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THE LEGISLATIVE COUNCIL SESSIONAL COMMITTEE GOVERNMENT
ADMINISTRATION 'B' MET IN COMMITTEE ROOM 1, PARLIAMENT HOUSE,
HOBART ON FRIDAY, 2 AUGUST 2024

SHORT INQUIRY INTO HOMES TASMANIA

The Committee met at 9:48 am.

INQUIRY CHAIR - Minister, welcome back. On behalf of the Committee, I would like to thank you for agreeing to come back to the Committee as we had run out of time last time and there were still some outstanding questions from Members.

I will take the opportunity to again introduce the Members of the Committee to you and then just give you an overview on privilege, which I know you would be well aware of, but that is what we need to do. Then I will hand over to you to introduce your team at the table and, except for yourself, they will need to take the oath.

We have the Member for Pembroke, Luke Edmunds, the Member for Launceston, Rosemary Armitage, Tania Rattray, the Member for Mersey, Mike Gaffney, the Member for Nelson, Meg Webb, and the Member for Hobart, Cassy O'Connor. We also have our secretariat support, Simon Scott and Ali Scott.

Parliamentary privilege provides the legal protection for what is said in parliamentary proceedings. It is an important protection that allows individuals giving evidence to a Parliamentary Committee to speak with complete freedom without any fear of being sued in the courts. This parliamentary privilege extends to ensure that it receives the best information while conducting its inquiries. However, the Committee proceedings are protected only in the confines of the Parliament and not outside, so whatever is said outside is not afforded the same privilege.

Minister, again, thank you. Would you please introduce your team and then I will ask them to take the necessary Committee statutory declaration.

Mr ELLIS - Thanks, Chair. Great to be with you. To my right is Ms Eleri Morgan-Thomas, Chief Executive Officer, Ms Jessemy Stone, Director, Housing Policy and Programs, Mr Richard Gilmour, of course, and Mr Rod Fazackerley, Principal Financial Officer. To my left is my Chief of Staff, Anthony Reid, who will not be taking questions.

INQUIRY CHAIR - May you stand, please, and do the statutory declarations.

Ms ELERI MORGAN-THOMAS, Chief Executive Officer, Homes Australia, **Ms JESSEMY STONE**, Director, Housing Policy and Programs, **Mr ROD FAZACKERLEY**, Principal Finance Officer, **Mr RICHARD GILMOUR** WERE CALLED, WERE SWORN, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

INQUIRY CHAIR - Thank you very much. Given that we have already had an overview and a briefing, we will just launch straight into questions, Minister. Thank you.

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Mr ELLIS - Chair, I might just note as well correspondence on 26 July [2024] back to the Committee.

INQUIRY CHAIR - Yes, thank you. The Committee Members all received that and I feel sure have had the opportunity to read it. We thank you for that. I will open the questioning with the Member for Nelson.

Ms WEBB - Thank you, Chair, I appreciate that. I would like to follow up on a couple of things we talked about last time around the MyHome scheme. Thank you for sending through the answers to the questions on notice and information provided. That was useful. I wanted to ask, in relation around the tender documents, because you provided the request for application for, I think, the prior scheme, which was referred to as the HomeShare scheme in the documents. In light of comments made in the last hearing where Ms Morgan-Thomas had said that Bank of Us offered the best product through that tender, and also said that the bank sets the interest rates and sets those things: 'That is a question for them, not us.'

I am interested in that because in the tender documents, it does seem to state, looking at Item 6, Evaluation Criteria, on page 6 of the tender document, in a table that starts a page earlier, but on page 6, under Value for Money Criteria, it states:

The assessment will consider customer outcomes such as the product and pricing feature for the customer when scoring against the criteria.

Can you confirm that this included evaluation of proposed interest rates and other loan features to be offered when assessing and scoring the applicants against that criteria?

Mr ELLIS - Straight to Ms Morgan-Thomas?

Ms MORGAN-THOMAS - Can I pass that to Mr Gilmour, who was involved?

Mr GILMOUR - Yes, thank you. Broadly speaking, yes, it did. But in saying that, when we procured, or when we undertook the accreditation process, we were also looking at the bank's, or the lender's bona fides when it comes to the level of accreditation and their qualifications, I guess, under the APRA (Australian Prudential Regulation Authority). We weren't trying to set them to create the perfect or the lowest interest rate.

What I guess we've recognised, and if you look at the, I think, nearly 14 years of HomeShare operation prior to launching MyHome, the interest rate that was set there also reflected slightly higher than the lowest variable rate that was available in the market. That was based on the fact that the lender is also required to provide a lot of support for what is recognised as a slightly higher risk group of lenders.

What we found in the review of HomeShare, in particular, after 14-odd years is that the default rate from the HomeShare clients was significantly lower than the Bendigo Adelaide Bank's standard home rate product. That was because of the level of support that the bank and their subcontracted partner, Tassie Home Loans.

So, we were more interested when we procured to make sure that the bank was providing responsible lending, the accredited lender was being responsible in the way that they were providing the product, but were also providing the support for the client group.

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Ms WEBB - Sure. And so, in terms of the two applicants that came through this tender process, did the other applicant propose a more competitive interest rate or more favourable loan conditions?

Mr GILMOUR - So yes, no, they were pretty much on par, from memory. There were three submissions that we received.

Ms WEBB - Three. Thank you. I'm looking still on the document, page 16, where it's looking at reporting requirements that the lender has to provide on a monthly basis in this table in relation to average loan interest rates being charged to HomeShare customers relative to standard discounted variable rates. And also, a summary of effective interest rates being charged to HomeShare customers, grouped by the number of customers charged different rates, provided in 0.5 per cent increments, et cetera. So, it's there in the table you provided us.

The question I'm asking in relation to that is, did the Government enter into the contract with Bank of Us on the basis that only one loan product would be offered to HomeShare customers, regardless of loan-to-value ratio (LVR)? Because this reads like the expectation is there would be different loan products offered, depending on LVR.

Mr ELLIS - We'll pass back over to the team from Homes around the assessment.

Mr GILMOUR - Yes, we anticipated through the procurement that there would be a tailored product offered by accredited lenders, and that has always been a feature, as I said, of HomeShare previously, and that was on the basis that we were expecting different levels of support for our clients.

Ms WEBB - So, that's not what's being offered by Bank of Us to current MyHome clients?

Mr ELLIS - What's not being offered?

Ms WEBB - Various interest rates depending on the LVR of their personal loan that they're seeking. Some would have an LVR as low as 60 per cent, probably. In fact, I've had one contact me who was as low as 51 per cent LVR, but yet being charged the same interest rate, or being offered the same interest rate that somebody maybe with an LVR of 75 or 80 would be, by the Bank of Us currently.

Given that we've just had it confirmed it was intended that there would be variability there depending on LVR - that's what's reflected in the tender document, why is that not occurring? Did we actually enter a contract that said there would be only one interest rate offered?

Mr GILMOUR - No. The accreditation agreement requires the bank to offer a competitive rate, but it's having regard to all of those other things that we require in the agreement. I mean, I would need to have a look at the actual - I don't believe that we have ever contemplated having a different interest rate commensurate with the loan-to-value ratio.

Ms WEBB - But in our tender document:

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In the request for application, we indicated they would need to report monthly on the summary of effective interest rates being charged, timeshare customers grouped by the number of customers being charged different rates provided in 0.5 per cent increments and grouped by the loan-to-value ratio, LVR, specifying the effective interest rate for customers at -

And then it had various LVR rates that had to be reported against. That seems a fairly explicit indication that we anticipated competitive rates at different LVR levels being offered to clients. Have we contracted to only offer one rate through this scheme?

Mr GILMOUR - No, we haven't.

Ms WEBB - So, Bank of Us, right now, is the decision maker in the rate that is offered and we are not requiring them to offer competitive rates to lower LVR situations for clients?

Mr GILMOUR - Yes, in our accreditation agreement, we have a requirement that the bank offers competitive rates appropriate with their assessment of risk and level of funding. And that is what they are responsible for. We have not ever sought to try to regulate the bank's operation.

Ms WEBB - So, is it the Government's view that offering the same interest rate to a MyHomes customer that has a 51 per cent LVR is appropriate as offering the same interest rate to a MyHomes client who has an 80 per cent LVR? Is that reflective, you think, of the Government's intention through this tender document?

Mr ELLIS - I mean, ultimately, the Government's intention is to ensure that we can extend the opportunity of home ownership to more people and, certainly, there is a lot of home ownership products in the market, both private and through the Government. MyHome is one opportunity for someone with, for example, a 51 per cent LVR, to get into the home ownership market, and plenty of options are available in that space. We think the shared equity project is working really well. I think if you look at the data in terms of the success we are having through MyHome in terms of expanding home ownership through the scheme, we are seeing almost exponential growth in terms of people taking up the opportunity to get a loan through the Bank of Us on the MyHome program.

