in the designs and the quality of the housing and the developments. Then - maybe it was because of the management at that time - it progressively regressed where it just got tossed into community service where it was forgotten. I believe that a happy community is a community that is happily housed and I think the whole housing issue needs to be given greater importance and so therefore I think there needs to be a portfolio specifically for housing.

Mrs SMITH - Which one would you drop off or are you advocating an increase in the number of politicians again, because they are your two options, aren't they?

Mr PETRUSMA - Yes, they are the options.

Mrs SMITH - For a government - drop one off, one of the others, or increase the numbers so you have enough members.

Mr PETRUSMA - I do not have a problem with it. It is another topic but I do not have a problem with the numbers. Even Housing Tasmania's current budget, if that was in the private sector you would have a full-time CEO and you would have a very full-time crew dealing with it. I think it is an important enough issue that if it had to be an extra cabinet post, so be it. It is not an expensive outlay for the bigger, wider, broader picture.

Mrs SMITH - I put another scenario to you. We have government business enterprises and corporations et cetera and I am likening it to a Metro model where we deliver public transport through a business enterprise. The Government makes a community service obligation to ensure those who have a pension card, a health care card, unemployed card or whatever, get to travel at a reasonable cost to move them around. The scenario of a business unit of some description for housing where you have over \$1 billion worth of assets that you could then convert into something you could borrow against to get houses on the ground.

Mr PETRUSMA - You have got me. In fact I have just thought of a name for it: 'Tasmanian Housing Trust'. In South Australia, and this is going back a few years when I was there, they had a fantastic model back in the 1980s where it was a bit like that - a South Australian housing trust that had the capacity to make decisions. If they felt they needed, say four retirement houses in Huonville that housing trust could get in the marketplace and be astute enough and smart enough and intelligent enough to make that decision in competition with the private sector, but they did not have to go through a whole process of subject to this, subject to this. These people are highly skilled, as clever and as competent as those in the private sector.

CHAIR - That is what they have done now. They have gone back.

Mr PETRUSMA - To what?

CHAIR - Back to just a department.

Mr PETRUSMA - If I am hearing you correctly, I would be very strongly supporting a move down that way. I don't have the figures but what is the current asset base of Housing Tasmania?

Mrs SMITH - Treasury held about \$1.2 billion, we believe, and that is the problem. Treasury have it on their balance books and Housing have the headache with no asset base virtually to deal with the maintenance and the management. Under rules and regulations, even for them to purchase a house that is in the market it takes so long that the house is sold before they can get into it.

Mr PETRUSMA - My view would be that I would take housing out of Treasury's hands, I would take more things out of Treasury's hands. To me the model is to have a Tasmanian housing trust with its own entity, with its own quality people who are out in the marketplace helping people. I reckon that would be a fantastic thing to happen. Take it out of Treasury's hands; I think that also compounds the problems.

CHAIR - We are out of time. Thank you for that.

Mr PETRUSMA - Thank you very much.

THE WITNESS WITHDREW.

Ms MARGARET REYNOLDS, NATIONAL DISABILITY SERVICES, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR (Mr Martin) - Margaret, if you could start with an overview of your submission.

Ms REYNOLDS - Thank you for the opportunity. My organisation has changed its name since we produced this report. We are no long ACROD, a very old-fashioned acronym for Australian Council for Rehabilitation of the Disabled. We have become National Disability Services. Everything else about us is much the same. I am State Manager for National Disability Services in Tasmania. We have over 600 members throughout Australia and over 40 in Tasmania. We are like ACROSS in being the national peak body for disability policy in trying to work with Federal, State and even local governments to get greater awareness of disability issues in the community.

When I first saw your terms of reference, I must admit I thought I did not have time to do that although I would like to do that. Then I thought I would submit this report because in any consideration of housing affordability the issue relating to those affected by disability is fundamental. I thought that the report would supplement the information that would be provided to you by those people who are specifically working only in housing. It was with that in mind that I submitted this report.

I would like very briefly to go through the terms of reference and then take questions. Is that appropriate?

The first term of reference as it affects Tasmanians with disabilities covers the experiences of Tasmanians in housing stress and in homelessness. Technically it could be said that Tasmanians with disabilities are more likely to experience housing stress and homelessness because they are more likely to be living in poverty. I am sure that you are familiar with the Anglicare report *My Life as a Budget Item* which detailed very comprehensively the problems that Tasmanians living with disabilities experience in terms of poverty. That is my first point.

The second point is the impact of the lack of affordable housing on the broader economic and social wellbeing of the Tasmanian community. Many Tasmanians living with disabilities are the same as any other citizens except that they are more likely to be living in poverty. As we all know, there is a shortage of affordable housing and obviously that impacts particularly on people living with disabilities.

The third one, the impact of the lack of affordable housing on the implementation and outcomes of other State Government programs, is one I would like to focus on. The Premier in 2004 introduced a very important initiative in Tasmania, one that I think has not been fully recognised, certainly by the media and, indeed, by many of his colleagues perhaps on both sides of the House. He introduced what is known as the Disability Framework for Action, which is a whole-of-government approach to disability. We are the only State in the country to have that whole-of-government approach to disability and the requirement for all government departments to take their responsibilities, to plan and finance programs for all citizens, and that includes people with disabilities.

This was a very important initiative not just because it is visionary in seeing the future needs of an ageing population but because there is such stress on the Department of Health and Human Services and at the moment, notwithstanding that important policy that the Premier introduced, there remains a tendency across all government departments to assume that disability is the responsibility of Health and Human Services. In fact even within Health and Human Services there is still a tendency for Housing to think that disability they will pass over to Disability Services out at St John's Park Hospital. As soon as it is indicated that a person has a disability it is assumed that should be funded out of the Disability Services budget.

In fairness to both housing and hospitals, there is a sharing arrangement, there is greater awareness and there is greater sharing of responsibility, but the legacy of the old attitudes is still there because this particular whole-of-government approach is only relatively new and it is obviously going to take time to change attitudes.

Another related area is transport and you may say, 'Stop, you are dealing with housing affordability' but transport and access to transport is fundamental for people's standard of living. It is no use building a lot of affordable housing right out on vacant land beyond existing suburbs and not having transport options. I am pleased to be able to mention in my evidence that Metro has decided to participate in the companion card program and it is a very good example of a related government instrumentality recognising its responsibilities under the Disability Framework for Action.

Mrs RATTRAY-WAGNER - Is that initiative only recent, Margaret?

Ms REYNOLDS - Very recent; it is being negotiated as we speak. There was some concern about whether there was conflict with other transport concessions and this is an area that I think is going to take some ongoing negotiation but the commitment of Metro is there and of course it should be extended to all bus companies. National Disability Services will be working to show that if Metro can do this then other bus companies should as well.

Ms FORREST - Like Redline, are you talking about?

Ms REYNOLDS - Yes.

On point 3, the implementation and the impact of lack of affordable housing on the implementation and outcomes of other State programs. This whole-of-government approach is so commendable but the lack of affordable housing is limiting the way in which that whole-of-government approach can operate. So, coming back to Disability Services responsibilities, they do not have enough resources for supported accommodation. They do not have enough money for respite, they do not have enough money for day options programs and they do not even have enough money to ensure that information is given to families where people acquire a brain injury, they do not have enough money for young children who are born with a disability and sadly, many of those children are sent home to their families to manage as best they can.

Item 4 is the effectiveness and limitations of current State and Federal Government strategies and services to alleviate the impact of poor housing affordability in the Tasmanian community. Clearly, my main focus there would be the breakdown in the

Commonwealth, State/Territory Disability Agreement discussions between Federal and State Governments because of the Federal election. At the end of the year we will be six months into what should be a new agreement, with additional resources on both sides. There is an impasse because of the Federal election. That does not matter to the relevant ministers, but it does matter to families who are in severe stress, including housing stress, because they cannot get any support from either Federal or State governments.

The appropriateness of current levels of funding for such strategies and services is clearly a specific issue that you will have heard detailed evidence on in terms of the way in which affordable housing schemes are managed in this State, so I am not going to attempt to deal with that. I would rather focus on item 6, successful strategies in other Australian States that could be effective in improving affordability of Tasmania. I would like to table our document 'There's no Place like Home: Living with Disabilities in Tasmania' and I have a copy for every member. Please note that it is now a National Disability Services document, even though it was prepared last year when we had not changed our name. You will notice that within this document we detail a range of different ways in which to respond to the needs of the people who require a supportive environment. At the moment, in Tasmania there are really two options. Either you live at home with support from family and particular service providers who support you in your own home, or you go into a group home.

I think group homes should only be considered as one form of supported accommodation. Many of them are entirely appropriate for the people who live there, and they are run extremely well by many NDS members. It is one form of policy that can accommodate people living with disability, particularly intellectual disability. It is not necessarily the only type of accommodation that is appropriate for all people living with disabilities. Some people living with disabilities would rather live in their own home with community support. Other people might like to live in conjoined housing, where they have plenty of privacy but they can have the companion model if they so choose. There are a range of different options that have been detailed.

Mrs RATTRAY-WAGNER - Margaret, could I ask a question? If someone with a disability came to a crisis centre, would they be okay to go into the crisis centre or would your organisation be contacted to provide emergency accommodation?

Ms REYNOLDS - Straightaway you mean?

Mrs RATTRAY-WAGNER - Would they be okay to go into the crisis centre or would straightaway your organisation be contacted and you would provide emergency accommodation?

Ms REYNOLDS - Which crisis centres?

Mrs RATTRAY-WAGNER - Well, like Shelter.

CHAIR - And Bethlehem House.

Ms REYNOLDS - Oh, general crisis centres. That would depend largely on funding availability and that is one of our concerns that we will be putting to the independent review of disability services. Everything in the disability sector is driven by finance and

the availability or lack thereof. In terms of the specific question you ask, if someone with a disability were to approach Shelter you would hope that there was a smooth process for referral to one of our particular services. I am afraid I cannot guarantee that that would be the case because the process is complex, it is time consuming and I am not quite sure what would have happened to the individual in the process. It could be that it works very smoothly, that Shelter contacts Disability Services, Disability Services says yes, we have the money, there is a vacancy in one of our not-for-profit group homes, is this appropriate, yes, and the process may work very smoothly but sadly it may not because finance and availability of places are limited. They would probably go to government respite in the interim.

Mrs RATTRAY-WAGNER - I hope I did not make you lose your train of thought there.

Ms REYNOLDS - No, no. I really think that I had basically finished. I just wanted to finish up with page 41 - What size fits? I guess the reason that National Disability Services wanted to table this report or give you a copy of this report and speak briefly to the terms of reference is so that there is, as I am sure there is on this particular committee, an awareness that in considering housing affordability it is vital to recognise people with disabilities. As indicated on page 41 we cannot just consider more group homes because that is not necessarily the best or only way to deal with the needs of people with disability. I finish with the quote 'Disability is complex and one size fits all policies are no more applicable to disabled people than they are to the population at large'. So people with disabilities expect and are entitled to consider a range of options just the same as other Tasmanian citizens.

CHAIR - Thanks, Margaret. How well do you think the social housing sector does in providing appropriate housing for people with disabilities in Tasmania? And, further, how does our performance compare with interstate?

Ms REYNOLDS - I want to be positive because I think we do have some very good models in Tasmania and I do think that the intention is good. Everybody wants to do the right thing and try to cater effectively and I will use the Department of Housing again as an example. The Department of Housing on occasions is almost too committed to provide appropriate housing because there is one instance where a group home was built for a particular purpose and it is superb. It is a beautifully purpose-built home but it is on a hill. I know it is hard in Tasmania, we have many hilly suburbs, but this particular home that is beautiful and could be regarded as a model in many respects is not accessible in the broad sense. It is accessible once you get into it but you have to have home provided transport to get in and out. If you were to attempt to get from your house down the hill in a wheelchair it could be extremely -

CHAIR - It is not at Rosetta, is it?

