

INDEPENDENT PRICING AND REGULATORY TRIBUNAL

DRAFT REPORT - REVIEW OF RENT MODELS FOR
SOCIAL AND AFFORDABLE HOUSING

Tribunal Members

Dr Peter Boxall AO, Chair
Mr Ed Willett and Ms Deborah Cope, Members

Members of the Secretariat

Hugo Harmstorf (CEO), Fiona Towers, Jennifer Vincent,
Heather Dear, Justin Robinson, Rhonda Nelson, Kumi Cuthbertson

At the Dubbo RSL Club Resort,
Cnr Brisbane Street and Wingewarra Street, Dubbo

On Tuesday, 2 May 2017, at 11.00am

OPENING REMARKS

3 THE CHAIR: Let's get started. Thank you very much for
4 coming. My name is Peter Boxall and I'm the Chair of the
5 Independent Pricing and Regulatory Tribunal. I would like
6 to begin by acknowledging that we're meeting on the
7 traditional land of the Wiradjuri people and I'd like to
8 show my respect to the traditional custodians of that land
9 and elders both past and present.

10
11 Welcome to this public hearing which is part of the
12 consultation process for our review of rent models for
13 social and affordable housing. I am joined today by my
14 fellow Tribunal members Ed Willett and Deborah Cope.
15 Assisting the Tribunal today are members of the
16 IPART Secretariat.

17
18 The purpose of today's hearing is to outline our key
19 draft recommendations from our draft report on rent models
20 for social and affordable housing and to get your views on
21 those draft recommendations. I would like to thank those
22 who participated in this review to date and, in particular,
23 those who provided a written submission in response to our
24 issues paper which was released last November. Our issues
25 paper, submissions on the issues paper and the draft report
26 are all available on our website.

27
28 We are now seeking comments on the proposals in our
29 draft report. The closing date for written submissions is
30 12 May. Our final report is due to be submitted to the
31 Minister for Social Housing by July 2017. The government
32 will determine when our final report is released publicly
33 and whether to make any changes arising from our
34 recommendations.

35
36 The New South Wales Government asked IPART to review
37 the rent setting framework for social and affordable
38 housing services to help address the particular challenges
39 facing the social housing sector. Our aim for this review
40 is to recommend changes to this framework that support a
41 housing assistance scheme that is affordable and equitable
42 for tenants, assists those who are most in need, is
43 financially sustainable for housing providers and provides
44 better outcomes for both tenants and the broader community,
45 including better matching of tenants' needs and, where
46 possible, preferences for housing with the type of social
47 housing available, more social housing stock of the right

1 kind in the right places, improving tenants' access to
2 employment, education and training opportunities where
3 relevant, facilitating socio-economically diverse
4 communities and making better use of public investment.
5

6 The first session this morning will consider our draft
7 recommendations on a rent model for social housing that
8 provides for affordable rent contributions for tenants and
9 for financially sustainable rental income for housing
10 providers. The second session will consider our draft
11 recommendations regarding an improved allocation process to
12 match tenants to housing and our draft recommendations for
13 other initiatives which would improve incentives to engage
14 in employment or undertake training.
15

16 Following this second session there will be an
17 opportunity to hear your views on any other issues you wish
18 to raise that are relevant to this review of rent models
19 for social and affordable housing.
20

21 We will have a lunch break between the sessions at
22 around 12.30. To begin each session a member of the IPART
23 Secretariat will give a brief presentation introducing each
24 topic. I will then invite discussion from those in the
25 audience. As this hearing is being recorded and
26 transcribed, I ask that speakers please identify themselves
27 and, where relevant, their organisation, and speak clearly
28 and loudly.
29

30 For the first session I will call on Heather Dear from
31 the IPART Secretariat to give a brief presentation of some
32 of our key recommendations about our proposed rent model.
33 Heather.
34