Always interested and keen on the details, Ms Webb. As we noted in the correspondence to you, the MyHome shared equity interest rate that is offered is, broadly speaking, competitive and, in fact, lower than other similar jurisdictions.

Ms WEBB - Not when we compare like to like, but we can come back to that.

Mr ELLIS - Sure. I mean, we can split hairs all you want, but, certainly -

Ms WEBB - It is not splitting hairs. It is being accurate, Minister.

Mr ELLIS - I am happy to be accurate with you, Ms Webb. We are seeing a massive expansion in terms of people choosing to utilise MyHome. Looking at opportunities to increase and improve it is something that we are always looking to do. I think that is clear by the fact that, with some of the changes we have made in the recent past, we are seeing a huge expansion in terms of the people deciding that MyHome is right for them and that home ownership is an

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opportunity they want to pursue. I will pass back over to the team from Homes if there is anything further they want to add.

Ms WEBB - That question was to you, Minister, about the Government's view of only offering the same interest rate to someone with an LVR of 51 per cent compared to 80 per cent. How is that competitive, given that in the open home market you would be offered very different interest rates if you had that differential there?

Can I come back, though, to your question just then, and let me agree, Minister -

Mr ELLIS - Question in terms of?

Ms WEBB - I am coming back to a different question because you did not answer that one.

Mr ELLIS - Sorry.

Ms WEBB - I agree that shared equity schemes are an excellent way to help people into the home market. There is no disagreement from me on that. I just want to understand why we would be offering something that was less than the best deal we could to people who we know are going to be a more vulnerable cohort accessing it through here. I have a question on that, if I may, because you did say you are interested to look at improving it.

Can you confirm there is no impediment to you doing some form of structured review here on the issues that I am raising. I will not be able to get to all of them today, but on the issues I am raising, is there any impediment to a formal review that could look at this situation?

Mr ELLIS - We've already had a formal review of the scheme, which is why we've seen such a big expansion of the scheme. We also took to the election an expansion in terms of the amount of equity that would be provided, also increasing the income limits and thresholds. I mean, obviously, there's always minor technical changes that we can make in these spaces. Certainly, I think we demonstrated through Homes with the discussion around insurance products that our posture is always continuous improvement. In terms of formal review, we've got no plans around that. But obviously there are opportunities. If someone has an LVR of 51, there are often a lot of opportunities for those people in the private market as well.

Ms WEBB - Just to be clear, the LVR of 51 is delivered through the Government's shared equity. So, when you take the Government's share that the Government's putting in, the deposit from the client, that then delivers, in the case I'm speaking about, that LVR of 51. So, it's not their personal -

Mr ELLIS - Yes, sure. If that's what you mean, that's fine.

Ms WEBB - And that's why the risk is incredibly low. So, why would we have a higher-than-market interest rate being offered to someone in that situation?

Mr ELLIS - We've spoken before about the range of different services we provide through the MyHome shared equity program. It's important that we're walking the journey with people. They're often, by their nature, the fact that they are seeking support through this product means that they're having difficulty in the private mortgage market. By providing additional

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support, as was clearly outlined by Mr Gilmour previously, that additional support is really important so that we make sure that there's not additional risk in this space, and that people aren't taking on loans they can't repay, because that's -

Ms WEBB - By offering them a higher interest rate? That's a bit of an obverse way to do that, isn't it?

Mr ELLIS - I just mentioned before, Ms Webb. There are significant services provided to these people that are in addition to the -

INQUIRY CHAIR - Ms O'Connor.

Ms O'CONNOR - Thank you, Chair. I'm just wondering if there's an update on the application for Commonwealth funding?

Mr ELLIS - The application for Commonwealth funding in regards to?

Ms O'CONNOR - The Housing Australia Future Fund (HAFF) funding to help offset the massive debt that Homes Tasmania will have in order to construct homes.

Ms MORGAN-THOMAS - We've been told by the Commonwealth that we can expect to hear either informally or formally - sorry, either individually or collectively in August [2024], so, we're waiting for that with bated breath. My experience from other Commonwealth funding programs is that you find out when you find out. We have just had a change of Minister at the Commonwealth level. I don't know if that is an impact.

Ms O'CONNOR - Thank you very much. So, there's been no indication from the Commonwealth, other than that you'll hear in August, about what Tasmania might receive?

Ms MORGAN-THOMAS - Yes, that's a national message to all applicants. I do know that they were significantly oversubscribed.

Ms O'CONNOR - Sure, yes. Minister, I have a question here on behalf of a key stakeholder. It relates to the affordable housing component of the 10,000 homes commitment. Just to clarify, the First Home Owner Grant and the duty relief scheme for first-home buyers of established homes are not included in the affordable housing components of the 10,000 homes, are they?

Mr ELLIS - I'm seeing a nod from Ms Stone on that one.

Ms STONE - That's correct.

Ms O'CONNOR - Okay, thank you very much. If we could just unpack what proportion of the 10,000 homes commitment you foresee falling within that affordable housing category, Minister. We sort of touched on it at the last hearing. Of that 10,000 homes, how many would be social housing within the definition of social housing?

Mr ELLIS - I'll pass over to the team from Homes Tas to add to my remarks in a second. In terms of some data on affordable home ownership and affordable rentals to the end of June 2023, there's been a net 1,157 increase in affordable housing, including: affordable private

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rentals, 509; affordable home ownership, 325; and affordable land lots, 323. As at 31 May 2024, an additional 444 affordable rentals and home purchases have been delivered, with an additional 1,160 homes and lots in the pipeline.

I'll pass back over to the team if there's anything further to add.

Ms O'CONNOR - Thanks for that, Minister. I am interested in understanding, and I think the Committee would be too, in the proportions of that commitment. Your Government has made a big call - 10,000 homes by 2032. How many of them, what proportion do we think will fall within the social and affordable housing categories?

Mr ELLIS - Obviously, future projections are one thing that will depend on, broadly speaking, the needs of Tasmanians, but perhaps if we talk about what we have delivered so far. I will pass back over to the team to give an indication of where that is at currently.

Ms O'CONNOR - Sorry to interrupt. What we have delivered is a separate question. What we are trying to ascertain here is projecting forward, so in 2032, if you look back as Minister, what will it look like in terms of the proportion of the 10,000 homes that are social and affordable?

Mr ELLIS - I understand the question, Ms O'Connor. I am trying to be helpful, and I think if we can provide you some information around the proportion of social that we've delivered so far, compared to affordable, and then we can go the next part of the question.

Ms O'CONNOR - That is just not the question. It is a question that you sort of weaved around in the last hearing as well a bit.

Mr ELLIS - As I say, I am trying to be helpful. If we can provide that information, Ms Morgan-Thomas.

Ms MORGAN-THOMAS - If I can refer you to the latest dashboard, which has come out for the end of June [2024], which I think was published in the last couple of days, the really good news about that is it shows a slight downturn in the numbers of people on the housing register, which is the first time that we have seen a reduction in that in a number of months, so that is really good news.

INQUIRY CHAIR - Do you know whether people have actually just given up and taken themselves off the register, or is it just they have genuinely been able to find a home?

Ms MORGAN-THOMAS - There is a lot of movement in the register. In every month it will be a slightly different cohort. But we do know that the majority of the people are staying on the register, but we are housing some people. Some people's life circumstances change and they move interstate or start a new relationship. All sorts of things happen in people's lives, but we know people come on and off. This is the beginning of - we have seen a decline in the growth over a number of months, so it has not been growing at the same rate; and this month we have seen a decline, so that is really good news.

Ms O'CONNOR - We have also seen population movement to the mainland, quite a sharp increase in people leaving.

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Ms MORGAN-THOMAS - All of those things have an impact. Where we are at the moment is looking at what we need to do. We have in the pipeline things we have already started, so we know that they are kind of locked into our forward plan. We have 560 that are locked in. Some of these are waiting for Commonwealth funding.

Ms O'CONNOR - These are 560 social?

Ms MORGAN-THOMAS - That's 560 total, of which 461 are social. Now, what I expect will happen in our planning - and we are looking at this, is that we keep monitoring what is happening in the market, what the market needs and then what we need to deliver. It would be very rash to lock in a number or a proportion now, but we know that we need to reduce the social housing register.

Some of the people on the social housing register have a need for affordable rental. The biggest problem is they can't afford the rent in the private rental market. The solution for those people is not necessarily social housing; it will be working in the private rental market to deliver more supply there.

So, we are very conscious of not locking everything in because locking people into social housing is expensive to maintain. It is a very deep subsidy but, for a lot of people, it can be a poverty trap as well.

Now, there are a group for whom social housing is really important and will be their home for life. I know that. So, we are working through all those things and working with our Board at the moment.