Ms REYNOLDS - I will not say where it is. In answer to your question, I think there is an awareness and a desire to plan for people with disabilities but either the resources are not there or resources are used in a way that is - I do not want to use the word 'extravagant' - but they are used to go beyond what is really required.

Another example is a young woman on the north-west coast who required some assistance in regard to her Housing Commission property because she had acquired a

disability. Instead of modifying that existing home so she could come home quickly and early as she wanted because she was in hospital after an accident she was told she would get a purpose-built home in 2009, or whenever it was.

CHAIR - What happens to her before then?

Ms REYNOLDS - Exactly. That is because somebody was trying desperately to do the right thing but was not thinking through her wish of wanting to get back to her own home and managing in the interim with some modifications. That would be far less expensive in the short term. By all means maybe in the future she would move into something that was more streamlined and purpose built but she needed something immediately in her own home.

Mrs SMITH - That is the problem with government departments, is it not? They do not do 'now'. That is one of the restrictions departments have that the boundaries, rules, regulations, policies, just do not action anything quickly enough.

Ms REYNOLDS - In that instance forward planning for a purpose built home - which can cost a considerable amount of money depending on the requirements - could have been put forward for a future budget. However, there was insufficient money, I presume, to put aside a more modest amount for some home modifications.

CHAIR - Do you have any idea of whether there are many people with disabilities in the private rental market?

Ms REYNOLDS - We do not have accurate information about that because it is very much anecdotal from our various contacts but it would be comparable to any other section of the population.

CHAIR - Would it be? I just wonder whether there are a lot of private rental properties that -

Mrs REYNOLDS - That are not accessible, yes. It would vary according to the disability because a lot of private rental would not be accessible. I think almost any general question about the Tasmanian population would apply equally to people with disabilities. I guess this is one of the difficulties that we in the disability sector have some difficulty with because on one hand we are arguing that Tasmanians with disabilities are part of the general population and entitled to the same services et cetera which is the framework for action. But then in the next breath we say but there are some very specific considerations that must be met particularly in relation to physical and sensory disabilities and, to a certain extent, intellectual.

CHAIR - Have you heard any stories where you would believe it is widespread that there is a discrimination against people with disabilities in the private rental market?

Ms REYNOLDS - I would have to refer you to Sarah Bolt, the Anti-Discrimination Commissioner. She brought out a report I think in 2005. Her annual report highlighted that people with disabilities were more likely to be discriminated against generally. That was reported in her annual report of 2005 but I do not recall the breakdown of whether - I am sure housing would have been there and perhaps private rental market figures would have been there. I remember looking at the report and taking the generic detail.

Ms FORREST - It does say in your submission that people with disabilities make up over 25 per cent of households in the State and just under 25 per cent of all private renters. That would be right across the board though, wouldn't it?

Ms REYNOLDS - It is the same, yes.

CHAIR - Advocacy Day - one constituent who met with me was a person with a severe debilitating illness, living with his parents, there is medical advice that he needs to move out because he is a danger to his parents when he has an episode and a medical certificate saying he needs, for the sake of his parents as well as himself, to live by himself. On a disability pension his only hope is public housing and because he is living with his parents he is a category 4, which means that he has no hope in the wide world of getting Housing Tasmania property. Is that a widespread problem?

Ms REYNOLDS - Yes. That is why I mentioned the Framework for Action. It has the capacity to break down some of these barriers and some of these inconsistencies across departments but while there is increasing awareness and some very good examples of good practice of some departments moving to respond to these anomalies, it is going to be a long-term process and that is why the work of the Disability Bureau and organisations like my own are important in keeping on. The structure is there, the framework is there but the monitoring is very important. I understand that all departments have to report to the Premier if not this year certainly by early next year on what steps they have taken. It will be useful for committees like yours to look at the practical outcomes as well as the big picture. Sometimes in these situations, departments report from the big picture and then you find -

Mrs SMITH - No discretion.

Ms REYNOLDS - Yes, there is no discretion.

CHAIR - That is an appalling situation.

Ms FORREST - There is another one similar out there - different sorts of circumstances but they do exist.

People with disabilities require high care but because of the nature of the needs that they have they are in a situation at a time but if that changes suddenly or even over a period of time, say, one of the parents died and the other one is not really capable, they are still in the situation that they have to have a roof over their head. To be category 1 you have to be homeless or living in a car and people on that sort of level cannot do that.

Mrs SMITH - Margaret, you may or may not be able to answer this question because that raises an interesting legal issue. A young man who has been diagnosed by a medical professional with a particular disability, has paperwork that tells the system he should not be living with his parents because he is a danger to his parents. Where does duty of care come into a categorisation system in which he does not fit because he has a roof over his head, but we have knowledge of something that could happen?

Ms REYNOLDS - I think, when it comes to duty of care, the potential for human rights challenges is incredible. People with disabilities and their families, and indeed their advocates and service providers, are flat out dealing with the day-to-day. This would be obvious if you were to get a Geoffrey Robertson-type disability advocate into any State of Australia, or indeed any part of the world, to take on some of these essentially human rights denials by Federal and State and local governments. The anti-discrimination legislation is there, but as part of education, and underpinning gradual change, but every week I hear of cases similar to that. In so many cases a person's fundamental human rights are being denied by the State or Federal systems, and that duty of care for citizens is not acknowledged by a particular government. They are all equally culpable because it is in the too-hard basket.

We have been working, not as comprehensively as we should, on the situation of those individuals who were removed from Willow Court and put out into the general community, precisely on that basis. We would like to know - but we do not have the money for lawyers - whether the Tasmanian Government have an ongoing fiduciary duty for the wellbeing of those individuals. Not all of them are under the State Guardianship Board jurisdiction. Who is responsible for them? Service providers are when they are funded - as they are now, but each year we are told that government provides a contribution to the funding of these services.

Imagine if you went to whoever will have the contract for the new Royal Hobart Hospital and Treasury said their contribution would be paid to the building of the new hospital. There is a proper business relationship between government and the contractors to build the Hobart Hospital, but when it comes to disability service provision for the very people that used to be the Government's responsibility, is the story becomes, 'Here is a contribution'. That works for now, but you wonder about the future and many of these people are very young. What will happen 10 years from now when the memory of the circumstances has long since been lost?

Ms FORREST - And the needs are probably increasing.

Ms REYNOLDS - Yes, and the needs would be increasing in that time. I am flagging something that we are still working on, but it is a fairly long process for us because we do not have the resources.

Ms FORREST - In establishing the criteria for each category, that situation that Terry mentioned you could argue is an unsafe situation and to be in category 1 you need to be in an unsafe situation. It is not unsafe for that person it is unsafe for other people in the home. Do you think we need to look at the categorisation process in that situation rather than the individual?

Ms REYNOLDS - I think the situation, yes, rather than the individual because, particularly with some forms of disability, in fact the high profile case of the boy with autism who was left with the department, that was very much a comparable situation where the mother was concerned about the wellbeing of other siblings and indeed herself because the boy's behaviour could not be managed in the home situation.

Ms FORREST - In some respects we have moved down that path a bit with the Safe At Home legislation. You remove the person that has caused the problem and the family

stay intact. That is the ideal. So maybe it is moving the person into something more suitable to protect the people who are left behind. I know it is different but it is an interesting way of looking at it, how you determine those priorities.

Ms REYNOLDS - Yes, it is, and it does come back to what is available in terms of crisis situations. That is a huge need.

Mrs RATTRAY-WAGNER - I just have one other area of interest, Margaret. I am wondering what role your organisation has when you come to look at future needs. I instance a situation in my home town where there are half a dozen younger children with disabilities who in not too many years will be looking for some respite or some accommodation or group accommodation to take some pressure off families now and into the future. Some of them are getting past being manageable by their families. I wonder what role your organisation has in giving the department the information that they need to say that now or in five years' time there needs to be a small group home in a rural area, say Scottsdale for instance.

Ms REYNOLDS - Certainly we have tried to put this on the agenda of both Treasury and the University of Tasmania. There is a desperate need for a comprehensive study precisely along those lines so that we have the information. We only have fairly ad hoc information from our various service providers around Tasmania. We have the kind of information that is in this report which is from the Australian Bureau of Statistics. We can go to our individual members and say, 'Well in Burnie, for example, what are you aware of?' and I am talking about our NDS members. We can do that on a very, I would have to say, ad hoc basis. It is not a thorough, well designed research project and that is really what is needed and should be funded between the University of Tasmania and Treasury because that is one of the problems. We do not know what we are dealing with. Disability Services responds, they are crisis managers. They respond, they deal with the situation they have inherited and they desperately try to do it all and that is one purpose of Minister Giddings' review: to bring in independent assessment of what Disability Services is doing at the moment, how does the system work and how should it work in the future. It is going to involve streamlining and changes of the department, some changes in the not-for-profit sector, some changes in the community sector and, above all, changes in terms of how funds are allocated and for what purpose. We need to be doing so much more about early intervention and planning for the future. I am afraid we do not have a system at the moment.

Mrs RATTRAY-WAGNER - I know, for example, that one family had to leave the area because there was no support, so they moved closer to Launceston to get regular support. You do not want to see your communities fragmented like that, but that is what happens.

CHAIR - There have some submissions made that housing is getting lost because of the size of Health and Human Services and therefore there should be a separate Minister for Housing, and a variation on that is Health and Human Services should be divided. Do you have a view on that?

Ms REYNOLDS - In a perfect world I would like to see Tasmania follow the Western Australian model and have a commission for disability services and a minister responsible only for disability services. That is in the perfect world. Although in Tasmania there would be plenty of work to do, I think realistically that is perhaps not

possible because the Parliament is not large enough. I just think that is a dream that is not going to be fulfilled.

However, for three years now ACROD, then NDS, have argued that the department should be split; it should go back to what it used to be - Health and Human Services, with a minister for each. That would put the focus on housing, families and disability, and they are inter-related. I think that model would greatly enhance the whole community sector. There are times when the media slips up and says the Health minister and those of us in the Human Services area are saying hold on, where is Human Services?

I sympathise with that view and we have thought about it in terms of disability, but ultimately in Tasmania the disability services minister is the Premier. He does not always have the necessary time to put, nor would any premier. But I do approve of the Disability Bureau, for the whole-of-government approach, being in the Premier's Office. Ultimately we must all remember that the Premier himself has that overriding responsibility while the Health and Human Services Minister, Lara Giddings, actually manages Disability Services. The overriding responsibility for what happens in terms of disability policy rests with the Disability Bureau and the Premier. That is the good news, but we need the next step which is the split in the Department of Health and Human Services.

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

Ms REYNOLDS - Thank you very much indeed.

THE WITNESS WITHDREW.

Mr DAVID DIPROSE WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR (Mr Martin) - David, welcome to the committee hearing. We will be writing a report at the end of this so are you happy if we quote anything you say in *Hansard*?

Mr DIPROSE - More than happy.

CHAIR - You have seen our terms of reference?

Mr DIPROSE - I have.

CHAIR - Would you like start by giving an overview?

Mr DIPROSE - Mr Chairman, I am addressing the term of reference regarding the State policies and so on. I do not wish to refer to the issues in relation to the Federal Government.

I have some experience of Tasmanians in housing stress and knowing homelessness. I know little of the lack of affordable housing in the broader economic and social wellbeing of the community although it is obvious sometimes when one walks down the street. The impact of the lack of affordable housing locally and the implementations and outcomes of other State programs I know little of. The effectiveness and limitations of current State strategies and services to alleviate the impact of poor housing affordability in the Tasmanian community I am deeply aware of, having been the initial registrar of the introduction of regulation for building in Tasmania and having previously been the economist for the Master Builders Federation some years ago.