35 SESSION 1. PROPOSED RENT MODEL: AFFORDABLE FOR TENANTS,
36 FINANCIALLY SUSTAINABLE FOR HOUSING PROVIDERS
37

38 MS DEAR: Thank you, Peter. In this session I will
39 discuss our draft recommendations for a rent model that is
40 affordable and sustainable. One of the main objectives for
41 our review in developing a rent setting framework for
42 social housing was that it needs to be affordable for
43 tenants. To be affordable, housing needs to cost less than
44 30 per cent of a household's income, particularly for those
45 in the bottom 40 per cent of household incomes. This,
46 coupled with the fact that Centrelink benefits are the main
47 source of income for over 90 per cent of social housing

1 tenants, means there is very little scope to increase their
2 contribution to rent and remain affordable.

3
4 In our issues paper we set out a range of different
5 rent models that could be used to set the tenant rent
6 contribution and we undertook modelling to assess their
7 impact on affordability. We quickly found, though, that
8 basing the tenant rent on the market rent for the property,
9 or a hybrid of household and property characteristics,
10 would make rents unaffordable for a large proportion of
11 tenants and this was, obviously, particularly in areas like
12 Sydney.

13
14 Therefore, we are recommending that the tenant rent
15 contribution remain based on income. We also looked at the
16 percentage of income that is paid in rent and considered
17 removing the current sliding scale from 25 to 30 per cent,
18 so that households above the 25 per cent threshold would
19 all pay market rent. However, again, our modelling showed
20 that these tenants, particularly those just above that
21 25 per cent threshold, would face large increases in rent
22 under such a proposal, paying up to about 40 per cent of
23 their income in rent, and we consider, obviously, that this
24 would be unaffordable for most of these households and act
25 as a strong disincentive to workforce participation and
26 increasing household income.

27
28 Therefore, we haven't made any changes or recommended
29 any changes to the current approach and consider that the
30 existing 25 up to 30 per cent of income is appropriate.
31 However, for social housing tenants who are not eligible
32 for a rental subsidy and are currently paying market rent,
33 we are recommending they pay a premium of 5 per cent for
34 the security of tenure that social housing provides. We
35 estimated the 5 per cent premium based on what we
36 considered the household would save not having to move on
37 average every two years, as they might in the private
38 market.

39
40 These are tenants that are on moderate incomes with
41 incomes over the threshold, which is currently \$1,400 a
42 week for the first adult, so several times higher than the
43 entry level to social housing, and it would only really
44 affect a very small proportion of tenants and not affect
45 people on pensions or other benefits. I should emphasise,
46 though, that it's also not the tenants that are paying the
47 market rent because that's less than what their household

1 income rent would be. We are recommending these tenants
2 not pay the 5 per cent and continue with paying market
3 rent.
4

5 The premium is a balance between providing incentive
6 to move out of social housing for those who are able to,
7 while it is not so large as to be a major disincentive to
8 increase income and improve circumstances as you're not
9 being forced out of social housing once you're earning a
10 bit more.
11

12 However, on average, in practice, tenants pay only
13 around 23 per cent of their household income in rent,
14 rather than a nominal rate of 25 per cent, due to the
15 variation in the way different income types are assessed,
16 specifically, exempt or concessionally treated income. We
17 have made some draft recommendation to remove some of these
18 variations. This would increase equity amongst tenants who
19 receive similar income from different sources.
20

21 In particular, we are recommending removing the
22 concessional Family Tax Benefits Part A and B and
23 increasing the rate that it is assessed at from 15 to
24 25 per cent, including the Pension Supplement which is
25 currently exempt in the rent calculation, and including any
26 other types of benefits or allowances that are regular,
27 ongoing and provided for general living expenses in the
28 rent calculation.
29

30 In the case of Family Tax Benefits, we estimate that
31 the increase in rent would range from \$9 to \$17 per week
32 per child, with the increase varying with the number and
33 age of children and family income. In the case of the
34 Pension Supplement, the increase we estimate at about \$8 a
35 week for singles and \$12 a week for couples. However, to
36 transition the impact on current tenants, particularly
37 those with several children, we have recommended capping
38 the maximum increase in weekly rent contributions of \$10
39 per week each year until the household has transitioned to
40 the full rent contribution.
41

42 Our terms of reference specifically ask us to
43 recommend a rent setting framework that encourages
44 incentive for employment. However, as discussed, we
45 consider that the best rent model for affordability is the
46 income based model which in the past was often seen as a
47 disincentive to employment because rents rise with income.