Ms O'CONNOR - Can I just challenge that statement? Social housing may be a poverty trap depending on how that social housing is built and where it is built, and what it is connected to.

I guess one of the issues here is that we have seen a philosophical shift from governments that recognise that social housing provided a broad community good to marginalising it, which marginalises the people who are in it, drying up funding and focusing more on other market mechanisms to provide people with affordable homes. I am just wondering how sustainable a system is that says, for a proportion of people who are on very low incomes, but maybe we don't have the social housing for them, we will subsidise them in the private rental market, which is out of control. Is there any thinking about - I know it is a deep subsidy to build social housing, but it is a long-term investment in social good if you do it properly.

Mr ELLIS - Ms O'Connor, we obviously have a difference of views.

Ms O'CONNOR - What did I say that's challengeable?

Mr ELLIS - I'm about to answer that, Ms O'Connor. We believe in terms of taking action in housing. We need to take action across the spectrum.

Ms O'CONNOR - I agree.

Mr ELLIS - Then we don't have a difference of views, which is great. But that's part of the reason why we set up Homes Tasmania as it is. It is part of the reason why we're looking

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to increase by 200 the Private Rental Incentives scheme. Depending on people's life circumstances and life stages, we think there are different supports that can and should be provided. Ms Morgan-Thomas has outlined quite clearly that we have a really strong social housing build program as far as our future projections, so I reject your characterisation around marginalising that space. If you look at national data, Tasmania has delivered 15 -

Ms O'CONNOR - If you have a look at the Act¹ as it was originally drafted, you would know that social housing was down the list.

INQUIRY CHAIR - Order, we only need one person responding at a time, so, Minister, if you finish.

Mr ELLIS - Thanks, Chair. If you look at the national data, Tasmania delivered 15.5 per cent of all social housing builds in the country in the latest data, and we have 2 per cent of the population of this country. So, I think, (a), your characterisation's wrong and, (b) -

Ms O'CONNOR - It's not.

Mr ELLIS - Well, it is, quite clearly by the data, given our massive overrepresentation nationally in terms of social housing.

Ms O'CONNOR - You are debt-funding social housing construction.

Mr ELLIS - We're building social housing. I think most Tasmanians would understand that they often borrow to build their houses.

Ms ARMITAGE - My question was a supplementary, Minister, regarding the housing waitlist. I note that you're saying it's actually going down. Are there any figures that show how many people on the list or do you have a separate list, because I often have people come into my office who are already in a Housing or Homes Tas house, but they're actually wanting a different home for whatever reason. For example, they don't have a yard for their children and they want something larger. Is there a separate list for those people or are they on that same housing list? How is that worked out?

Mr ELLIS - Yes, that's right. There's a range of different people who are on the housing register, including people that are already in homes. It's more of an eligibility register in terms of being accurate. I'll pass over to the team in terms of proportions.

Ms ARMITAGE - I am wondering whether you have them listed separately, whether they come into a different category, like a transfer request?

Ms MORGAN-THOMAS - It's the same register, but we've got our marker on them that says they're looking for a transfer. There's about 320 or 330 people currently on the register, which might mean that you want to move to another housing provider, depending on what location you want. The community housing providers will run their own list for internal transfers as well. So, you're right, there are people looking for a transfer.

¹ *Homes Tasmania Act 2022* (Tas)

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Mr EDMUNDS - I've just got a few questions here, probably a bit data-intense so I'm happy for them to go on notice. I want to know the total number of public or social housing properties at 30 June by year for the last 10 years, if possible. I am happy to put that on notice.

Mr ELLIS - We will see if we can get that information to you.

Ms MORGAN-THOMAS - It's actually on the dashboard.

Mr EDMUNDS - Thank you.

Ms MORGAN-THOMAS - Is it for the last 10 years? I'll just -

Mr EDMUNDS - I also want to know the total number of properties sold each year since 2014. I also want to know, obviously there are applications on the waitlist, but the number of people attached to those. If we could get that data, including the number of children connected to those applications?

Ms MORGAN-THOMAS - Just on that last one, the number will depend on the accuracy of what the applicant has told us. You'll appreciate that people have babies, children move out; there's a lot of movement in that space.

Mr EDMUNDS - What you have available to you is fine. I appreciate that.

Ms MORGAN-THOMAS - I can give you the numbers of public housing from 2016 to 2023 now. It's on the public dashboard.

Mr EDMUNDS - I don't mind putting it on notice, by the way. I could pass these to the Secretary.

INQUIRY CHAIR - That would be really useful because it's pretty detailed data and we've got people waiting.

Mr ELLIS - And most of it's publicly available.

Mr EDMUNDS - I appreciate the work that had gone into pulling that together.

INQUIRY CHAIR - On the updated dashboard.

Mr ELLIS - End of the month, by the way, Chair, which will be great. That will include some of the greater levels of visibility around data about people on the register that Ms Armitage was interested in, because there's a range of different people that are eligible and many of them have very different life circumstances.

INQUIRY CHAIR - My question is around page 55 of the Annual Report² around the MyHome investments. It talks about the revaluation. It says that the revaluation cycle aligns with the Valuer-General's practice of updating capital values every two years. I thought it was longer than two years. Is that your understanding? I thought it was more like five years for a reval. Can somebody clarify if this is correct in the Annual Report?

² See [Homes Tasmania Annual Report 2022-23](https://www.homest Tasmania Annual Report 2022-23), <https://www.homest Tasmania Annual Report 2022-23>, [data/assets/pdf file/0027/273177/Homes-Tasmania-Annual-Report-2022-23.pdf](https://www.homest Tasmania Annual Report 2022-23)

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Mr FAZACKERLEY - Thank you. It's certainly correct, yes. We have a range of reval arrangements with the Valuer-General, and for the MyHome -

INQUIRY CHAIR - Outside the Local Government areas?

Mr FAZACKERLEY - Yes, that's right. So, it's certainly correct that it was revalued on a two-year basis.

INQUIRY CHAIR - Okay, thank you. I wanted to clarify that because it seemed at odds with what we all see if we own a home and the reval comes in and the rates go up there.

Ms WEBB - Chair, I'm going to return to some more questions around the MyHome scheme. When I look at the MyHome fact sheet provided by Homes Tasmania, it describes eligibility. It mentions under the subheading 'Income':

To be eligible for MyHome and a Bank of Us home loan, you need an income.

Then it mentions, below that, a table with various upper limits for incomes and eligibility. It also mentions that your income from all sources will be used to determine your eligibility for MyHome.

My question relates to that concept of income, and what's included and what isn't, because it's been brought to my attention by a constituent that there appears to be an obstacle for people who are on a disability pension. That's because a person who was on a disability pension, living independently for five years saved \$30,000 for a deposit, looked eligible for the MyHome scheme, but was turned down by Bank of Us because the income was a disability pension.

Have we entered into a situation where we're excluding people from this scheme - Tasmanians with a disability who are relying on a disability pension, even if they are apparently in a position to be able to meet the requirements of it?

Mr ELLIS - I'll pass over to the team from Homes Tas around income eligibility. I will mention, though, just to assist the Committee: I mentioned before around increasing the income limits for eligibility with the program. It was \$107,580 combined income. That has now gone up to \$134,475. That's about a 25 per cent increase. I'll pass over to the team from Homes.

Mr GILMOUR - The Bank is responsible for undertaking assessment in terms of their obligations for responsible lending under APRA. People who are on a pension - a disability support pension in this case - are typically not deemed to be appropriate for securing a mortgage finance arrangement. That's a decision of the Bank consistent with industry practice. That's been consistent with the HomeShare product since its inception in 2008. The Bank is responsible for doing its assessment on what is in accordance with APRA's requirements around responsible lending.

Ms WEBB - So, it's just a flat exclusion of somebody who's on a disability pension from accessing a home loan?

Mr GILMOUR - No, it's the type of income that they're on, and the bank's assessment under that -

Ms WEBB - That's what I'm saying. Is it a blanket exclusion because that person's income is a disability support pension? Even through this scheme, which is obviously a very positive shared equity scheme, where the Government is putting in a fairly sizeable proportion, and the person is able to demonstrate that they can meet that, it's just a blanket exclusion on Tasmanians with a disability on a pension.

Mr GILMOUR - No, I wouldn't characterise it in that way. This is probably a better question for the Bank and the banking industry. There are obviously significant changes that occurred, particularly after the Royal Commission into responsible lending. There were obviously a lot of changes about how banks operate. We do not seek to get involved in the Bank's assessment of what its lending assessment is against an individual's application. We do know that Bank of Us has performed very well under its accreditation and in terms of its assessment of how it operates in the industry.

It's not the nature of the pension type, which is not saying that it is a disability pension; it's the type of income and the amount of income, and the risk that that person may, at some point, be placed into hardship as a result of a mortgage.