The appropriateness of current levels of funding is something I am going to address in the sense that I am not certain that funding is the answer. Successful strategies in other States are of some importance and I am referring to the fact that we are lucky to have one of the greatest experts on low-cost housing in the whole of Australia now living in Battery Point. So he can be called on by the committee for help. He has experience, particularly in relation to Western Australia and, of course, in China and other countries in the world the least of which is America where he advised the American Army on low-cost housing. The man is Mr Laurence Howroyd, known as Bill Howroyd. Some of you will know Bill from his work on Strathgordon and other low-cost housing projects for the Hydro.

I wanted to put a view that low-cost housing can be assisted by trade and not aid. I am acutely aware of my own father's experience after World War II, coming back to Flagstaff Gully and with a group of other young unemployed ex-servicemen building their own houses with their own bricks, their own tennis court, rebuilding their own orchards and generally working with their commitment to neighbours to share a concrete mixer and to build their own houses.

The second point I make is that the houses, as late as 1985, were only 10 to 12 squares. These days they are 15 to 18 squares. So, my point in the trade not aid program is that people can use trading the market to get low-cost housing by dint of cooperation one

with another and using a lot of their own energy. I therefore say that description is preferred to prescription in the regulation of building and that informed buyers can best choose the best person for the job at the most economic price. If the Government decides to prescribe what builders are capable of doing then this places a terrible increase in cost and reduction in the availability of labour.

I make a comment that I believe that owners can build shelter for themselves and their families at a third lower cost than hiring a responsible builder at a trade-off cost of their own time and labour and then they do not need to insure against their own bankruptcy at a cost of between \$1 500 and \$3 000 per house. There is nothing to prevent owner/builders using trades in this State and to use members of associations and certified qualified contractors. I should say that I am the chairman of a not-for-profit organisation, an NGO, which has a Commonwealth certification on qualified contractors. If you will excuse me, I will just very briefly indicate that this trademark is, with the help of Tasmanian members of the Federal Government, now being applied to the State of Tasmania for tradesmen who wish voluntarily to have a Commonwealth certification. That I hope will encourage people to enter the industry and become tradesmen and to lift the status socially of trades as opposed to university graduates.

I have some more to say about the pressures to make builders university graduates later in my submission. I strongly disagree, despite being a university graduate myself. Therefore I commend the Government and Steve Kons in introducing the registration of owner/builders.

I then want to move on to talk about productivity in my submission, productivity which can be significantly improved. I have included in the document that I have given, which is the work of the Tasmanian Building Standards and Regulation together with three other States, standards and tolerances for the industry. It is an absolutely magnificent document. There is no other way to describe it. It is the first time anybody has ever looked at the building industry and found out the true facts about how good or bad it is and how much it needs to be regulated. The facts are that we are spending an absolute fortune in taxpayers' money in regulating and restricting the trade in the building industry for 3.6 per cent of the projects that have serious issues that require intervention by a third party. The other 22 per cent of problems can be covered by builders in the normal course of their work. It is very interesting that we now know at long last - and I mean at long ; it is the first time it has ever been done - what proportion of building projects need regulation. I am very disappointed to find that we do not have serious market research to find out who people are that need low-cost housing. In Europe it is found to be single women in their late 20s who do not own a car and who have one or two children. I do not know whether that situation applies in Tasmania. Since we are a great deal poorer than other States, it may well be that it applies to couples as well, but nobody really knows the answer. However, we do know at long last in the foreword to this in the first paragraph what the number of people are that require regulation in the building industry. We also have, remarkably, what can go wrong in a very succinct document. I commend that to the committee to give you an idea of what we are doing in regulating the industry.

That is really all I need to say. Perhaps the one dramatic thing I should say is that the introduction of regulation in Tasmania in my view, and particularly the introduction of bankruptcy insurance in an obligatory manner which has been, I guess, supervised by the head of Consumer Affairs since 1993 and then suddenly became obligatory in 2003 and

to the end of 2004, on my economic measurements, my economic metric figures show that the cost of regulation added 5 per cent to the cost of building for every man, woman and child in this State, over and above the cost of the increases in building costs in the rest of Australia. In other words, in that year the rest of Australia went up 8 per cent and in Tasmania we went up 13 per cent.

That can only have the most dramatic effect, in my view, on poor people because they cop it more than rich people do, if I can put it in simple terms. So the question then is, what my recommendation is to overcome that unnecessary interference in the restriction of trade that has been created. I believe in regulation - I have committed three years of my life to writing a program for regulation - I am concerned that the vested interests that have been created by the insurance, are then strenuously opposed when somebody wants to remove those vested interests, because there are huge kickbacks to the people who are promoting the bankruptcy insurance to cover 3.6 per cent of the things that might go wrong.

I do not know whether this is a true figure, because we have had some difficulty with it, but I understand the New South Wales Government is having a great deal more success than the Tasmanian Government is, and there is something on the New South Wales Consumer Affairs web site this week on just how much the insurance industry is making out of bankruptcy insurance, which they wrongly call 'home owner's warranty'. The rumour is that they took \$92 million out of Tasmania and paid back \$3 million. If that is the case, that is a disgrace.

The difficulty with it being viewed as a government-run scam, and that is the big problem, is that then the builders lose faith in the regulation - the very regulation which is introduced to help the public. That loss of faith then causes people to not register, to not meet the training requirements, to do all sorts of things that they should not be doing, and at the same time it does not help us to have a higher quality of builder.

There are some things that I have said in my submission which are hotly contested by a number of people, and I am happy to take the blame for my views. Some of these things that I have said I know are contentious, but in the long run I feel that if we were to simply deregulate everybody below \$50 000 - I mean, trying to put it in practical terms, Mr Chairman, if we were to say, instead of saying that every single odd-job man that has to put in a door worth \$5 000 has to be accredited, has to have \$20 000 to \$50 000 worth of assets unencumbered to be insured, has to have a certificate in management, for God's sake, if we had to say to those people, the husband-and-wife builder, the backbone of the building industry here - 50 per cent of builders earn less than \$60 000 a quarter gross. That means that they are so far below the poverty line it is a joke. Those men and women are pulling \$25 000 a year, and if they did not have a farm they would have nowhere to live. We are talking about regional builders particularly.

So I am saying, deregulate all work below \$50 000 and let us accept that the Attorney-General has done a fantastic job by increasing the amount of money that you can go to the Magistrates Court with - which is up to \$50 000, and let those disputes which are below \$50 000 be settled in the Magistrates Court rather than in an unfair, and in fact despised, bankruptcy insurance regime.

The second thing that I want to recommend to the committee - the first one was that home owners' warranty be maintained but be in the hands of the owners themselves, so, Bill Smith is likely to go bankrupt, not very likely, but you should take out some sort of insurance to cover yourself if that happens.

The second thing is I believe we should not regulate any building work below \$50 000 and leave the magistrates court to deal with that because that is a very large proportion of the work that is done.

Thirdly I believe that for people under \$50 000 the requirement should be not an Australian qualification certificate in management but a trade. I understand the criticism of me in relation to this that this is not consistent with other States but other States regulate tradesmen and we do not. I have more subscribers than just about any other association in Tasmania with 447 people who have done my CPD subscription as against 270 who have done the MBA. I am not saying there is any problem with the regulation of the commercial sector. I think it is working just fine but if 75 per cent of my subscribers, in all honesty - and builders are very honest people by and large - I think it is fair that we should recognise the trades. That would be a big step forward alone because 40 per cent of carpenters do not finish their apprenticeship.

If we had stipulated that all tradesmen should only worry about becoming certified managers after gaining their trade qualification, then we would not have had this enormous reaction against the building industry, apart from the problems that have hit the headlines which I do not wish to refer to particularly today.

In summary, I believe that under \$50 000 buildings should be AQF free, there should be no home owners warranty unless it is the desire of the person who is going benefit from it and we should try in some way to encourage people back into believing in the regulatory process which is for the public good.

One other thing which I have referred to extensively in my submission is the productivity issues that are available. In the middle are some samples of the type of house that can be delivered as a truckable home and which I believe can earn up to a 25 per cent tax rebate for investors every year so you pay off your house as if it is a caravan over four years. Also I have put in a fantastic thing which is at the other end of the spectrum, a more up-market high productivity solution from architects DesignHouse Inc. I have also included the CV of our great expert in low-cost housing Mr Howroyd. Rather than picking one supplier of high productivity low-cost housing I have given you a range and my suggestion is that if the committee was able, or if the Government wished, to hire a professional consultancy to investigate the needs more deeply it would be extremely valuable for the populace of Tasmania.

CHAIR - Thanks, David.

Mrs RATTRAY-WAGNER - Mr Diprose, your submission suggests that there are plenty of building ideas in the wider community that would address some of the housing affordability that Tasmania is facing, we have to get out and have a look at some of these initiatives of the examples you have given us.

Mr DIPROSE - Correct. I might do something about that. Last time I spoke to the Legislative Council I said I was going to introduce qualified contractor certification and I have done so. The next thing I think I would like to do is to think seriously about a registered contractors guild and to form an association of high productivity housing people. That idea is only to pull them together because unless we do that we do not know how many there are. Maybe that is something that is worthwhile.

There must be plenty of people who provide low-cost housing in Tasmania and very clever people, such as timber engineers. I could name blokes who have done fabulous work down in the Huon. If you go into the timber association web site you will see beautiful low-cost houses. They are not ugly trailer park houses but really lovely timber houses in Tasmania. The issue is to get them truckable because if they can be trucked they can be treated in the tax system as a caravan and the Government pays you back in four years the total depreciation on the house.

Mrs RATTRAY-WAGER - We have heard quite a bit in this inquiry about the issues being faced on the north-west coast with the mining industry and the lack of housing and perhaps something that is relocatable would be of benefit because when the boom is finished then the houses can be -

Mr DIPROSE - We are dealing with a credit bubble at the moment. I do not think people are ever going to find housing as cheap as it is. The question is why is it that people who are starting off as first home buyers are building houses that are 18 squares instead of 12. It is a very odd business.

Mrs RATTRAY-WAGNER - Expectations.

Mr DIPROSE - Indeed. If the need is desperate then there is nothing wrong with a 10 square house. I have provided some plans for you and I am sure hundreds of other people have. I find it highly amusing that if you drive into Rosebery you will see the houses that are totally clad in galvanised iron. It is a whole city of tiny 1930s three-bedroom houses made out of galvanised iron and they are no more than about 8 or 9 squares, they are not big. They are not easy to do.

I will give you another example. You get someone like Howroyd who has a brain and you can put together what is called a wet pod. A wet pod is a bathroom, toilet, kitchen in a little shed, a little building with a lid on it. You drive a single pipe into that wet pod and you put it on a concrete block. You could manufacture 2 000 of them in a factory in Burnie, , deliver them to site and then you build a house around them. That was done by this chap in Queenstown and it was a highly successful, high productivity answer to low-cost housing.

I am not here to talk about the cost of land, I cannot say a thing about that, but I certainly know that the building process in Tasmania no longer involves a plumber turning up six times, doing half an hour's work on each occasion and billing half a day.

Ms FORREST - These houses in Queenstown, when were they built?

Mr DIPROSE - I am not sure but I am sure we can find out from the CV. I am sorry, I do not know the answer to your question, but that would be in the records of the Hydro-Electric Commission.

Ms FORREST - Does it go back a while?

Mr DIPROSE - It was probably in 1985. The Gordon below Franklin was 1983 so I would say 20 years ago.

Mr HARRISS - The figure you provide in your submission of \$92 million having been collected in premiums for housing indemnity insurance, is that across Australia or Tasmania?

Mr DIPROSE - My understanding is that it is in Tasmania but this was mentioned in the Parliament in debate and I heard it. I am sorry, I do not have any more information.

Mr HARRISS - Because the numbers just do not compute if that is the case with \$92 million and an average premium of \$1500. You would need 61 000 policies to have been written in that one year and it does not work out. We do not build 61 000 houses in Tasmania in a year.

Mr DIPROSE - Please withdraw that figure. The proportion, I believe, is of concern, it may be Australia-wide.