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However, there are many factors which contribute to low workforce participation amongst social housing tenants and we consider the issues to do with security of tenure and remaining eligible for social housing when leases are renewed have a larger impact on incentives for workforce participation and our proposals in these areas are discussed in the next session.

Another of our objectives for this review is for the social housing system to be financially sustainable for housing providers. As already discussed, we found there is little scope to increase the current rent that tenants pay without making it unaffordable. However, on the other hand, social housing providers need to receive sufficient income to be financially sustainable.

As shown on the slide there, we estimate there is currently a \$955 million funding gap between the market rent for the stock and the revenue that social housing providers receive and that revenue is a combination of tenant rent, Commonwealth rent assistance, and existing New South Wales and Commonwealth funding.

Obviously, the current system is not financially sustainable and the gap between market rent and what tenants pay is being met implicitly currently by the New South Wales Government through the Land and Housing Corporation, and other housing providers, through a combination of operating losses, deferred maintenance, unfunded depreciation and forgone return on assets.

Therefore, we are recommending a funding model where the government pays housing providers an explicit subsidy equal to this gap between the tenant rent contribution and the market rent for the property. We are recommending that this subsidy vary by location, as market rents vary by location, to facilitate socio-economically diverse communities and to avoid social housing only being provided in the least cost areas.

As part of our recommended funding model we are also recommending a clear and strong governance framework where the policy and planning functions are separate from housing provision. We have recommended that FACS be responsible for policy and planning, including developing and publishing a social housing strategy and contracting with

1 housing providers to deliver the required dwellings in the
2 social housing strategy in return for receiving an explicit
3 subsidy for doing so.
4

5 The social housing strategy would help ensure there is
6 enough of the right housing stock in the right place. The
7 strategy would also allow the government to set a limit on
8 the number of properties that are being subsidised and
9 maintain socio-economically diverse communities. It would
10 take account of the changing size and composition of
11 households and the educational and health needs and the
12 employment potential of tenants. Updated annually, it
13 would allow flexibility into the system.
14

15 We envisage that the social housing strategy would
16 encompass current programs, such as Communities Plus, and
17 that funding under the government's Social and Affordable
18 Housing Fund could potentially be used to fund growth in
19 social housing stock as part of the social housing
20 strategy.
21

22 This slide just lists some key questions for this
23 session. I will now hand back to the Chair to invite
24 discussion on these questions or any other of our draft
25 recommendations for an affordable and sustainable social
26 housing system.
27

28 THE CHAIR: Thank you very much, Heather. Any questions
29 or comments from members of the audience? Yes.
30

31 MS R DUNDAS: Robyn Dundas from WATAAS, Western Aboriginal
32 Tenants Advice and Advocacy Service. I have one in
33 relation to the remote communities and with that family tax
34 coming into the costing and taking that into consideration
35 is because we know in those remote areas out west it is
36 very expensive to live. They don't have the services that
37 we do here.
38

39 In the tenancy service we have seen a lot of people
40 paying out a large amount of money in rent and then having
41 to live, and they're struggling to live, families are
42 really struggling. Is there anything in the discussion
43 around the rent subsidies and setting and the review around
44 remote communities in the western region?
45

46 THE CHAIR: There is nothing specifically on remote
47 communities, but the recommendations that we've proposed

1 would apply to that. For example, in a remote community
2 because the costs are higher, the rents, the market rent is
3 higher, the tenant's contribution would be 25 per cent of
4 their income and then the government under our proposal
5 would subsidise the difference between the tenant's
6 contribution and the market rent, so that model would apply
7 whether it is in Sydney or in remote communities. It is
8 applicable, so that's the case of social housing.