Ms MORGAN-THOMAS - If I can just add to that. The Bank is governed by APRA rules around these sorts of things. I know that the banking industry is currently lobbying APRA and the Commonwealth Government to change some of the margins that they require them to have about if interest rates go up by 'x' percentage points. There is a test that they apply at the time of lending, which looks at the capacity of the lender to pay higher interest rates. We can ask the Bank of Us for a specific example.

Ms WEBB - I am interested to know if we have collected data, then, through the scheme around how many people may have attempted to access the scheme and been rejected on the basis of their income type, or their income circumstances, by the sound of it, where it would be people who are on a disability pension or other form of Government payment.

May I ask one more question?

INQUIRY CHAIR - One more question.

Ms WEBB - Thank you, Chair. The other area I wanted to talk a bit more about was frequency of payments. We talked last time about monthly versus more frequent payments being available. People have brought it to me that they were instructed by the bank that they were only able to make monthly payments.

Following our previous Committee hearing, my understanding is the Bank of Us has released a payments option info sheet; also, that the CEO, Paul Ranson, sent an email message to clients on 18 July [2024], outlining that flexible repayment options are available - weekly, fortnightly, monthly, as long as the minimum monthly amount is required to be met. So far so good.

However, further information has been brought to me about what that actually looks like in practice. People have gone back to the Bank of Us to change to the more flexible repayment options, as told that they could, and as it turns out, even if they change to a fortnightly payment, it is only taken off their mortgage once a month. This is unlike the mortgage I have, where I

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pay fortnightly and I can see on my statements that that amount is literally coming off every fortnight, which affects the calculations and that is one of the reasons why it is a more attractive thing to do. Bank of Us is only taking it off once a month, so there is a no actual benefit for saying people can pay it fortnightly other than it leaves their bank earlier, but it is not giving them that tangible benefit at the other end.

Can you clarify whether that is, in fact, the case and whether that is your understanding of what would be expected of the Bank of Us? I find it misleading to suggest to people, 'Oh no, you can make flexible repayments', but it is not fully the feature we would expect as a flexible repayment.'

Mr ELLIS - Part of that flexible payment is how people budget and that sort of thing, by being able to pay more regularly, but I am happy to take that on notice, Ms Webb.

Ms WEBB - Thank you.

INQUIRY CHAIR - I think we will all be interested in the response from that because when I read the response, I thought 'oh terrific, an opportunity'.

Ms WEBB - Yes, people distinctly went back to check, to set that up.

INQUIRY CHAIR - Is there something that can be added?

Mr ELLIS - Chair, I think Mr Gilmour has found something to add.

Mr GILMOUR - It is typical in the industry, as I understand it, that most bank systems operate on a monthly interest rate. This is old, potentially; this is what we're told. The calculation of interest on a mortgage is done on a daily balance. Whilst the system, and when the loan document is drawn up it says monthly, it is calculated on a daily basis. So, if somebody is making a daily, fortnightly, monthly, weekly payment, then that is what is going to change how much interest gets calculated. The fact that that only gets done on a monthly basis - that they only see the balance sheet results of that on a monthly basis does not change the fact of how interest is calculated on the account.

Ms WEBB - I think it is worth us checking whether this is, in fact, the case, because that is not the impression the clients have from the bank.

Mr GILMOUR - That is what the bank has advised us. Definitely. we can follow that up with the responsible bank.

INQUIRY CHAIR - That would be very much appreciated.

Ms ARMITAGE - I'm going to take you on a totally different track now. The pets in rentals obviously is a bill that we have coming up. What is the current situation or the obligations with Homes Tas as regards to tenants coming into Homes Tas premises with pets currently. Are they allowed? Is there a bond? How does Homes Tas manage that currently? The bill obviously hasn't gone through yet.

Ms MORGAN-THOMAS - There's no bond. We don't charge a bond. We recognise that damage can occur from all people in a house.

Ms ARMITAGE - People or pets.

Ms MORGAN-THOMAS - Or pets. We know the importance of pets to people's mental health and wellbeing, and that's a really important thing for our clients. My understanding is around 50 per cent of our tenants have some sort of pet. Our policy setting at the moment is that they're required to ask us if they can have a pet, and usually we will agree to it. We have limits on the number of pets you can have, and things like that.

INQUIRY CHAIR - On the amount of dogs or cats?

Ms MORGAN-THOMAS - You're also not allowed to keep dangerous dogs. If you have a dog and you have an unfenced yard, then we will have a view on that. But that will be particular to the tenancy. If you were going to have a large dog and there's no fence, we would say, 'No, you can't do that'. Then, once the tenant has their pet in the house, if there are dogs barking and things, it just becomes one of those things you do in managing neighbourhood issues, really. So, you're required to do all the things that you're required to under your lease, which is to give peace and enjoyment, or something like that, to your neighbours, to live in harmony, basically.

INQUIRY CHAIR - Quiet enjoyment.

Ms MORGAN-THOMAS - Quiet enjoyment. Thank you.

INQUIRY CHAIR - With a pet in the home, obviously, if you have a private rental, they inspect the home every three months, I think. Does Homes Tas, regardless of whether you've got a pet or not, have inspections? I know in the past, in my past life on council, when we had issues and we asked Housing Tas, as it was then, as opposed to Homes Tas, that they actually can't go past the front door, can't go around the back. So, do you do regular inspections?

Ms MORGAN-THOMAS - There's a requirement under the residential tenancy agreement to notify the tenant that you're coming in to do an inspection. We do it and if there's maintenance issues or things like that, we will often take photographic evidence or things like that. We use it as both a client welfare, state-of-the-house, maintenance check-up, a bunch of reasons why we might go.

Ms ARMITAGE - How often?

Ms MORGAN-THOMAS - It might depend on the tenancy. I think it's six-monthly, but definitely yearly.

INQUIRY CHAIR - Supplementary, Mr Gaffney.

Mr GAFFNEY - Thank you, Chair. You said that you have limits. Is it your limit or is it the council bylaw limit on how many dogs they can have and that sort of thing that lets you know what can happen in each of the areas?

Ms MORGAN-THOMAS - We have a rule-of-thumb limit that is able to be varied. I have varied a couple of those along the way for compassionate reasons. But, if there are council bylaws, we would have to take those into account as well.

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Mr GAFFNEY - Okay. I'm also interested in who manages the neighbourhood issues. If two of your clients have an issue, do you guys manage that or is that a council responsibility? If there's noise, or if there's impacting of a dog not being housed, or a cat running outside and not being managed, when you say you manage that, what do you mean by that?

Ms MORGAN-THOMAS - It will mean if it's our tenants, our tenancy managers will try to sort it out in the first place. Sometimes people complain about their neighbours. Occasionally, police will be involved in these.

Mr GAFFNEY - So, would they complain to you directly or would they complain to the council?

Ms MORGAN-THOMAS - Probably both. I wouldn't have any visibility if they're complaining to the council, but I do see the complaints that come to us. People will also write to Members of Parliament.

Mr GAFFNEY - Okay. No doubt we will get information on this through the pet rental legislation, but whose responsibility is it to fence property? If you've got four or five properties and there's no fences and somebody wants to have a dog, whose responsibility is it going to be to fence that property so that dog -

Mr ELLIS - When you say four or five properties, are we talking private rentals now? Are we talking Homes Tasmania?

Mr GAFFNEY - If you have four or five Homes Tas that could be next to one another - there's no fences and one person wants to have a dog. He then writes to Homes Tas and says, 'I want to have a dog. I'm allowed to now. You need to put up a fence for me.' How is that impacting with this legislation, if it does? I'm interested to see how your organisation will handle that piece of legislation if it gets passed.

Ms MORGAN-THOMAS - I can say from the outset that we are fully on board with the changes in the legislation. It slightly changes things for us around people having a right to have a dog as opposed to asking us, but we recognise the importance of having pets in rentals - that people should be able to have an animal because it's so important for their mental health.

But you are right. There are some practical considerations that we will have to think about if people request a fence. I might hand over to Mr Gilmour about what happens when people request any alteration or things around their property, because those obviously have a budget implication and things that we have to schedule. Richard, if somebody was to ask for a fence and Tenancy said, 'Yes, we think this pet's a good idea, but there's no fence', what would happen?

Mr GILMOUR - It is an interesting question. In most circumstances, most properties would have a secure yard. That's done on the basis that people have kids; they need to have somewhere safe for them to stay, so that's a yard that is fenced from the street, a rear back yard with a side fence, for example.