Mr HARRISS - Okay. It was important to challenge that because as the numbers do not stack up.

Mr DIPROSE - There are a couple of other things that are challenged there too. My suggestion that the Workplace Standards has been too rigid in allowing domestic workers to do solely domestic work is apparently incorrect. They are now allowing domestic workers to do some small commercial work as well.

Mr HARRISS - That is on the final page of your submission, about the 500 square metres?

Mr DIPROSE - Yes. I must make a point before I leave that I wish to withdraw that comment.

Mr HARRISS - I was going to ask you as when the Registrar changed that allowance for non-building work, but you say now that it is not correct.

Mr DIPROSE - I am telling you that the people now in government say it is not correct. Unfortunately the builders tell me differently. Everything in this submission comes from meetings with builders in the places I have been to, talking to them face-to-face. It contains their views not mine. I know nothing about building, let me put it very plainly. However, the general position has now been reiterated at a meeting in Launceston last week and it has been supported again.

Mr HARRISS - I also want to make a comment about your substantial contributions in your submission about the homeowners warranty. In your verbal submission today you indicated that it ought to be permitted to continue but at the discretion of the owner and

therefore make it not compulsory. You would be aware that the Attorney has recently announced that he is considering that position and is likely to go down exactly that path. Are you aware of that?

Mr DIPROSE - I am aware of the likelihood. I would like to see it become a fact and I can only commend the Attorney for his efforts. I understand he is not getting terribly far with insurance companies at the present time and I say to this committee that if we refer to what is happening in New South Wales he might be able to get a little bit more muscle from the fact that they are getting somewhere now. They are big enough to put a lot more pressure than we are. I commend what the Attorney is doing very much.

Mr HARRISS - I will make another observation. It will not matter what the insurance companies think about the whole issue. If the Attorney decides to scrap homeowners warranty as a compulsory measure then that will happen by the legislative process. That is likely, I would have thought.

Mr DIPROSE - I hope so but I have seen some insurance companies do some shocking things to small States like Tasmania when that sort of thing happens without due consultation. They threaten not to insure any government anywhere for anything and they carry on in a vicious way that multinational insurance companies are perfectly capable of doing. As I said, I do hope we have the muscle and the courage is displayed because it will be needed.

Mr HARRISS - It may be that you will not be able to buy housing indemnity insurance because its official pool will not be there if it becomes a voluntary measure but if that is the case so be it. I think homeowners would say that it is fine because they will not have to buy a \$3 000 policy.

Mr DIPROSE - You have got it right, in my opinion. Thank you very much.

CHAIR - David, thank you for coming in and for the work done on your submission.

Mr DIPROSE - You will find a report from the TCC.

Mrs SMITH - I would not go there because we will have some discussion about some of the documents you have tabled when we return. I certainly will not accept that because from my point of view, it has no relationship to this inquiry but the committee will make the decision on what is acceptable and what is not when we return.

Mr DIPROSE - Good. Thank you.

THE WITNESS WITHDREW.

Ms BEV HANLON WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR (Mr Martin) - Anything you want to say that you do not want on the public record we will raise at the end and we might go into committee. Would you like to start by giving an overview?

Ms HANLON - Terry, I have had 35 years in the Education department, the State system, and I come to this meeting with a reasonable amount of experience, having worked in Kingston, Ravenswood, Wynyard, Exeter, Scottsdale Primary and High School and at Winnaleah.

I am talking about a very small group of people when I look at problems of housing and youth. I came from a very poor family and when I went into education the underlying philosophy for me was achieving equity for all kids. Isolation and housing and financial support are key areas that concern me and I think they affect youth and housing affordability, particularly in rural communities. I believe I am in a position where I can comment on city and rural communities, having worked in both areas.

I am concerned that whilst sea change is good for Tasmania it is also causing us some problems in smaller communities at the moment. As most of you would know, people are coming in, purchasing houses and properties, forcing rental prices through the roof and also changing the nature of employment in these communities. I think a lot of the people coming in now are retirees. They are coming into our smaller communities, often without children which means they are not going into schools. So there has been a shift, so that people with money can buy the houses and our local people without money are unable to afford high rents. That would be a key concern I have.

We also have the baby boomers retiring to coastal communities. Baby boomers are bringing money to those coastal communities but are not bringing young people. But they are purchasing quite lucrative properties and putting extremely high rents on them if they want to rent them. I think we are in a really difficult situation in some areas in Tassie. We want our young people to stay because they are our future, but those who are really struggling are unable to meet the rents and are unable to stay.

I have jumped around quite a bit there and there are a couple of things I would like to go back to. Young people, generally speaking, are coping very well in school and coping well in families. I want to really concentrate today on that smaller group who are disengaged from schools and disconnected from their families. In a number of situations they are acting breadwinners for the family and they are going into part time jobs and trying to support the family. They are trying to support the family because the family is disconnected; there may be crime, drug, whatever is going on in that family. There is a lot of responsibility being placed on young adolescents. Unfortunately a lot of this stuff is not out in the public eye. It is not easy to put your finger on it but as the principal of a high school on Friday afternoon at 2.30 when kids come in to me and say they have not got anywhere to go that night, you really start to wonder what on earth is going on. Why hasn't this kid got somewhere to go? Why don't they have the resources to be able to access people who may be able to help them. Those situations bring it home that government systems, local government, businesses, industry, whatever, have a

responsibility to be looking at what is really happening for that minority group in these rural local communities. Why can't they access this information? Why is it so hard?

Maybe I should stop there because I have said a lot and I do not know whether you want me to just keep going on or whether you would like to ask some questions. I have a lot of stuff written down and I just do not want to keep on talking if you want to ask questions or you want clarification of anything in particular.

CHAIR - A lot of the things you have talked about are, from a perspective of a city boy like myself -

Ms HANLON - Sorry, Terry, I am having trouble hearing you.

CHAIR - A lot of the things you have said I am well aware of. It is probably worse in the rural areas, but everything you have said is probably just as applicable to the city, which is quite tragic too.

Ms HANLON - Yes. The advantage you have in the city is that our young people do not drive and transport is an issue for us. Quite often the family has gone to the rural community to live because they believe it is cheap housing, but cheap housing turns out to be very expensive because of transport costs - fuel, car maintenance et cetera - and also being able to find a suitable place in the community.

CHAIR - We have had a number of submissions along those lines. I will open it up to questions.

Mrs SMITH - Bev, it is Sue Smith here. I have two questions. One, you said that because of the sea change and the baby boomers retiring to the coastal areas et cetera the young people cannot get accommodation because the rental prices rise and they are leaving. Where are they going? Are they going into the cities and putting more stress on accommodation in the cities?

Ms HANLON - They are very resilient people, as you would know, and they tend to shack up with their mates. Girls tend to be more mobile than boys. They may live with the boyfriend's family. The authorities say that is okay and I do not believe that is okay. You ring the DHHS and they say that if they have somewhere to go that is okay. Well it is not okay as far as I am concerned.

The boys tend to just put up with it, withdraw, and we know the youth suicide rate in some communities. I think some of them are going to the cities, but then they find it is not what they need, it is not what they want. They are passionate about their own local communities. So they return, but they return to a dysfunctional family. We do not have group homes for kids, we don't have drop in centres here, or not the number you would get in the cities. As Terry said, we are not talking about the same numbers. But I do not think it is a reasonable argument to not worry about the rural ones because in some cases their situations are more extreme. At least our city kids - and I remember this in particular at Ravenswood - have a bigger choice and they can walk somewhere.

Mrs SMITH - If you look at the east coast of Tasmania from Bridport to Triabunna - and certainly there has been sea change and an increase in prices there - Bev, if you could do three things to improve it in those rural areas, what would you do?

Ms HANLON - I would be getting government to put an injection of money in the form of incentives for business, industry, local government to really be looking at the needs of young people and see it as a positive investment that they do understand what the community needs are and that they are given an incentive to provide some kind of housing, some kind of incentive, some kind of support programs that provide what these young people want.

It is risky stuff I know, but we are going to have to do it because our middle class background I think requires us to take responsibility for these small groups of kids who are really struggling and doing it hard. Maybe they do have to provide incentives, some kind of gift package for business and industry - say, 1 per cent of whatever you do requires you to provide youth resources for your local community.

I think we can speak generally about working closely with the schools but I think we need to be doing it harder. When kids become disengaged from their schooling that is because schooling is the least of their priorities when their families are at risk and they are parenting their younger brothers and sisters. These kids are really managing families in some cases.

CHAIR - Bev, we have had a submission made to us with some case studies by some of the community sector groups who work in this area. Case study 1, for example, was a young boy who is in grade 5 and who has been to nine different schools because his mother has had to keep moving to find a house. Is that a familiar situation to you?

Ms HANLON - Yes, absolutely and the current situation with the AEU is kids who are not up to the IQ of 70. They are struggling kids. How can you possibly have a reasonable education program when you move through nine schools? Why would you trust anyone? It is much easier to give them a kick in the shins isn't it?

CHAIR - Yes.

Ms HANLON - Why trust people when your family moves you so regularly and you really do not know whether Mum or Dad is going to be there tonight. That is not just a rural thing though, that is a city thing -

CHAIR - Yes.

Ms HANLON - Kids go home and they do not know who is at home.

CHAIR - Bev, do you know whether the Education department would keep any records about the number of schools that kids -

Ms HANLON - Oh yes.

CHAIR - They would wouldn't they?

Ms HANLON - Oh yes, absolutely, yes. No, I will leave that until later.

Mrs RATTRAY-WAGNER - You talked about the absence of appropriate accommodation in rural areas and I think plenty of us have rural backgrounds here so we are well aware of it. Do you think that putting affordable housing on the ground in some of these areas is going to assist at all in helping these families to stay in the communities that they often have become very connected to?

Ms HANLON - I think it would. We are very lucky in Dorset because the Dorset Council has a youth policy. It has a future youth group and I think it is probably happening in more councils now. I know when I came to Scottsdale High I was able to sit down with the mayor and councillors and we had councillors on our P&F and all those sorts of places and we were able to say these are the needs of our kids and whilst I am maybe giving a negative view or a grey picture, we are still very fortunate in Dorset.

Anyway, that aside, I believe that we still have some of our families who have grown up here. The family histories are in our communities and even some of those people are needing to look at their position and may have to move on.

Mrs RATTRAY-WAGNER - I noticed recently that a couple of the houses in the Willow Court area were obviously being sold to private buyers and so therefore there is not that public housing to the extent that it has been in the past just in that one particular area and I should imagine that it is the same in plenty of other smaller areas. To your mind, would getting some of that accommodation back into those rural areas help?

Ms HANLON - Yes, for sure. But also setting up some kind of transport for them. We built Ravenswood High and we did not have a transport system to support it. They were in isolation and they were only five minutes from the centre of Launceston.

Ms FORREST - We talked about the kids becoming disconnected from their families and schools and everything, are these generally kids that have grown up in a rural community? They are not kids or families that have moved from the city to the country looking for cheaper housing in the first place perhaps.

Ms HANLON - They are.

Ms FORREST - They are both are they?

Ms HANLON - They are, most definitely.

Ms FORREST - I am just thinking that if you have kids who have grown up in the country and they are being forced into the city then they are probably less likely to be able to cope because they know nothing about it really. Whereas if you have kids who have come from the city into the country for a variety of reasons they may be more able to integrate back. How would you say the numbers sit there?

Ms HANLON - It is probably about two to one country kids not coping compared with city kids. A lot of your city kids coming out are from families where neither parent would be working; they might be supported by Anglicare.

Ms FORREST - And that is why they have moved out to the country?

Ms HANLON - To get cheap housing and transport. Also those kids are not coping in school.

Ms FORREST - Do you think it happens more in families where there is the situation of family breakdown and things like that or is it just that families are already in a disadvantaged situations even as a family unit?