9
10 We do have some recommendations later in the report on
11 Aboriginal housing issues there. A lot of Aboriginal
12 people are in social housing, but there are a lot who are
13 actually in the Aboriginal housing corporations and so we
14 do have some recommendations on that. What I can say is
15 that the model is sufficiently robust that it can deal with
16 the issue that you've raised.

17
18 MS DUNDAS: Thank you.

19
20 THE CHAIR: Are there other questions or comments on this?
21 Are people comfortable with if the government decides to
22 change the way the income is calculated? There are a lot
23 of people who are not really on 25 per cent of income,
24 they're on about 23 per cent, because there are certain
25 things which are not taken into account. Heather
26 mentioned, for example, the Pension Supplement and also
27 Family Tax Benefits, it's not fully taken into account,
28 and we've suggested that in the event that were adopted,
29 that there would be a transition such that it limited the
30 rent increase to \$10 a week rather than just jumping up at
31 one stage.

32
33 The other issue is where there are people who are
34 actually not on low or very low incomes but they're in
35 social housing and they're paying market rent, they're
36 above the threshold, we've suggested that they pay a
37 premium because being in social housing they don't face the
38 issue of having to move every two or three years, which is
39 often, but not always the case, in the private sector.

40
41 MS N FREEMAN: Norma Freeman from the Young Local
42 Aboriginal Land Council. I just have a question. How will
43 this work with foster caring parents?

44
45 THE CHAIR: Jennifer, do you want to answer that?

46
47 MS VINCENT: Which aspect of it were you worried about?

1
2 MS FREEMAN: Well, you're going to have different -
3 they're not going to be at the house all the time, so the
4 income is going to change backwards and forwards with
5 different numbers coming and going.
6
7 MS DEAR: How is that taken account of now?
8
9 MS FREEMAN: I don't know, that's what I want to find out.
10
11 MS TOWERS: As I understand it, I think there's a periodic
12 reporting to FACS of changes in income, so I think that
13 periodic reporting would still happen. It would just be
14 25 per cent of income if this proposal is implemented and
15 that would vary if the income varied.
16
17 MS VINCENT: I think there's an averaging process, so that
18 in households where there is ebb and flow of either the
19 number of people in the household or if people are in
20 casual work, so their income might vary from week to week,
21 there's allowance made for those changes in their income
22 and therefore, the rent would be averaged over, let's say,
23 a quarterly period, I think.
24
25 MS DUNDAS: I honestly don't think that the Foster Care
26 Allowance is taken in as income.
27
28 MS VINCENT: Oh, sorry, yes, okay.
29
30 MS DEAR: That was the question, that's what you were
31 asking.
32
33 MS TOWERS: This is Family Tax A and B; the Foster Care
34 Allowance would be something separate.
35
36 MS DEAR: There is a very extensive list of different
37 types of income that is currently not included in the rent
38 calculations which we haven't gone through and picked
39 through, yes.
40
41 MR S ACKLAND: I would have thought under your guidelines
42 that foster caring was a specific purpose payment rather
43 than a general living expense, but that's --
44
45 MS TOWERS: I am sure that will be clarified as part of
46 the review.
47

1 MR ACKLAND: Yes, that's right, yes.

2

3 THE CHAIR: I think that's the issue under our proposal,
4 that the Pension Supplement is something that is paid
5 every fortnight and it is part of general income, whereas
6 foster care is very specific to a certain situation, so
7 probably under our criteria that would not be added into
8 income, but we have not made recommendations on every
9 supplement that there is in the system. We have basically
10 enunciated a principle, given examples with Pensioner
11 Supplement and Family Tax, and then if the government
12 adopts this recommendation, it will be up to FACS to decide
13 whether a particular payment is general income or specific
14 purpose. For example, child care allowance, and things
15 like that, would not be included because that's directed at
16 the delivery of the service. Thanks for putting that on
17 the record. Any other questions or comments?