I guess the question could relate to, say, a unit complex potentially, where you might have some ground-floor units that might not necessarily have an enclosed space. We need to

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take that on a case-by-case basis. But typically, most tenants in most circumstances would have a secure yard. So, I'd be really interested to see what the circumstance was and we would just look at it on a case-by-case basis, effectively. It might be in the circumstance, where it was a block or unit complex, that providing a fenced area for a dog could actually be impinging on what is common property for everybody else's enjoyment as well. Those types of things would need to be considered.

Mr GAFFNEY - Knowing that there could be some impacts, for me it's not a case of, 'hear hear, we're allowing pets'; it's a case of what are the practical implications of that decision? How is that going to affect the funding for different things? Does it mean that your organisation is now going to have to go back and look at all your properties and say, 'Look, if somebody moves into here, we're going to have to have this fenced because they have a right to', and that's fine. But we need to know how much that might cost your organisation to be able to do that if that's the situation.

Ms MORGAN-THOMAS - That's a good question because we are the largest landlord in the State by far. As my colleague Mr Gilmour says, the majority of our properties are designed with the idea that people will have children, who are just as likely to escape. Sorry, 'escape' is probably not the right word.

Mr GAFFNEY - It probably is. It's whether you want to find them after they've escaped.

Ms MORGAN-THOMAS - For the safety of children you need a fence. I would say the majority of our properties are fenced. I have not been budgeting for this to be a big financial impact.

Mr GAFFNEY - If a council decides that there must be cat enclosures, which is the way we're trending now, which is fine, and if a property has a cat, are you able to say, 'If you want to have that cat, you have to provide the enclosure'? Or is it incumbent on the owner of the property to provide that cat enclosure?

Mr ELLIS - It is hypothetical at this stage.

Mr GAFFNEY - It's not hypothetical at all because some councils are already introducing those bylaws. So, how does that impact, especially if the legislation goes through and says you have to allow a cat? I want to know how the organisation might handle that.

Ms O'Connor - The owner is responsible for the cat.

Mr GAFFNEY - I want to hear from -

Ms O'CONNOR - I think that is what you will find.

Ms MORGAN-THOMAS - This is not a thing that we have thought about. I think we need to go away and think about it so, thank you, that is good advice.

Mr GAFFNEY - Just because it is occurring.

CHAIR - I have one more supplementary on this and then we are going to leave the pets in Homes Tasmania properties.

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Ms ARMITAGE - With regard to the unit complexes, do we have many inquiries at the moment, many people in the unit complexes wanting pets? And the situation if it is refused, what appeal rights do they currently have? So, (a), do we have many that have pets in the unit complexes, because, obviously, it is more difficult than it is in individual home? Then, if for some reason they are refused, what are the appeal rights at the moment?

Ms MORGAN-THOMAS - I would have to take it on notice how many are in unit complexes. Unit complexes in our world go from two conjoined units with yards through to Queens Walk.

Ms ARMITAGE - I don't need a figure.

Ms MORGAN-THOMAS - I don't know the answer. I do know that people will have cats and smaller pets in some of our apartments. If they are rejected, people will write back and I see some of those, where people make a request for a reversal of a decision around pets.

Ms ARMITAGE - Do they have an appeal right to something like TASCAT? Obviously, in the new legislation that is coming up, the onus is reversed. But, currently, if someone, for example, wanted to have a dog in a unit complex because it was a companion dog or something like that, but it caused a lot of trouble barking, do they have any appeal rights, apart from writing and asking you? Can they actually take it further?

Ms MORGAN-THOMAS - My understanding, under the *Residential Tenancy Act* as it currently stands, is that it's our decision about whether you are allowed to have a pet in our property and that is not something that can be appealed through that mechanism. I can assure you that people write to me.

Ms ARMITAGE - I don't need the figures of how many in the units. You don't need to go to that trouble, I was just curious about how it worked.

Ms O'CONNOR - Minister, if we go to the Budget papers, the MyHome extension isn't funded from 2025-26 and '26-27. Can I confirm that it will be re-funded?

Mr ELLIS -As in?

Ms O'CONNOR - As in not given a refund, but the funding will be rolled over, there will be funding allocated to the MyHome extension program, for which the funding expires next year?

Mr ELLIS - Obviously, we are working through the Budget process at the moment. It will be 12 September [2024] and all will be revealed by the Treasurer then. But, broadly speaking, our intention is to deliver on our election commitments, which includes MyHome.

Ms O'CONNOR - An increase to MyHome funding or a rollover of the allocation?

Mr ELLIS - We have made commitments around increasing the support available to people through MyHome and also expanding the number of people who are eligible. We are working through the budget process at the moment.

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Ms O'CONNOR - There's a line item in here from last year's budget as well for the Private Rental Incentive Scheme enhancement, where funding - it sounds like it was a one-off allocation or one-term allocation. What is your thinking on that?

Mr ELLIS - Yes, we made a commitment to expand the Private Rental Incentive Scheme by another 200 properties at the election. We're obviously working through the budget process but committed to meeting all of our election commitments.

Ms O'CONNOR - Okay, thanks, Minister. What is the Homes Tasmania maintenance burden, for one of a better term, so outstanding maintenance?

Mr ELLIS - General maintenance budget for 2023-24 was \$24.75 million. We expect to have exceeded that. You will note that in our election commitments we actually made a commitment for a \$20 million boost over the next four years in terms of additional funding for maintenance services. I will pass over -

Ms O'CONNOR - The question is the outstanding maintenance, which, in a way, is a debt. It sits on the books as something that is unfunded and needs to be done.

Mr ELLIS - Yes, I will pass over to the team to get some more on that.

Ms MORGAN-THOMAS - The maintenance of our portfolio is very important to us and we work with community housing providers around that. Over the next four years, we'll be jointly implementing an energy efficiency upgrade program, that's partly Commonwealth-funded and matched by us and the community housing providers, that will do some important upgrades around the thermal efficiency of the property and appliances within it. We are rolling that out over the next four years.

We're monitoring at the moment, and we don't have the current numbers on - I think you were talking about - the deferred maintenance liability, is that correct?

Ms O'CONNOR - That's what I'm looking for. Mr Fazackerley might have that?

Ms MORGAN-THOMAS - We're working through that at the moment. And because it's tied to the - some of the drivers of that are around the valuation of the property, but also of the - because it's about the valuation of a property is the land, but it's also what's the building that's sitting on top of it. So, that's in two parts. It's also driven by things around the cost of maintenance, which has gone up astronomically in the last few years because of the cost of supplies and labour, and inputs and things. So, we're in the process of calculating that at the moment. Mr Fazackerley may have more info.

Mr FAZACKERLEY - Thank you. As Eleri said, we are in the process of recalculating the figure. I've probably - we've got some indicative numbers which are being reworked. What they show in broad terms - I think, Cassy if you remember from a while ago, that deferred maintenance figure set up around \$90 million, probably close to \$100 many years ago. What I would say is we've seen a pretty significant improvement in it over recent times.

I've got an indicative number here which, as I said, we're working through, and I wouldn't really want to put it down as a hard figure, but that the number is around \$63 million now across both our stock and the stock managed by the community housing organisation.

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Over time that's shown a very significant improvement. We're recalculating the figure, as we say, now to get a more accurate figure as of today, or probably 30 June sort of stuff. But yeah, what I note is over time it's seen a significant improvement and, yeah, we will recalculate. And I probably expect that trend to continue.

Ms O'CONNOR - Thank you. Is it your understanding that the maintenance liability has fallen because more stock is being managed by community housing providers, or is it as a result of direct dollar investment in Homes Tasmania stock? Minister, you may wish to answer this.

Mr ELLIS - Are you talking about because we transferred properties to community housing?

Ms O'CONNOR - Yeah. When you transfer to community housing providers for management, part of that maintenance liability goes with that transfer.

Mr ELLIS - I think Mr Fazackerley said it was a global figure for social homes. Was that correct?

Ms O'CONNOR - Is that the Homes Tasmania stock maintenance liability?

Mr FAZACKERLEY - No, the figure I gave was for all stock, both Homes Tas and community-managed.

Ms O'CONNOR - Okay. And that is how many homes in total, 13,500, roughly?

Mr FAZACKERLEY - Yes, that number.

Ms O'CONNOR - Okay. Does Homes Tasmania carry the responsibility for maintenance in community housing properties now?

Mr ELLIS - I think it's more the data provision for you to get a sense. It's quite clear that social housing maintenance has improved since when you were a Minister, Ms O'Connor, and we're making significant investments in that space.

Ms O'CONNOR - Yeah, when we built around 2,200 new homes in four years, so I challenge you to do better than that.

Mr ELLIS - Well, we've delivered 3,620, so, anyway. To be helpful, I'll pass over to Ms Morgan-Thomas to assist.