Ms HANLON - It happens more in the situation you have described but I also want to say that I have worked down the -west coast and youth homelessness and housing affordability are not just related to people in a low financial area at all. We have dysfunctional families on high incomes.

Ms FORREST - The kids seem to leave those families and that is when they become a challenge, I guess.

Ms HANLON - Yes, but I think there is a better network of support because you know the Australian dream is to have a job, have a car, and have your own house. Once you take that financial support out, then we are at risk in Australia at the moment.

CHAIR - Bev, I am just getting conscious of the time and we have other people arriving. Is there stuff that you want to talk about in camera?

Ms HANLON - No, that is fine. I will not bother about that.

CHAIR - Can I ask the committee if there are any other questions.

Ms HANLON - I guess I really want to say that although it may appear to be doom and gloom there have been some good programs operating to support kids in need. I think we misunderstand how resilient and capable our young people are. I think we misunderstand the decisions that they are making even though they may only be 14 or 15 years of age. They really are leading a life that you and I would probably shy away from - the things that they are having to put up with. It is absolutely amazing the way they cope, and I believe they are coping because of powerful relationships that they have with people who try to give them support or whatever.

The other thing I want to say is that unless we continue to educate and provide something that is accessible to them and the opportunities are there then we are not going to be able to support these kids. Let us not believe that online access through technology is the way that we are going to achieve these goals. We still have to have face-to-face people working and making contact with these kids. There is the belief that you can get online so you can do your education that way. These kids are not able to operate like that.

They were two extra things that I wanted to say. I could go on for a long time and no doubt you would probably be able to too.

Mrs RATTRAY-WAGNER - Bev, I am more than happy to continue this conversation in my office when I am there sometime and discuss some initiatives aside of what this committee will do and say into the future. Thanks so much for today.

Ms HANLON - Can I congratulate you people because one of the hardest things about working with kids is that often if you do not wear the uniform and you do not wear the beanie, kids will shy away from you. I think it is really fantastic that you are making the effort to collect information to do something about this problem.

Mrs SMITH - Bev, if I can ask one closing question. Apart from a couple of councils I think you are the only individual in what we would call rural communities who has actually made a submission. Much of the evidence we have is from wonderful organisations like Anglicare, Salvation Army, TasCOSS, Bethlehem House, all the groups that assist people.

For the record, could you say what number of services, government or non-government not-for-profit organisations, are in rural communities or are missing from rural communities? We are trying to get a snapshot of what is out there.

Ms HANLON - I am sitting opposite the Salvos and St Vinnies who just work so hard. When I needed someone from DHHS - if it was a child abuse or something on Friday afternoon - well you would nearly have to be dead to get some support and often the answer would be to phone the police. Then the police say to go back to DHHS.

Government support for rural communities at the school base level is available between 9 a.m. and 2.30 p.m. or 3 p.m., as long as you almost book in a couple of days ahead, whereas from Anglicare and the Salvos you get a food ticket, a food package for your family. You will get clothing for them. The only way we could get that sort of work was through our social worker.

Mrs SMITH - They are providing support on the ground for people who are in distressed circumstances.

Ms HANLON - Yes, and a bed and a chair.

Mrs SMITH - Are there any instances that you know of on the east coast where there would be shelters for women or youth or men or crisis accommodation or anything of that vein?

Ms HANLON - I have accessed, as a Principal, temporary accommodation which usually was available for about two to three nights but not long term.

Mrs SMITH - That was in the local area?

Ms HANLON - Yes.

CHAIR - Bev, thank you for that.

Ms HANLON - That is quite okay, Terry. You can probably tell by my voice I am passionate about young people.

CHAIR - It was an interest of mine the whole time I was in local government. They have a lot of special needs and they need a lot of good advice and a lot of empowering along the way so it is good to listen to someone who is passionate about it.

Ms HANLON - Can I just say one last thing? The north-east will survive even if the rest of you dropped off.

Ms FORREST - North-east and north-west I think, Bev.

Ms HANLON - I really mean that because we had to develop our own support network, our own skills, because by the time someone got here to help, the family had either moved on or a new issue was around. The north-east community is so resilient. It has to develop its own networks and that is a cop-out for government.

Mrs SMITH - Maybe we give them an easy out because we are so resilient.

Ms HANLON - I believe so. I believe we do shoot ourselves in the foot sometimes, absolutely.

Ms FORREST - It is the nature of a rural community.

Mrs RATTRAY-WAGNER - You are strong and proud, Bev.

Ms HANLON - Absolutely. Okay, I am sorry to take all your time.

CHAIR - Thanks Bev.

THE WITNESS WITHDREW.

CHAIR - While we have a break we will go back to the information tabled by Mr Diprose in the session before lunch and I will hand over to Mrs Smith.

Mrs SMITH - Thank you, Mr Chairman.

At the time Mr Diprose tabled his information we did not indicate whether we accepted it or even received it. On looking through the information I believe that the document tabled from B K Hamilton & Associates, Chartered Accountants, to Mr Diprose regarding the TCC and a profit and loss statement have no relationship to the issues surrounding housing affordability in Tasmania and this committee and as such I move -

That those papers not be accepted as tabled.

Ms FORREST - Mr Chairman, I would like to include the plan of directors as well.

Mrs SMITH - I presume that came as part of the profit and loss statement. There are six sheets of paper relating to TCC and Mr Diprose that I do not believe relate to this committee and as such I would suggest that they are not accepted.

CHAIR - So you are moving that motion? Is there a seconder?

Ms FORREST - I will second that.

CHAIR - Any discussion?

Mrs RATTRAY-WAGNER - A comment, Mr Chairman. I support the member for Montgomery in her explanation of why it is not relevant to this particular committee and I am happy to support the motion.

CHAIR - Basically, ditto for me. I cannot see any relevance of this particular information to the presentation he made to us or to any of the terms of reference, so I support the motion.

Ms FORREST - Do we need to move that a letter is sent to Mr Diprose informing him of that?

CHAIR - Yes.

I will put Mrs Smith's motion.

Motion carried.

Ms FORREST - I move -

That a letter be sent to Mr Diprose informing him of the committee's decision.

CHAIR - A seconder?

Mrs SMITH - Yes.

CHAIR - Any discussion?

Motion carried.

The committee suspended from 2.36 p.m. to 2.44 p.m.

Mr MARTIN HARRIS, REAL ESTATE INSTITUTE OF TASMANIA, AND **Mr ADRIAN KELLY**, ROBERTS REAL ESTATE, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR (Mr Martin) - Can I welcome you to the committee and to the hearing. It is being recorded by *Hansard*. We will be writing a report at the end of this, so we will probably quote certain people. You have no problem with being quoted?

Mr KELLY - No. That is fine.

CHAIR - We have your submission. You have seen our terms of reference? Can we start with you just doing an overview.

Mr HARRIS - That is the document which is our presentation. We have extra copies here if anybody wants them.

This is a national issue as well as a State issue and our national body, fortunately for us, have done a huge amount of work in summarising both how they see it as a national picture and potential solutions at both Federal and State level. I think they are pretty well summarised there.

I am not telling you anything you do not already know when I say that there is no magic bullet to solve this problem. We would have found it by now if there was. Overall there is a mixture of solutions. It is a matter of how palatable, how much they cost and everything else in terms of how many of them and what mix of them are implemented to provide some relief. Important market forces like interest rates are simply beyond everybody's control, so looking at that front is a fruitless exercise. There are a number of opportunities to potentially help those at the low end of the market in terms of accessing the market and getting their first home and so forth. That is how I see it personally, but it is based on that report.

CHAIR - I made a speech last week where I talked about the fact that the real estate boom is a very positive thing for many Tasmanians. It has been great for the economy and brought a lot of flow-on benefits. But there is a dark side because it has made it so much harder for people to buy their first home. You have obviously seen that yourselves as an industry. Can you comment on that?

Mr KELLY - There are a few other factors at play at the moment as well. If I can give you some idea of what our market is doing at the moment then that might help. It is interesting. We were doing some market share numbers, and you might be more familiar with the numbers from Tasmania, but we are back to doing the volume of sales now that we were doing in 1996-97.

CHAIR - Now, this year?

Mr KELLY - Correct, that is volume of sales. The difference now is that obviously prices have doubled and more than doubled in a lot of cases. So the only reason why a company like Roberts is still in business is because the fees that we charge are directly related to the average sale price. What is interesting is that from a business point of view

our income is the same as it was three years ago, even though we are only doing half the number of transactions. So you can draw your own conclusions there. You are damned if you do and you are damned if you do not. We cannot have a rising market and then not have the bottom end either. That is the same across Tasmania.

CHAIR - So sales have dropped off?

Mr KELLY - The volume has dropped.

CHAIR - Volume and sales have dropped off?

Mr KELLY - That is right. So it is actually quite a dramatic drop.

CHAIR - Are there figures we can access for that?

Mr KELLY - Our figures will be out shortly. We have just finished our financial year now so there is no problem getting that to you.

Mr HARRIS - We can provide up to the latest figures. Membership of the REIT is basically 95 per cent of the industry. Of the 95 per cent, 95 per cent of them or 94.5 per cent contribute their figures to us on a monthly basis.

CHAIR - So you have an aggregate figure?

Mr HARRIS - So our figures are pretty right, but of course it does not include private sales. It is only when you go to list that you can get the whole picture. Our sales are up to date within three to four weeks.

Mrs SMITH - What percentage would be private sales? It would not be a very big percentage would it?

CHAIR - Less than 10 per cent?

Mr KELLY - Less than five I would have thought.

CHAIR - We would love to have your figures.

Mr HARRIS - Yes, we are happy to provide that. I can do that this afternoon if you like. The other thing is in broad terms your very average little house in Tasmania five or six years ago was about \$130 000 but now it is probably \$200 000 for exactly the same house. They haven't necessarily done anything with it but that is what it is.

Mr KELLY - What is our medium sale? It is about \$270-something.

Mr HARRIS - It is \$260 000 or thereabouts. So your very average little house in suburbia is now about \$200 000 minimum. And yet salaries are about the \$30 000 to 35 000 bracket, which means that the deposit is that much bigger to get to for starters to get into these first homes. That is the big crunch.

CHAIR - If you had a meeting this afternoon with John Howard and Kevin Rudd, what are the things that you would be urging them to do from a Federal Government point of view to overcome this issue?

Mr KELLY - Capital gains tax is a big one. A lot of the properties have been owned by individuals for 20 or 30 years and they are too scared to sell them because of capital gains. In many cases they do not actually understand capital gains. It would be interesting to do some numbers on a State basis, if it is possible, on the number of properties worth \$250 000 and less that have not been sold for the last 20 years. That will give a good indication of what the pool is that is sitting out there within Tasmania which could go on the market at a nice sort of price range with a little bit of coaxing.

Mrs SMITH - Are you talking about the rental properties that might go on the market to free up the purchasing?

Mr KELLY - Yes.

Mrs SMITH - If I am selling my house to buy another house, it is not relative is it. But if I have a rental property and I sell it I am caught big-time.

Mr HARRIS - That is exactly right.

Mr KELLY - Second properties.

Mrs SMITH - Okay. So we are talking about a market of rental properties out there that you believe the owners may put on the market and sell because they have said they have had enough of rentals -

Mr KELLY - Some of the wealthiest people in Hobart at the moment are those who bought 20 properties out at Goodwood for \$40 000 each. And they are now worth \$150 000 to \$200 000 but because of capital gains tax they will not sell them.

Ms FORREST - Looking at the other side of the coin, those houses are probably being rented by people who may not be able to entertain the purchase of a home at this stage. I acknowledge the value has gone up in the property but, in your opinion, are they still being rented at near affordable rates in that area or is it just a big blow-out all round?

Mr KELLY - Oh, gee, what a question.