18

19 MS J CARROLL: It's not a question but a comment. This is
20 Julianne Carroll from FACS. The Foster Care Allowance is
21 not classed as income, from our perspective, yes.

22

23 THE CHAIR: Yes, it's not income, it's a specific purpose
24 payment.

25

26 MS CARROLL: It is. It is to care for the child, provide
27 for the child.

28

29 THE CHAIR: Thanks, Julianne. Is there anything else,
30 questions or comments? Maybe we can move on to the next
31 session. For this session we are looking very much at
32 achieving better outcomes for tenants in terms of
33 allocating housing and I'll ask Justin Robinson from the
34 IPART Secretariat to introduce the discussion.

35

36 SESSION 2: BETTER OUTCOMES FOR TENANTS. BETTER MATCHING
37 TO HOUSING AND MORE INCENTIVES TO TAKE UP TRAINING
38 AND EMPLOYMENT OPPORTUNITIES

39

40 MR ROBINSON: Thank you, Peter. In this session we will
41 discuss our recommended allocation system and workforce
42 incentives for tenants. Our recommended allocation and
43 prioritisation system aims to get the most out of our
44 social housing stock by helping people be in homes that
45 best suit their needs. Every home is different and so is
46 every household, which means that if a family has a child
47 with special medical needs, they might need to live near a

1 school and a hospital, and if someone is ready to return to
2 work they might need to live somewhere near employment
3 opportunities.
4

5 As shown on the slide, there are five main steps in
6 our allocation process. In our first step FACS would
7 assess the property characteristics. Every property should
8 be assessed in time with vacant properties the priority.
9 FACS would record the number of bedrooms, the address,
10 whether it is near schools, hospitals or jobs, whether it
11 meets accessibility standards for disabled residents and
12 whether it is designated for certain tenants, such as
13 indigenous people, women or the aged.
14

15 FACS would also assess households both when a
16 household initially applies for social housing and also
17 periodically while a household is living in social housing.
18 Households living in unsuitable social housing would be
19 added to the waiting list and remain in their current home
20 until a suitable replacement is found.
21

22 FACS would assess and record the household
23 composition, including how many bedrooms are needed and
24 whether there are school-age children. Are there members
25 of the household working or able to work? Does the
26 household have any specific need to be in a particular
27 location or near certain facilities, such as hospitals, or
28 if they have accessibility needs due to disability, where
29 the household would be willing to live and whether the
30 household is indigenous? We have recommended that FACS and
31 AHO consult on additional criteria that may be needed when
32 matching Aboriginal applicants to Aboriginal housing.
33

34 The characteristics of the waitlist population with
35 regard to household sizes and locational needs would need
36 to be reflected in the social housing strategy which was
37 discussed in the previous session.
38

39 Considering property characteristics and household
40 needs, a computer system would identify which households
41 are best suited to currently vacant properties. FACS would
42 advertise vacant homes to the best matches. In our
43 proposed systems households would apply for the homes
44 they're interested in. Multiple people will receive the
45 advertisement. If a particular household wants to live in
46 a particular home, they can apply for it.
47

1 Finally, FACS would offer housing when multiple people
2 apply for the same property. The best match will be
3 offered the home. Where there are two equal matches in
4 terms of best fit, the household with the highest priority
5 will be offered the home. International experience with
6 choice based lending programs have found that tenants are
7 typically happier when they are given more choice. Any
8 increased administration costs are offset by shorter
9 periods of vacancy because people are less likely to find a
10 home that they have applied for.