Ms O'CONNOR - Thank you, Ms Morgan-Thomas. Just to understand, given that there's going to be a \$457 million debt within two years sitting on Homes Tasmania's books - this is the evidence that came before the last inquiry. I think it was \$457 million by 2026-27, and you've got a maintenance debt there, just to unpack what it's going to look like. But also, how you brought it down and some clarity on whether Homes Tasmania carries the liability for community housing properties maintenance, which I didn't understand to be the case.

Ms MORGAN-THOMAS - Maybe if I explain the fundamentals of how it works:

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We retain the ownership of all of the properties, apart from some that some of them own themselves. We're only counting the ones that we own. We own the asset, therefore the value of the asset is sitting on Homes Tasmania's books, and any improvements or impairments to that asset also sit on our books.

However, in the handover to community housing providers to manage it, it goes with a proviso that they have to do all of the responsive maintenance, but also the improvements. That goes with them. They have access to higher incomes than we do because tenants get Commonwealth rent assistance, so they get that. We don't. Part of the reason for the transfer to them is so that they can use that to improve the asset.

That is where some of the improvements are. Some of them are coming from work we have done in the portfolio we manage to improve the assets through energy upgrades and things like that, and will come further, because the energy upgrades are actually an asset improvement and dealing with some of our liabilities.

But the average age of our stock is 40 years. or close to 40 years, and it is something we are looking at as part of our future strategy about how we deal with that ageing stock. How do we make it more fit for purpose? There is an evaluation that will happen on each and every property to go, 'What's the purpose'.

Ms O'CONNOR - Thank you for that. Can you foresee some investment in retrofitting of the older stock? I know there is a whole way of dealing with older stock and you might make some available through HomeShare, MyHome. But is there a plan to retrofit to improve the quality of the stock and give it a longer life?

Ms MORGAN-THOMAS - Some of the stock can be improved, and it's certainly the case with more solidly built properties. Some of the stock, we know it is impossible to make accessible for people with mobility requirements and, also, the fabric of the building doesn't support further investment in it. We have to make asset decisions like that every week. There's always something.

Some properties, all the time we will go, 'That property, when it becomes vacant, we won't invest any more in upgrading that property'. If it has redevelopment potential, we may then redevelop it at that point and do a spot redevelopment. Those sorts of decisions happen, but it's based on the status of the property at the time.

Ms O'CONNOR - Maybe increasing density on some of those sites you're looking at redeveloping?

Ms MORGAN-THOMAS - Yes, because, on the whole, the older stock is generally on a bigger block and we have - I can ask Mr Gilmour to talk about a couple of the things we have done in Chigwell, where we've been able to get substantial additional yield out of a redevelopment. You might want to talk about a couple of things.

CHAIR - Fairly briefly, if you might, Richard, because there's a few more questions.

Mr GILMOUR - To the density question, Ms O'Connor, we've had some really good examples now. The project that Eleri alluded to was four single dwellings. Basically, they were at the end of their asset life. We were able to demolish those and build 22 units, effectively, in

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multiple levels. We've got another project we're working on where we've got eight properties, effectively, and we can deliver 45 across that site. That's the sort of intensification we're looking at across the portfolio.

Ms O'CONNOR - Beautiful. Thank you.

CHAIR - Can I ask about the maintenance contract and how regularly that is let? And whether that's on a regional basis? How is that actually facilitated?

Ms MORGAN-THOMAS - We have two maintenance contracts, one in the north and one in the south. We're in the process of reviewing what happens with that. I will hand over to Mr Gilmour for that.

Mr GILMOUR - We were actually undertaking a review for quite some time. Our current maintenance contracts are delivered through two head contracts. They started out under separate entities. Unfortunately, we were probably about three years into the new contract term and the southern head contractor was, basically, unable to proceed. The contractor who was delivering for the north and north west was able to step in and, effectively, take over a statewide contract. That contract, both those agreements are up in July next year so we are in the stage now of doing the final recommendations to the CEO.

CHAIR - Is it is it an open tender process?

Mr GILMOUR - Absolutely, and it always has been. We're looking at how Homes Tasmania gets the best outcome for our portfolio. What's occurred over time we used to have 13,000-odd properties that we managed, so when we went out for a statewide head maintenance contract, that used to receive national approaches. It was seen as a very good contract to secure.

CHAIR - Who is subcontracted under that?

Mr GILMOUR - That's correct. They contract local subcontractors. But, as we have transferred our portfolios to the community housing sector, that has diminished our scale in that sense. We're looking for improved ways of working with Tasmanian contractors to provide maintenance into that portfolio. That will be reflected in the new contract, in our new tender that comes out, which will be later this year.

Ms ARMITAGE - With regard to the tender, I'm assuming it's buy Tasmanian first. Are the current contractors Tasmanian firms, not just someone who has an office in Tasmania and mainland people come down? We are primarily looking at Tasmanian contractors?

I know sometimes it might be a little bit more expensive, but in the long run, it is not, because we are employing Tasmanians and putting food on their tables, and giving them money. Can you confirm that we do look to buy Tasmanian when we are looking at contractors and we are putting out to tender, and we are not just necessarily taking a mainland company that might come in a little bit cheaper but, at the end of the day, it is actually not.

Mr ELLIS - Yes, the Buy Local policy is a really important policy that we established more broadly across Government. I will pass over to the team.

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Ms MORGAN-THOMAS - We are bound by the Treasurer's Instructions around the weighting that we need to give intended decisions around Tasmanian firms, as opposed to -

Ms ARMITAGE - Can you tell me if the contracts we have currently are with Tasmanian firms?

A Witness - It is just one.

Mr GILMOUR - They are the same.

Ms ARMITAGE - Is it a Tasmanian firm?

Mr GILMOUR - It is a Tasmanian firm. It definitely is.

Ms ARMITAGE - They're Tasmanian workers, not fly-ins?

Mr GILMOUR - Correct, they are Tasmanian workers.

Mr ELLIS - That would be a very expensive way to fix a tap.

Ms ARMITAGE - You would be surprised.

Mr ELLIS - But that is what I mean. I agree with you, Ms Armitage, around the benefit of maintenance contracts particularly, going to local firms.

Ms ARMITAGE - Absolutely, it is important that they come to local firms.

Mr EDMUNDS - I want to ask about Homes Tasmania's strategic thinking, future focus. We talked a bit about Huntingfield last time, but what about when there is potential land coming on side. An example on the eastern shore would be Skylands, or Droughty Point. I think that's 2,500 lots. Do you think, 'Okay, there's an opportunity for us here'? What work goes into thinking about the future around providing housing stock?

Mr ELLIS - One of the great things about the Homes Tasmania model is that there is so much more flexibility for us to be able to make quick decisions in the market. We have seen that in another area in terms of our key worker accommodation. For example, our ability to buy up short-term accommodation in Punchbowl in Launceston has meant we are able to house key healthcare workers for the Launceston General Hospital LGH. The 19 properties that are then freed up can go back into long-term rentals around the market. I will pass over to the team from Homes Tasmania in terms of how we take action on those opportunities.

Ms MORGAN-THOMAS - I think we would be brave to say that we were going to buy something in that development at the moment because any time we say that, that flags interest to the market. We would not want to do that. But I do know that Mr Gilmour and his team are looking all across the State all the time for land and we get a surprising -

CHAIR - Under a pseudonym?

Mr ELLIS - If it is 2,500 lots, it is not a secret proposal.

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Mr EDMUNDS - Might be an idea.

Ms MORGAN-THOMAS - We would not typically buy a single lot. That would not be a cost-effective way to do it. We are a developer in our own right and will want to act like a developer in that regard. We get a lot of unsolicited proposals, it won't surprise you, and we look at those when they come across our desk.

Mr EDMUNDS - But is there like a 10, 15, 20-year plan looking at where, in that case, urban growth or even things like the UTAS land potentially becoming available in the decades to come, do you view that through a strategic lens?

Ms MORGAN-THOMAS - Yes, we do. Our priority is urban infill rather than on the fringes, because of density and those - but we also, we are a substantial landholder ourselves. A lot of our opportunities are to redevelop our own standings. We have a fairly long pipeline of land available to us in our current pipeline of lots that we've acquired through various means. They're our future pipeline of where we will build.

Mr ELLIS - Yes. And some of our most strategic opportunities, I suppose, when we're talking about that long term is estate renewal. Obviously, back in the day, there were large broadacre estates built on the fringes of urban areas in Tasmania. That set up a whole raft of challenges, as everyone here knows. The opportunity for estate renewal is, in my view, and certainly in discussion with Homes Tasmania, one of the major opportunities we have by providing a greater mix, greater density and also other amenity opportunities in some of those estates. We think that's a huge strategic opportunity for more homes and better liveability for people in those suburbs that have previously been broadacre housing estates.

Mr EDMUNDS - Back to your previous comment, in talking about infills, a prospective project like UTAS would be more attractive than, say, Skylands?