Mr HARRIS - I don't think rents have skyrocketed but they definitely have adjusted upwards. In this case it is probably a good thing. Somebody has bought a second home as an investment which is a good thing for their superannuation and their retirement and their own future, but at the end of the day if they thought they were going get \$110 per week and now think the house has improved and they have done a couple of little things so it is now worth \$150, the \$150 may squeeze some people out of the market. That is the dilemma.

Ms FORREST - If the capital gains tax was removed to try to free up -

Mr KELLY - That is significant.

Ms FORREST - Even if it was reduced, the threshold was raised or lowered, whichever way you look at it and it then brought all those properties onto the market. Someone has to be able to afford to buy them and effectively the people who are going to be able to afford to buy them are probably not the people who need to get into the housing market. It is going to be the investors from Sydney again. I am asking you do you think that is the case?

Mr KELLY - Not necessarily. There are a lot of people in Tasmania who would love to buy an investment property but they cannot get them.

Ms FORREST - But they are not going to be bought by people to live in as their own home. I do not think that it is as likely that they would be bought by them, I think it is more likely they will be bought by investors whether they are interstate or whether they are Tasmanian it does not really matter. The fact is that they could do a bit of work, put some paint on it and put the rent up another \$20 to \$30 per week. I want you to play the devil's advocate here: if we did something significant with capital gains tax could that have a negative impact in that way?

Mr KELLY - It could. I think that it goes back to looking at where the buyers come from in Tasmania. There are a lot of people who would love to buy their first investment property but simply cannot because the prices are too dear. I understand what you are saying with the people renting these properties, and in some cases they would be able to afford them but in other cases they would not be able to.

Mr HARRIS - I think you are right with capital gains. I think you are spot on but at the end of the day I think that in its own right is not enough. Unless it is done in conjunction with the First Home Owner Grant or whatever else, in combination with that, or access to the voluntary superannuation, one of those measures, there is not going to be the opportunity for those people to get into that first leg.

CHAIR - I was going to ask you about the First Home Owner Grant. I notice the institute is recommending it be doubled. Some people made submissions to us that they believe the First Home Owner Grant has probably not really done anything except push the price up by \$7 000.

Mr KELLY - I think that is unreasonable.

Mr HARRIS - That is a bit of a fallacy I would have thought, personally. Whether it is doubled or increased, whichever it is, I think it has to reflect the market and should be right across the board, Federal percentage or whatever else, consistent right across the country. Yet the market in Sydney is totally different to Tasmania and so it is not reality.

If it was staggered back to medium prices within each State and Territory then you would have some sort of middle ground for everywhere and that is realistic. I think it also should perhaps be built up at the back end but the front end just dies away so you do not get the situation where potentially millionaires are getting the First Home Owner Grant at the end of the scale, which is ridiculous. If it was top-heavy at the very entry level and then declined, depending on salary or whatever else, I think it has to be worthwhile.

CHAIR - You would not agree it has been part of the inflationary pressure?

Mr HARRIS - I do not think so, no.

Mrs SMITH - Why do you link it to salary? I give you an instance of someone who has gone to university, had no income for four, maybe a lot more years, has a HECS debt, leaves, goes to work on a reasonable to good salary, has to pay the HECS debt off, get themselves a car and get some slight establishment but suddenly because of their education they get into an upper echelon bracket but no, they do not deserve the First Home Owner Grant, it is the lower-wage earner. Can you explain to me why we do this?

Mr HARRIS - If it is not salary it would be asset-based for sure.

Mrs SMITH - I can accept that.

Mr HARRIS - In your example, yes, there is probably a valid question.

Mrs SMITH - I know a lot of now high income 29-year-olds who are just getting on their feet because they have spent their time getting their education, getting an asset base.

Mr HARRIS - They should not be punished for that for obvious reasons because the last thing we want to do is lose that talent.

Mr KELLY - Is that a common thing?

Mrs SMITH - Those that I know who have been through university, absolutely, yes. They come out with significant debt and they have nothing. Coming out of local government I watched my daughter go through university at the same time as a young woman who worked for the local council, improved her position by night-time studies and given time off by the council, had a holiday every year, nice little car. When one came out of university - both about on the same salary - one with an account, one with a small asset base and I often wonder about our balance,. That is not every scenario but I just have concerns sometimes that they go from no salary to \$100 000 perhaps but no asset and we should not discount that in the process.

Mr HARRIS - I agree. It is just a matter of trying to find a scenario that is going to fit the one and help the ones that need it and not benefit the ones who do not really need it at all. That is what we are talking about.

Mrs SMITH - I take it from what you said, Adrian, that there are funds out there for rental properties if rental properties, reasonable medium prices were available in Tasmania. That would be a fair comment?

Mr KELLY - For buyers to purchase, absolutely, my word. Housing affordability is largely driven by the rental market because it is such a big segment, particularly once you throw the mainland buyers in there as well. Invariably purchase prices are directly related to weekly rent; they have to be. Again it is the downside of a booming market - you cannot have it both ways.

Mrs SMITH - There has been a suggestion that there is lots of money in superannuation companies but they have a fiduciary duty to ensure they get good return and therefore the housing rental market is not something that they would enter into unless there were some initiatives at a Federal level to allow them to look at it as an investment with a good return. From the Real Estate Institute perspective if the Federal looked at something that - and I get the impression there is some heavy lobbying on the mainland to look at that - what do you think that would do to the rental market in Tasmania?

Mr KELLY - Giving purchasers the chance to access voluntary superannuation for them to purchase a property, what would that do to the rental market? Was that the question?

Mrs SMITH - No. Superannuation companies investing in building or buying houses for the rental market. Would that make it worse or better?

Mr KELLY - I cannot see how it would help.

Mr HARRIS - I don't think the return would be enough, would it?

Mr KELLY - That's correct. Where would they build? A superannuation company using investors funds is not going to build in an area which will not provide reasonable growth. Any commercial company, superannuation or otherwise, will not build unless they are sure they are going to get good growth over a period of time. I cannot see how it would help. At the end of the day, there is plenty of money out there for investors, whether they be superannuation companies or not, to put their money into real estate. The big issue for them is finding something to buy.

If you are talking about purchasing a piece of land then we have developers lined up to buy land.

Mr HARRIS - That is a different story.

Mr KELLY - A superannuation company is in many ways is a developer and they will still be looking for a return, if not a better return, than they can get from playing the share market.

CHAIR - Looking at your situation at the moment, do you have enough to sell?

Mr KELLY - No.

CHAIR - So listings are a problem.

Mr KELLY - We could do double the volume.

CHAIR - Not enough land? Not enough -

Mr KELLY - Not enough of everything.

Mr HARRIS - Correct.

Mr KELLY - Particularly land.

Ms FORREST - Is that the case right across the State?

Mr KELLY - Yes, it is.

Mr HARRIS - Pretty well.

Ms FORREST - In Burnie at the moment, it seems every second house is on the market. That is a bit of an exaggeration but there are lots of signs up. I was driving around the town recently looking at vacant and things like that and noticed there is an enormous amount for sale all of a sudden. People often sell at a certain time of year, I appreciate that but at the moment there seem to be signs everywhere.

Mr KELLY - I am not so sure about Burnie.

Ms FORREST - It is certainly the lower end of the market that are for sale, too.

Mrs SMITH - She is promoting everyone moving to Burnie to buy.

Ms FORREST - Yes.

Mrs SMITH - Burnie is all right. I was amazed at how quickly the apartments on the waterfront sold off the plan.

Ms FORREST - That was a new market that had not been tapped into at all.

Mrs SMITH - If there is a shortage why have we not seen one of these mainland companies, the medium range spec home developer, land/house package concept -

Mr KELLY - Where are they going to do it?

CHAIR - We have had submissions -

Mr HARRIS - The land is not available.

Mr KELLY - The issue is the land.

CHAIR - Why is the land not available? Is there not enough residential-zoned land?

Mr KELLY - Correct.

CHAIR - You are not the first witness to say that. We have heard that over and over again. From my local government days, I recall a study done in 1996 that showed there was a 40-year supply of land in Tasmania.

Mr KELLY - On the open market?

CHAIR - Available land that could go on the market.

Mrs SMITH - And that is the difference.

CHAIR - That study was done and is 11 years old so I think we should be looking at certainly getting that information updated. Is the land not appropriate for development?

Mr KELLY - That is correct. I know you have heard a thousand times before about the different planning schemes around Tasmania as well. In some cases, a block of land and one across the fence could fall under two completely different planning schemes.

CHAIR - That was my next question. We had evidence this morning from a high-profile agent -

Mr KELLY - As opposed to a low-profile one?

Laughter.

CHAIR - No, another high-profile agent who knows this place well. Hank was really pushing the planning scheme issue as the one issue.

Mr HARRIS - Absolutely, I totally agree. It is all a bit of a mess at the moment. That is only because of the way it has been allowed to evolve.

Mrs SMITH - In the concept of planning schemes and shortage of land et cetera, the Central Coast Council are in the process of introducing a new planning scheme and the whole north-west coast are taking on this new model with similar wordings and so forth. When they sent the planning scheme process to the commission it came back with some of their residential-tagged land that had been in their last scheme pushed back to rural by someone totally outside the concept of community consultation. This included places like, if you know Ulverstone, between the highway and the town on the hill. You could not farm there in a million years with houses right around you. Therefore we make a presumption that someone has statistics and figures showing a lot of available land or someone would have fought that sort of concept within the commission when you are putting up a new planning scheme. Does your institute do any work on availability of residentially zoned land within different communities in the Tasmania or is that not in your brief?

Mr HARRIS - No, not really. We talk to local governments in Tasmania but it seems to be almost in the too-hard basket.

Mr KELLY - That is fascinating. If a developer came to us today to discuss building 30 houses on a big block of land somewhere in southern Tasmania, we would have nothing to sell him.

Mrs SMITH - What happened at Clarence? I thought there was a 600-lot subdivision or something, or was it the Police Academy?

Mr KELLY - There is certainly Rokeby Hills. That is a different scenario where they are selling single blocks of land for \$150 000.

Mrs SMITH - Oh right.

Mrs RATTRAY-WAGNER - Did you say \$150 000?

Mr KELLY - That would almost be cheap in today's market.

Ms FORREST - You have a good view though, haven't you?

Mr KELLY - That is basically entry level.

Mr HARRIS - The planning scheme in itself is a bit of a mess and, as I say, the worst part about it is that it is interpreted differently by each local government body. You can be in a situation where there are four houses in a row with a valley or a creek, and someone buys that to build house because it has a nice rural outlook. But the council will not allow the building because the land is designated as farming although it is only a quarter acre. What are you going to grow there, or put on there? It is a total waste of time.

Mrs SMITH - Because of a drawn line rather than -

Mr HARRIS - The person with the intention of buying it and selling it as residential then cannot sell it because nobody else wants it either. So they are stuck with it then.

Mrs SMITH - Unless they apply for rezoning and go through that 18 months of pain.

CHAIR - There is a reluctance to rezone because of the belief there are too many blocks available.

Mrs RATTRAY-WAGNER - I think we could all give you a story like you have given us.

Mrs SMITH - If a developer came in the south you said you have nothing to offer him.

Mr KELLY - I am speaking about prior to the changes.

Mrs SMITH - Would that same statement pertain to the north and north-west, do you think?

Mr KELLY - There are probably a few opportunities at the back of the northern suburbs. In fact, we sold one during the week which will be turned into an 80-lot subdivision but they are few and far between. Certainly out around Longford, Cressy way there is plenty of good land that could be opened up and that would be affordable.

Ms FORREST - But there are no services out there.

Mr HARRIS - That is the next question.

Mr KELLY - That is another issue.

Mr HARRIS - Who pays for all the services?

Mr KELLY - The other issue if you open up all this land, particularly to first home buyers, then they have got the building costs to contend with. They are certainly through the roof at the moment. It is the same supply and demand issue.

Mrs SMITH - And whether there is a school bus to take the kids, et cetera, et cetera.

Mr HARRIS -It snowballs.

Mrs SMITH - As real estate agents of note in the Hobart area you would know Hobart intimately, I would think. Is there capacity for city in-fill?

Mr KELLY - I would not know.

Mrs RATTRAY-WAGNER - You do not identify any sites. I went walking and came up Sandy Bay Road and identified a very good residential area this morning.

Ms FORREST - You have the bulldozer coming in next week.

Mrs RATTRAY-WAGNER - I have not talked to the owner yet.

Mr KELLY - That sort of thing happens all the time. That is the normal job of a real estate agent, but not for me personally. Agents are always looking for opportunities. As I say there are plenty of people to buy these things if every they come on the market.

Mrs RATTRAY-WAGNER - Do you find that Tasmanians are very inclusive normally when we are talking about putting public or social housing in amongst infill areas? Have you had any experience where somebody has thought, 'That would be a really good place, we will infill there', but then there has been community outrage?

Mr KELLY - No, I have not had any experience of that.

I think most communities are a bit more broad-minded these days, particularly having gone through a boom - if you want to call it a boom. We call it a correction rather than a boom, as that essentially is what it was. Also I think the community is a bit wiser as to housing affordability. There has been plenty of education on that.

CHAIR - Can I go back to my question? Your response was that there are not enough listings. Are there plenty of buyers?

Mr KELLY - Yes.

CHAIR - So the reason your sales are down on 1996 figures is that there is nothing to sell?

Mr KELLY - That is correct.

Mr HARRIS - They might be a little bit more choosy, but at the end of the day they are still out there well and truly.

CHAIR - So there is no shortage of buyers?

Mr KELLY - It is the same old story. That then pushes the prices up.

Mrs SMITH - So you are telling me that there is no problem with housing affordability. There is a problem with supply?

Mr KELLY - Which leads to housing affordability, because with lack of supply demand pushes the prices up and that is what is happening at the moment. That will level out between now and Christmas. Winter was a surprisingly good market. It was good in terms of days on market were short and prices were being pushed up because of demand. There are plenty of situations where you have more than one offer being made on the property at the one time. That is a classic sign of a rising market but there is a lot more property coming on the market now which is normal for spring anyway. The *Real Estate Guide* went from 64 pages to 80 pages last Friday so that is a good sign.

CHAIR - Has the market changed? There was a house across the road from me which Hayden Nielsen had. It was on the market for 15 months and then sold. Then the next two houses, so three of the four houses opposite, sold for -

Mrs RATTRAY-WAGNER - Is that telling you something?

Mrs SMITH - They know you moved in.

CHAIR - Something to do with the wild parties probably.

Laughter.

CHAIR - But they sold within a week. Is that indicative of the way the market has changed in the last 12 months?

Mr KELLY - The market is a lot stronger because there is less supply and the same number of buyers are still there. There are still plenty of people who want to buy.

If you want to look at real numbers from Roberts' point of view, we did 4 500 transactions in 2003-04 and we have just finished our financial year and we will do 3 000. I suspect most agents are probably operating at the same sort of level. So you are talking about an almost 50 per cent reduction in volume.

CHAIR - Because of the lack of supply of properties?

Mr KELLY - That is correct, yes.

Mr HARRIS - Compared to when the boom finished two and a half years ago roughly, there are now more agents out there in the field than there has ever been and yet the volume of sales has come back. So the good ones are doing very well. The ones at the bottom end of the market who do not do things professionally and use the smarts are probably struggling big time at the moment.

Mrs SMITH - Is that a statewide phenomenon or are there quiet patches around the State where it is not the good and the bad agent?

Mr HARRIS - No, it is not so much the good and the bad. It is a matter of people joined the market from insurance or wherever else they came from three or four years ago and thought this is money for jam because they just take orders, get the listing today and sell it tomorrow, and in comes the money and away we go. But now you have to cultivate

your networks of who know and all the rest of it and keep in contact with people and all these things and some people are not prepared to do that. They do the lazy thing. They wait for the phone to ring. Well, they will be waiting a long time.

Mr KELLY - The big issue with a number of agents in this market is cash flow. When cash flow gets tight agents look to cut corners.

Mrs SMITH - And that is when mistakes are made?

Mr KELLY - Yes.

Mr HARRIS - That is when we worry about it.

Mr KELLY - That is when they are made deliberately.

Mrs SMITH - I would rather it be a mistake.

Mr KELLY - Because we just want to make the next dollar. And that is really dangerous.

Mrs SMITH - If we look at the rental market again, there has been some suggestion of land tax relief for all residential property including rental or owner - owners who live on the property do not pay anyway. Would you firstly give an opinion on that and, secondly, how would you ensure that it was not just more money in the pocket of the owner of the property, that it did push down? The evidence certainly is there that a lot of people are paying a significant amount of their income in rent, much higher than the 30 per cent referred to as giving rise to housing stress. Some people are paying 58 per cent and more of their income to keep a roof over their head. Do you have an opinion on land tax?

Mr KELLY - From a rental point of view - and this is just an opinion - any decrease in any tax will eventually lower the rental value.

Mrs SMITH - Eventually - I do not like that little word.

Mr KELLY - It will not happen straightaway.

Mrs SMITH - Why not?

Mr KELLY - Because the market has already been set at a particular level. So if you are achieving \$250 a week in rent, you are not going to reduce the weekly rent simply because someone takes the tax away from you and lowers your costs of managing the property.

Ms FORREST - With respect to changing the land tax, whether you change the threshold or whether you abolish it for people who are providing affordable housing in the rental market, could it be done in such a way that you stipulate that as part of getting this reduction in land tax there is a requirement for the reduction to flow on. You have to demonstrate you are reducing the rental of that property by a percentage or an amount. Do you think that would work or is it all too hard?

Mr HARRIS - In theory it is great, but in practice its management and policing and everything else would be a nightmare, probably more of a nightmare than anything else.

Mrs SMITH - More costly than the land tax?

Mr HARRIS - Possibly.

CHAIR - The reality from my experience would be that the only thing that would push rents down again is market adjustment when there is an excess supply of properties.

Mr KELLY - Correct, spot on.

Mr HARRIS - When there is a shortage of rental properties if a tenant is paying \$250 and you encourage the owner to drop it to \$230 there will still be persons B, C and D prepared to pay \$250 to be in that place, so market forces will retain it at \$250 anyway. So, unfortunately, that is not going to achieve much. That is the reality of it.

CHAIR - From the property management point of view we have heard figures quoted of 98 per cent occupancy rates et cetera -

Mr KELLY - I think it is only 2.3, 2.7 or something vacant.

Mr HARRIS - It is just over a 2 per cent vacancy rate.

CHAIR - The reality for people going in is that there are often 30 people, so there is very much an ability to pick and choose.

Mr HARRIS - I know it is not Tasmania but I had an example given to me in Canberra whereby they closed off the street for the twenty minute open home they had for a rental property, and literally everybody was bribing people left, right and centre to get the property because there was such a massive shortage. The price they were charging did not matter, it was a matter of trying to get your name up the front of the list somehow in that twenty minute period, and that is how ridiculous it got. I do not think it has got to that stage here, but at the end of the day there is still a very big shortage.

Mr KELLY - I know of a rental open home - not with us - down at Seven Mile Beach. There were people clamouring to rent this particular property, I think it was at \$250 a week. People wanted to rent it sight unseen and the answer was no, we are having an open home. We will take all the applications and then we will decide who we want to choose. We will vet the applications. I imagine they would have had 20 or 30 applications for that one property. You could argue Seven Mile Beach is close to the water and all that sort of thing but I think it is a lot more than that.

CHAIR - We have heard some evidence provided to the committee that there is a degree of discrimination against certain people in the community in relation to real estate agents.

Mr KELLY - Not within our firm.

CHAIR - I am asking this as a Dorothy Dixier so you have the opportunity to put the industry's perspective. The accusation has been made that African migrants, for example, are discriminated against?

Mr HARRIS - Not that I am aware of. I take complaints at the REIT and I do not think in the five years I have been there I have had one specific complaint about an ethnic group of any kind being discriminated against, so the complaints have not come our way for attention.

Mrs SMITH - What sort of complaints have you had?

Mr HARRIS - Complaints about 'I bid for that particular property and did not get it'. It is usually because someone bid more, but they seem to think because they love it they have a God-given right to get that property. Or three people fought for the same property on the rental market - one has to get it and two are going to miss out. It is very subjective in terms of how the landlord decides. It is not going to be the agent who determines who gets the property and who does not - you present the facts to the property owner and they decide. At the end of the day their decision is anybody's guess.

CHAIR - You have still got a code of ethics?

Mr HARRIS - Yes, and that has got stronger.

Mrs SMITH - What percentage of rentals within the real estate industry would be mum and dad's second investment property versus absentee landlords versus those in the business of rental units, houses, whatever? Is there an estimate, or a guesstimate?

Mr KELLY - If I had my laptop here I could tell you exactly, at least for us. It is probably all over the place, split fairly evenly I would say. We have just under 3 000 rental properties and - this is just a guesstimate - 1 000 of those property owners would own more than one property. The others would be the only rental property owned by a particular owner. There are a couple who might own 20, 30 or up to 50 properties. We have a few of those. Plenty of mainlanders are in there, maybe a quarter.

CHAIR - Did that increase substantially during the boom?

Mr KELLY - Very much so. The all got in before the Tasmanians worked out what was going on.

Ms FORREST - They must have seen it before, I reckon, that sort of time.

Mr KELLY - You have got it. There are still mainlanders buying investment properties here because we still have a good rental return. It is across the board. I can give you the numbers for our portfolios. That is no problem.

Ms FORREST - Does the REIT keep figures like that?

Mr HARRIS - The figures we keep are based on who purchases. We do not have figures in terms of who rents property. We only have figures which indicate whether the purchaser is a second investor or buying it for themselves, or an interstate buyer.

Mr KELLY - I guess the tenants in rental properties are fairly fluid because of the type of person who rents a property. They could change every six months so it is hard to keep up.

Ms FORREST - We are interested in the owners of the property as well, such as the absent ones. It is easy with the mums and dads because they probably only have one or two investment properties.

Mr HARRIS - But there is also a fair mix in interstates ones including those who bought it as an investment at the start of the boom. Some may have had \$1 million to spend in, say, Melbourne but I thought rather than buy one there they would buy six Tassie houses instead as at least two or three would offer a good return and it does not matter if the others do not. Some of these properties will already have been sold. Others bought because one day they would love to live here but when they bought they were not ready to move. In the meantime they have rented it out at a great return on their investment. We believe that for some years now if anything there is a small glut in some of those areas, because they are demanding \$350, \$400, \$500 a week and the average Tasmania on \$30 000 a year cannot afford to rent such houses. The ones that can afford those sort of amounts quite often want to buy a property as an investment or for themselves.

Mrs SMITH - Well why wouldn't you?

Mr HARRIS - The interstate buyers are saying "What do you mean you have not rented it out, it has three bedroom and magnificent views of the river and everything else, nothing wrong with it." You are dead right there is nothing wrong with it but no-one is prepared to pay the money. That can be a problem as well. It does not help the unfortunates at the other end of the market. That is the trouble.

Ms FORREST - Are you saying there are probably a number of properties vacant at the upper end of the market which would fall into that category?

Mr HARRIS - There would be more of those than there would be at the bottom end of the market, that is for sure. The exact number is anybody's guess. That is the reality.

Mrs RATTRAY-WAGNER - There are problems getting a longer-term lease in some of those areas. I know for instance in Bridport you can rent a house from March through to about November but then you have to get out while and the owners make their fortune.

Mrs SMITH - Or want to go and stay in it themselves.

Mrs RATTRAY-WAGNER - I know quite a few of them that choose not to stay themselves but actually rent them out at a much higher rent.

Mr HARRIS - They command top dollar for it.

Mrs RATTRAY-WAGNER - So therefore they are not a secure rental tenure.