Mr ELLIS - We've been pretty clear regarding the legislation that we're looking to bring in regarding UTAS that we want the university to focus on educational infrastructure. You may have a different view, Mr Edmunds. We want Homes Tas to be focused on housing infrastructure.

Mr EDMUNDS - But considering that there's potential that this might come online, we should have our ducks in a row.

Mr ELLIS - As I've mentioned, we've made our views pretty clear around UTAS. You didn't during the election. That was your party's choice. But ultimately -

Ms O'CONNOR - We were all shocked.

Mr ELLIS - Yes, exactly, I know. It's very unlike Labor to sit on the fence until the last possible moment.

Mr EDMUNDS - Actually, Chair, I don't want to go down this road.

Mr ELLIS - Well, it was your choice, Mr Edmunds.

Mr EDMUNDS - We did call that policy a fraud, Mr Ellis.

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Mr ELLIS - I'm very happy to have a discussion about it.

CHAIR - This Committee focuses on the issue at hand. That's how it works here.

Mr EDMUNDS - I know we've had a debate at the other end of the table. I'm not actually interested in debating. This is for questions.

Mr ELLIS - Yes, and I think I've answered your question. We want the university to focus on educational infrastructure.

Mr EDMUNDS - I've got one last question. I know other people are chomping at the bit to get the call and this is a serious matter. Last hearing - I know we don't want to all bring constituent issues to the table, but it was emblematic of the challenges we faced. We did get an undertaking that there would be some kind of update on that constituent I brought up. There's been no follow-up, to my understanding. I was wondering again if we could use this opportunity to please look into that case as a matter of urgency. I know there's mental health challenges that are getting worse in that scenario. The lack of communication is not helping things.

Mr ELLIS - I'll look to the team from Homes if we have an indicative timeframe that we can give you at the moment.

CHAIR - I'm pretty sure you made a note of that, Minister.

Mr ELLIS - Yeah, no, but more in terms of an indicative timeframe of when you can expect to hear back from us.

Ms MORGAN-THOMAS - We had thought we had identified the client you were talking about and we thought that the Minister had written to you. But we may not have had the right client. It would help, I don't -

Mr EDMUNDS - Last time I did say that if you need any info, just contact me offline, so perhaps we can do that this time.

CHAIR - I think that contact offline needs to occur.

A Witness - We'll follow up on that today.

Ms MORGAN-THOMAS - We thought we had identified that client, but maybe we haven't.

Mr EDMUNDS - It doesn't sound like it.

CHAIR - Okay, we'll sort that out. Ms Webb.

Ms WEBB - A couple of other quick ones around MyHome. Thank you for providing information about the interest rate in the response to the questions on notice. You've outlined some matters about the interest rates there. However, you have also confirmed that we have the highest interest rate offered to shared equity clients nationally when compared with other states'

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shared equity schemes that use commercial lenders the way we do. Excluding those that use Government lenders, Western Australia and South Australia, from your information. Is that something you can confirm from what you've been told about our interest rate levels, Minister?

Mr ELLIS - As we wrote back to you, comparable shared equity schemes provided within other Australian jurisdictions are Victoria, CBA, Bank Australia, Bendigo - rates 6.19 per cent up to 6.59 per cent; WA, Keystart shared equity - 7.85 per cent; SA, HomeStart - 8.64 per cent. We also note the MyHome product includes interest rates in the range of those offered by Government shared equity products elsewhere, provides protections for customers' investment and lowers their upfront costs, with only a 2 per cent deposit.

Ms WEBB - I am just asking you for your confirmation because your numbers align with mine -

Mr ELLIS - The ones that we wrote back to you are the ones we have.

Ms WEBB - in terms of the comparable commercial lenders in the other schemes. We have the highest interest rate in the nation for our shared equity scheme. Is that what you are confirming here?

Mr ELLIS - There are shared equity schemes in Western Australia and South Australia -

Ms WEBB - Government lenders.

Mr ELLIS - Yes, sure -

Ms WEBB - Yes, so not comparable.

Mr ELLIS - Ms Webb, I am trying to answer your question - that are 7.85 per cent in Western Australia and 8.64 per cent. Obviously, we sit broadly around the middle of the pack.

Ms WEBB - No, we sit at the top of the ones who use commercial lenders. Your numbers confirm that, my numbers confirm that.

Mr ELLIS - The numbers that we wrote to you are the correct numbers, if that is what you are asking.

Ms WEBB - That was what I was checking: that it did confirm my numbers, which is that we sit at the top of the commercial lenders that are used in schemes.

Mr ELLIS - Yes, and we sit around the middle of the pack when you look at all the schemes.

Ms WEBB - That is different arrangements for Government lenders in those other states, so it is not comparable. It's apples and oranges.

Mr ELLIS - It is very comparable because we are talking shared equity schemes. The design of our scheme, for our small state and small numbers, is actually very competitive compared to WA and SA.

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Ms WEBB - Could you provide us with a full table of all the comparabilities across the scheme so we can see the difference between the Government lenders' schemes and the commercial lenders' schemes?

Mr ELLIS - Happy to follow up and provide more information.

Ms WEBB - That would be great. Can I ask one more question in relation to the expansion of the scheme? And again, just to say, I am a fan of shared equity schemes.

Mr ELLIS - I am glad to hear that, Ms Webb, because people listening to this broadcast -

Ms WEBB - I do not think that is true, actually. Scrutinising whether this is a good deal in this scheme is a totally different thing to criticising the fundamental model.

Mr ELLIS - We are very open to that but it is important to note, it is really good to hear. And you are right; it is important that we continuously improve, but it certainly has expanded.

Ms WEBB - Which is why I was asking about any impediments to reviewing some of these matters in a more formal way.

With the expansion of the scheme, have we had an expansion of the staffing and resources available within Homes Tasmania to facilitate the scheme?

Mr ELLIS - The scheme is more broadly delivered by Bank of Us. I will look over to the team if there is anything further they want to provide there.

Ms MORGAN-THOMAS - We have had an expansion in the team. It is fair to say that the take-up is so high that we may have to look at that again. I have met with the CEO of Bank of Us during the week and we have agreed that we will set up a quarterly meeting to review efficiencies and things that we can change in the program as it is delivered between the two of us over time. We will look at the continuous improvement that the Minister is talking about because there are always things that you can improve.

Ms WEBB - I am interested, then, in what would prompt the reassessment of the staffing resources. That is because some of the issues being brought to me relate to lengthy delays in completing contracts. Some of those lengthy delays appear to be in Homes Tasmania staff getting back within timeframe.

I have had, for example, a story about a financial clause in a contract. It was a four-week financial clause and the Homes Tasmania person did not come back until three days before the end of that. Then it had to be extended again, and there was a further extension needed because of delays, not on the Bank of Us or the applicant's side, but the Homes Tasmania side. What will prompt you to put more staffing into that area to make sure the expansion is properly resourced?

Mr ELLIS - Sure. Obviously, we are seeing significant growth in a short period of time and that is a good thing. We want to extend the opportunity for home ownership more broadly. Ms Morgan-Thomas, perhaps if you can tell us further.

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Ms MORGAN-THOMAS - Those sorts of things are a volume-based thing and there is an amount that staff can handle. Our team work really, really hard and I am very impressed with all the work that comes through it. But there are always things that you can improve and we will be looking at what we can improve so that we can streamline on our side, and if we need to increase staff.

Ms WEBB - I am wondering about what data, or metric, you are going to have to indicate to you that you need to staff it more. For example, are you collecting information about MyHome clients' agreement processes in terms of when they commenced; how many have required extensions; how many extensions in that contract get processed; the reasons for those extensions; whether the reasons sit with interactions with Homes Tasmania, with the bank, or whatever it might be. Is that information that you are collecting and having reported on to you?

Ms MORGAN-THOMAS - Yes, and that is what we will be working with on a continuous improvement process, because you want to see those metrics come down.

Ms WEBB - At the moment that data would be available to share with the Committee in terms of the most recent reporting period? I am interested in how many contracts there are where that process has begun and then been extended, perhaps been abandoned. Again, I have talked to many people who have had multiple attempts here and had to abandon them, some of whom have had out-of-pocket costs as a result. Is that something you're collecting information about; whether contracts have had to be abandoned because of the extensions and different requirements, and the degree to which that's involved out-of-pocket costs for the clients?

Ms MORGAN-THOMAS - People abandon for all sorts of reasons, including a change in their circumstances, things that are on the side of the client.

Ms WEBB - Yes, but we would hopefully collect that information. Do you understand, from your data, when it is related to Homes Tasmania or things that are under the control of Homes Tasmania?

Ms MORGAN-THOMAS - We certainly know the timeframes. Part of the reason for setting up a structured overview Committee with Bank of Us is so that we can work through those things. You are highlighting all the things that we will be looking at.

Mr ELLIS - It is important to note that work as well, the long history of MyHome and the predecessor was very small volumes stable over a long period of time. With the expansion that's happened after the review, we've seen enormous growth, many multiples of the number of homes that were coming through previously. That has happened in a short period of time. We're always interested to see how we can better serve our customers in a whole range of different ways, and certainly, that's one of them.

Ms MORGAN-THOMAS - There's nothing like a volume increase to find the pressure points. We've had a 200 to 300 per cent increase.

Ms WEBB - Sure, I am just wondering whether you're capturing the information about that, particularly circumstances - I'm probably going to have to put some questions on notice to get some detail about that.

PUBLIC

Mr GILMOUR - Can I make a point with respect to that example that you've made, Ms Webb? We see a number of transactions that either stall or don't meet the timeframes, and it's typically because applicants have signed a contract for the purchase of a home without presenting to Bank of Us beforehand. They've entered into a vendor agreement with the vendor with terms that could not actually have been met.

One of the things, with the changes to the scheme that we've had to implement, is that Homes Tasmania is taking an equity share in an existing property. In our previous arrangement under HomeShare, the only properties we ever contemplated that were existing Homes Tasmania properties, Director of Housing properties. Those were properties that we probably typically built and definitely had owned for a very long time, so we knew everything there was to know about those properties.

When someone presents with an on-the-market existing home that might be 50, 100 or whatever many years old and says, 'This is the home I would like to buy under the scheme', there are processes we need to go through in order to make sure that this is an appropriate property for Homes Tasmania.

Ms WEBB - I appreciate that, thank you. That is appropriate. We don't want people to be buying homes that are then going to be inappropriate in terms of maintenance or significant work. Do we have data on how many applications for existing dwellings have been unsuccessful because the applicant couldn't meet conditions of sale which may have related to those circumstances where there was work needing to be done and somebody had to agree to pay for it?

Mr GILMOUR - We could get a reasonably accurate understanding, I would imagine.

CHAIR - Thank you. We'll make a note of that and that'll be part of the questions on notice. I have a question about workplace wellbeing. I note of the 184 staff - is that still the current number? You just talked about an increase.

Ms MORGAN-THOMAS - It is a higher number now.

CHAIR - It's closer to 200?

Ms MORGAN-THOMAS - Yes.

CHAIR - In the information we provided, only 74 per cent of the 184 indicated they were clear about their role within Homes Tasmania. Is that a concern, Minister, that people are working and they don't actually know what their role is?

Mr ELLIS - We definitely want to ensure role clarity. There's a range of reasons why people might feel that way, but I'll pass over to Ms Morgan-Thomas.

Ms MORGAN-THOMAS - That came out of the State Service survey that was conducted, I think it was March last year. Homes Tasmania was established the December before, so it had been in operation as a stand-alone entity for three or four months when most people did that survey.

CHAIR - You'd think most people would have had a job description, though.

PUBLIC

Ms MORGAN-THOMAS - They did but they had come from - in some parts, Tenancy Services, it wasn't much different. But in some parts in corporate services, it was a very different role. The survey's just been done again this year but -

CHAIR - There is an update?

Ms MORGAN-THOMAS - the data hasn't been publicly released yet.

CHAIR - I can expect a higher percentage of people who work in Homes Tasmania to know what their role is when I look at this year's annual report.

Ms MORGAN-THOMAS - I don't want to pre-empt. I'm advised that by DPAC that it's not available for release yet, so I'm not going to pre-empt that.

CHAIR - Okay. Interesting, 74 per cent, quite a few people who don't know what they're doing each day. Ms O'Connor, I'm sure you have a question.

Ms O'CONNOR - Thank you, Chair. My question relates to the borrowing costs and arrangements on debt funding. Can I establish, as a first thing, is Homes Tasmania's stock the equity that it uses in order to borrow through TASCORP?

Mr ELLIS - We certainly have a very large balance sheet, particularly with the more than 14,000 social homes around Tasmania, although we are a portion of that. I'll pass over to the team from Homes Tas to provide an understanding of that.

Ms MORGAN-THOMAS - No, it's not secured against the balance sheet.

Ms O'CONNOR - Thank you for that answer. What is on the balance sheet that enables Homes Tasmania to borrow significant sums of money through TASCORP?

Ms MORGAN-THOMAS - It's secured through a Treasurer's Guarantee. That should have been clear in the budget papers in one of the notes, but Mr Fazackerley might want to expand on that a little bit.

Ms O'CONNOR - How does it work?

Mr FAZACKERLEY - Thank you, and through you, Minister. The ability to borrow as such is through Section 30 of the *Homes Tasmania Act 2022*, which provides that Homes Tasmania can borrow from TASCORP, or from other persons if the Treasurer approves. Section 32 then provides that Homes Tas can borrow up to the total of amount authorised by the Treasurer. The Treasurer sets an annual borrowing limit, if required, then we go to the TASCORP Board, and then, if required, through TASCORP, which typically it is, the Treasurer provides a guarantee for that funding.

Ms O'CONNOR - The Treasury is the guarantor, in more user-friendly terms, for that funding?

Mr FAZACKERLEY - Correct.

PUBLIC

Ms O'CONNOR - Okay, thank you. What do we understand to be the total value now? I understood from what the CEO said before that there's a valuation process underway now. As at the last valuation, what was HT's stock valued at?

Ms MORGAN-THOMAS - I'll pass that over to Mr Fazackerley.

Mr FAZACKERLEY - Thank you. As you'd appreciate, financial statements for the current year, 30 June [2024], aren't quite due yet and we're still working through that. We've just received valuation advice from the Valuer-General. I don't have that with me. Our most current figures are those in last year's financial statements, which - just bear with me for a second, and I'll just grab Joe for that.

Ms O'CONNOR - But probably likely to see a significant increase in the value of the -

Mr FAZACKERLEY - We typically see an increase each year anyway, but this year, yes, we will see an increase. We've around \$4 billion on the balance sheet last year. We'll see an increase to that this year when the statements are released, yes.

Ms O'CONNOR - Okay. And that includes, obviously, community housing provider properties also?

Mr FAZACKERLEY - Are owned by the State, yes.

Ms O'CONNOR - Owned by Homes Tasmania. When you go to the budget papers and you have a look at the borrowing costs on page 133 of Homes Tasmania. In 26-7, the borrowing costs for HT will be a bit over \$23 million. Then there's the footnote that says the Government can help. In footnote 2, the Government expects to help Homes Tasmania meet its borrowing costs. Does rental income contribute towards meeting the borrowing costs? Is this a direct subsidy from the State that goes towards paying off the borrowing costs or how does it work?

Ms MORGAN-THOMAS - It's a direct sub-rate. Rents aren't supporting, no, aren't supporting the debt repayment. There's an alignment between what we have - what the Treasurer is prepared to guarantee - that amount and then we are fully reimbursed for the interest payment on that.

Ms O'CONNOR - Okay. Thank you, Ms Morgan-Thomas. In the borrowing costs here, every one of those costs is met by the public account?

Ms MORGAN-THOMAS - Yes, it comes through the appropriation that gets to us.

Ms O'CONNOR - Okay, thank you.

CHAIR - Any last burning questions?

Ms WEBB - I've got a tiny follow-up.

CHAIR - Tiny follow-up, Ms Webb.

Ms WEBB - A really small one, actually, which relates to insurance, which we did some clarifying of last time, which was good to see. Noting the information you gave, Housing

PUBLIC

Tasmania is working with the Crown Solicitor on how to proceed with the existing MyHome clients in relation to those insurance matters, can you provide any update on that or a timeframe by which that's likely to be completed and actioned in some way? And how will it be communicated to existing clients?

Ms MORGAN-THOMAS - Can I hand that over to Mr Gilmour?

Mr GILMOUR - We're seeking advice on that from Crown Law. It's likely to be that we will write to all impacted tripartite agreement holders and basically say: This is now changed or is going to change relevant to your contract. How do we propose, how would you like us to proceed? Do you wish to enter into a deed of variation, for example, where we vary the current deed? Is written acknowledgement that this is now what the new clause is going to be enough in order? We don't anticipate that there's going to be a lot of people who are going to require their agreement to be changed. This is just an initial notification.

Ms WEBB - Okay, and the timeframe on that?

Mr GILMOUR - Should hopefully happen in the next few weeks.

Ms WEBB - Thank you.

CHAIR - Thank you, Minister, and those represented by Homes Tasmania here today, on behalf of the Committee, we very much thank you for the opportunity to conclude those questions in regard to the scrutiny that we've put forward. And a reminder that anything that you say outside of today's hearing doesn't have the parliamentary privilege attached to it. In light of that, we shall stop the broadcast for those who are listening elsewhere. Thank you.

The witnesses withdrew.

The Committee adjourned at 11:20 am.