Mr HARRIS - I get places such as in Binalong Bay where people are paying \$800 to \$1 000 for a house.

Mrs RATTRAY-WAGNER - And rightly so.

Mr HARRIS - A beautiful place, no problems with it.

Ms FORREST - Are you really concerned about housing affordability?

Mr KELLY - To give you some idea about rental values, at the moment anything less than about \$320, \$330 a week is easy to rent. Anything over that, up to about \$450 to \$500, is very difficult to rent. Over \$500 can be easy again because there are not many properties up that price range but there are people who will rent them especially if a company is paying the rent, or paying half of it. In particular demand are four-bedroom, two-bathroom houses being rented at anywhere between \$250 to \$400 a week in any of the Hobart suburbs. In fact, we cannot get enough of them.

Ms FORREST - Who is moving into these places?

Mr KELLY - Just families.

Ms FORREST - They are families, that are not just two -

Mr HARRIS - Dual incomes.

Ms FORREST - They are families, they are not just double income, no kids.

Mr HARRIS - No, it is families so they need the bedrooms for the kids. A lot of these are single families too.

Ms FORREST - Single parent families you mean?

Mr HARRIS - Some of them are.

Mr KELLY - They will get into them as well.

Mrs RATTRAY-WAGNER - They are obviously mobile or they would be buying their own place at that sort of rent, no?

Mr KELLY - That is a bank question.

CHAIR - If I want to buy a unit as an investment property can I do so in the Claremont/Glenorchy area?

Mr KELLY - I guess so.

CHAIR - Would I find one on the market?

Mr KELLY - I think the trick is getting to know the agents so you find out about the properties as soon as they come on the market and you set your alerts up on the Internet. First in, best dressed. It is a typical-supply issue.

Mrs SMITH - Are the supply issues of more concern in the city areas than the rural areas, would you think?

Mr KELLY - It could be, yes. It depends on the type of property. Most of the rural areas are travelling pretty well in terms of the market moving along okay. Let us take a little town like Longford. We have an office there. In fact, it is one of our most profitable offices covering a fairly large area right through to Campbell Town. They do not so much have a supply issue. Their days on market statistic would still be under four weeks which is reasonable, it is about average. There are some great opportunities in a town like Longford to be opening up some crown land. There are plenty of buyers who would buy a piece of land for \$100 000 or less. You could start looking at things like a first home builder grant, maybe increasing that over a period of time. If the Crown was to look at opening some of that land up and in some way restricting the value of the properties that were sold that would go a long way to solving some of the problems.

Mrs SMITH - I get the impression there is some substantial crown land in Longford. Is that because the floods were an issue and now the levee banks are up this land could be released?

Mr KELLY - There are lots of nice green paddocks which are easily accessible to Launceston city.

Ms FORREST - It is crown land?

Mr KELLY - I have been talking to our office there -

Mrs RATTRAY-WAGNER - They would probably come under the Protection of Agricultural Land policy.

Mr KELLY - Sure. Let us not talk about Longford, per se. We have Perth on the other side of Longford.

Mrs SMITH - It is also in close proximity to the City of Launceston.

Mr HARRIS - Quite a few years ago, Hadspen really took off because it was just outside Launceston, and now it is regarded as a western suburb of Launceston. It is not that far to commute. There are also lifestyle reasons. It was quiet and relaxed and everything else.

Mr KELLY - There is a big demand for house and land packages because they are affordable in the main.

Mrs SMITH - Would you suggest there should be a message to the State Government in any report that they should do an audit of crown land that is suitable for residential as a way of relieving housing affordability and that the audit, if it showed release possibilities, that this should happen?

Mr KELLY - It would be fabulous. The problem with Hobart city, as we all know, is that it is landlocked. There is no land left within the city so you are always going to have this supply and demand problem. The competition boundaries have been set but it is

different particularly in the northern suburbs and Brighton. There are still some good opportunities there. That would be a real step in the right direction.

Mrs SMITH - Some people have suggested that some older industrial areas should be encouraged by incentives or whatever to move out and thus open up some of the inner city with services-type of land. In some industrial areas you can house a lot of people if you look at the mix of housing.

Mrs RATTRAY-WAGNER - High-density houses.

Mr KELLY - Electona is a classic example of that in the south. That could be done easily, although I suspect in some cases it is easier said than done. If you have a massive corporation there is some huge infrastructure. There would need to be some pretty hefty incentives for them to move and relocate.

Mr HARRIS - I am surprised places like Cambridge have been taken off yet. I think it is only a matter of time. There is land around all that area there that is not vineyards or anything else but it still has a high potential there.

Mr KELLY - It is good for vineyards because it is full of rocks.

Mrs RATTRAY-WAGNER - It would save carting a lot of rocks for their garden.

Mr KELLY - There are plenty of rocks for rock walls.

Mr HARRIS - At least with places like Cambridge you already have facilities there. You have the roads there and everything else so it is not as if you are starting from total scratch, having to put roads and services in and everything else. A lot of it is already there; it is just a matter of tapping into it.

CHAIR - Flicking through the annexes comparing the various taxes per State, Tasmania does not sit too badly. It could do better in relation to stamp duty. Is there a recommendation to State Government that it looks at the level of taxes and land tax?

Mr HARRIS - I think that is the suggestion. It is closer to the reality of what median prices are and what people are paying and what they can afford. I think it is reality more than anything else.

Mr HARRISS - Would you advocate the abolition of stamp duty entirely for first home buyers?

Mr HARRIS - Why stop at first home buyers?

Mrs SMITH - The Treasurer would say we have to get our funds from somewhere.

Mr HARRIS - At the end of the day that was promised but it is not going to happen. We all know that is a reality, it is a major cash cow so it is not going to change. At the end of the day something along those lines I think would be a huge thing but it is a matter of whether it is economic reality that will ever happen.

CHAIR - Who promised?

Mr HARRIS - Federal did. Stamp duty was always going to be abolished after GST.

Mrs RATTRAY-WAGNER - After GST was put in. I remember that.

CHAIR - The Treasurer would have a different recollection of that.

Mr HARRIS - Now every State and Territory is so reliant on the money coming in that the last thing they are going to do is let it go but at the end of the day yes, if you helped out the bottom end of the market it would be a major boost.

CHAIR - The reluctance is that to hand too big a percentage of the State's revenue over to the Federal Government is the problem.

Mr HARRIS - It is the old story like everything else. What are you prepared to do and what cost is it going to be to get it? That is the dilemma.

Mr KELLY - All the more reason to be tweaking the first home owners and the first home builders grant, which would do the same thing.

Mr HARRISS - You could argue, of course, that Tasmania with regard the First Home Owner Grant scheme has been at a huge advantage to the rest of Australia because of our historically low residential costs so we have been getting \$7 000 or \$14 000 as it was and the relativity of that to the housing price has been huge for Tasmanians.

Mr KELLY - We have been very fortunate. It was a great market to tap into back in 2001.

Although the Home Owner Grant now, the \$7 000 compared with a median house of \$300 000, is getting to the point where it is not worth a lot. I am not sure what the figures are of people taking up the grant these days but I imagine it would not be massive.

Mr HARRIS - It is certainly not the attraction it used to be.

Mr HARRISS - Staying with that matter of stamp duty relief for the moment, I suppose if one was to analyse just what has happened there because our threshold or ceiling is at \$350 000 and of course five years ago there would not have been too many transactions for first home buyers anywhere near \$350 000. So it could be argued that to allow that concession five years ago was fairly generous on the part of the Government. Now to deliver that concession is not quite as generous because they are still getting a fair measure of stamp duty on even the first home purchase and they could be picking up a few thousand dollars whereas previously, five years ago, they might not have got anything. So they are still reasonably off because of the boom in the market.

Mr HARRIS - I do not think there is any question that it was generous in that time. It is just a matter of it not keeping pace where the market has gone unfortunately. That is the reality of it.

Mr HARRISS - And that is where I was leading I think, Martin. The Government really have not reassessed it since the time they provided the concession. As a result of the GST negotiations of course, that was a requirement; they had to go down - well they did not have to go down the path of first home buyers, they chose to. Maybe it is time to revisit that, given that prices have inflated.

Mr KELLY - It was worth 8 to 10 per cent, it is now worth 1 per cent to 2 per cent.

Mr HARRISS - What about in the same vein with regard land tax because if we are talking about investor properties, land tax always kicks in and we have the aggregation laws of course applying in this State. Do other States have aggregation at all, just as a matter of interest?

Mr KELLY - I am not sure. I am not sure how it operates.

Mr HARRISS - We have had some witnesses before this committee who suggest that land tax is not necessarily a bad thing but maybe it ought to apply at a lower rate and across the board on all homes, not just investor properties - broaden the base, reduce the rate; GST principle. Do you have a thought on that, spread the load, make the rate lower so that we all pay land tax if we own a house?

Mr KELLY - Land tax is a real issue for real estate agents because we can never work out how it is calculated because it is different for every person, that is the problem. To go one step back, if you could have a simple formula that applies for everybody that would be very handy. I do not know, at the end of the day land tax and stamp duty are both costs which go into the running of an investment property and because they do that there is no other choice but for the rent to remain a little bit higher than it needs to be.

Mr HARRISS - Yet, as you said earlier, if that component was taken away the rents would stay right where they are.

Mr KELLY - For the time being. Until something happened or there was a bit of a market change and then rents were adjusted. That's market forces.

Ms FORREST - The greater supply.

Mr HARRISS - The State Government is in a position if it chooses to address a level of housing unaffordability by removing those components. To remove land tax for investment properties it is conceivable that rents might become a little more affordable because the owner does not have to factor that component in. You could even argue that they might do that for a period of time. They might set a policy position of five years, 10 years, a bit of a holiday to let things catch up.

Mr HARRIS - It is still the old story; you provide those incentives for the investors, reduce this tax, reduce that tax, provide a bit more in the terms of the First Home Owner Grant, open a bit more land up so that there are more house and land packages sold and everything else. All those combinations of things would have a huge impact. It is a matter of how far do you want to go and how far can you afford to go.

Mr KELLY - Unfortunately the taxes will not have a massive effect because they just cannot by nature. Take land tax for example. and let us say land tax was 1 per cent of the value of the property, which probably would not be too far away - maybe one and a half depending on who the individual was. At best you would get a one and a half per cent decrease in rental value. That is neither here nor there. The only thing it might do is spur some activity in the sales market. The big ones are opening some land up, house and land packages, providing assistance for people to get into those, access to super, voluntary super that has already been paid, and some income tax benefits because they are long and they are sustainable benefits over the period of a mortgage whereas the taxes are really the sort of one off-type hits. They do not have a massive impact. That is our view, so there is probably not a lot you can do. That is all market driven, unfortunately. It is not easy.

Mrs RATTRAY-WAGNER - Given a number of those small initiatives, it could actually, as Martin says, impact in a positive manner.

Mr KELLY - Especially in Tasmania because of our lower median price. We have a bit of land around that could be used for different things. We are very lucky.

Ms FORREST - At the end of the day we need more stock to ease the pressure.

Mr KELLY - Correct - market management, supply and demand.

CHAIR - I am conscious of the time. Are there any other final questions? Can I thank you for coming along.

Mr HARRIS - Which research reports would you like me to send you?

CHAIR - Whatever you have in relation to the values of the properties today within the last -

Mr HARRIS - I will send you the last two quarterly reports.

CHAIR - Do you have comparison figures, today compared with five years ago?

Mr HARRIS - The quarterly reports do have a whole lot of graphs in them which includes some notes which tell you where it is going compared to last year and the year before and so forth.

CHAIR - Fantastic. Do you have anything on rentals?

Mr HARRIS - We do.

CHAIR - Anything you have on that would be in the report?

Mr HARRIS - I think it is in the same report.

CHAIR - Thank you for coming in.

THE WITNESSES WITHDREW.