11
12 As part of assessing applicants we think that people
13 that do not need social housing long term should be
14 diverted from social housing. We think they should go to
15 the private rental market with the assistance of private
16 rental subsidies. FACS has recently extended private
17 rental subsidies through Future Directions to help some
18 people avoid or leave social housing, for example, young
19 people transitioning to independent living and low to
20 moderate income families experiencing a destabilising
21 event. These subsidies are capped at two to three years.

22
23 We think these programs have potential to be cost
24 effective and beneficial to clients. FACS is evaluating
25 these programs over the next two years. If they are found
26 to be effective, we think they could be expanded and
27 offered to a wider range of clients.

28
29 In the next few slides we looked at some of our
30 recommendations for improving workforce participation,
31 including continuous leases, a safety net right of return
32 and extending the government's Start Work Bonus rent freeze
33 initiative. We are recommending that all social housing
34 leases should be continuous leases to strengthen workforce
35 incentives. Public housing leases are currently fixed term
36 leases of two, five and 10 years.

37
38 Many submissions to our issues paper argue that fixed
39 term leases are a disincentive to employment because
40 tenants fear losing a social housing place when their lease
41 is reviewed at the end of the fixed term period, so we are
42 proposing changing to continuous leases and recommending
43 that FACS adopt a formal policy that social housing
44 eligibility means a suitable property that meets a
45 household's needs rather than a specific property.

46
47 We are recommending that households in social housing

1 be reviewed periodically, at least every three years, to
2 ensure the property continues to meet the household's needs
3 and characteristics. This would feed into our allocation
4 process. We are recommending a right-of-return safety net
5 for tenants. Stakeholders have told us that tenants are
6 discouraged from taking up opportunities to work and
7 potentially move from social housing to try private renting
8 as they fear they would lose their social housing safety
9 net. To address this disincentive and encourage
10 transitioning to private rental, we think that tenants
11 should be permitted to retain their original application
12 for social housing date for up to two years after leaving
13 social housing. Two years provides households a reasonable
14 time to become established in their job and rent in the
15 private rental market. Our recommendation provides a
16 safety net so that if a former tenant needs to return to
17 social housing due to job loss or reduced hours, they'll be
18 assessed against their original application date which puts
19 them higher on the waiting list than they otherwise would
20 be. The right of return should apply only to positive
21 exits, that is, not to tenants who have been evicted.

22
23 Finally, we recommend an extension of the current
24 Start Work Bonus program. This provides households with a
25 six-month rent freeze when a household member's income
26 increases. It aims to address disincentives that tenants
27 face because they may be worried their lease would end if
28 they take up work opportunities or the rent would increase
29 with a higher income.

30
31 Under current rules only tenants starting work for the
32 first time qualify for the program: for example, people on
33 Newstart or those who have been unemployed for a long time.
34 We consider that this is good program which could be
35 strengthened if extended to include any increase in income
36 from additional employment, including income from changing
37 jobs or from going from casual to permanent or part-time to
38 full-time work. This would provide incentives for
39 household members to seek better paying jobs or more hours
40 of employment.

41
42 At the end of the rent freeze period if a tenant's
43 income is above the subsidy eligibility limit, which is
44 over \$1,400 for singles per week, they should be offered
45 some alternatives, such as one-off private rental
46 assistance like a bond loan, advanced rent or moving
47 expenses, to support a move to the private rental market,

1 or if they opt to stay in social housing, they would pay a
2 market rent at a premium of 5 per cent, as discussed in the
3 first session.
4

5 That concludes the presentation for this session.
6 I will now hand back to Peter to invite discussion on some
7 of the key questions for this session.
8

9 THE CHAIR: Thank you very much, Justin. Are there any
10 questions or comments from members of the audience? In
11 terms of continuous leases, are people comfortable with the
12 recommendation that we go back to continuous leases? At
13 the moment, the government has introduced fixed leases and
14 a lot of the feedback was that this proved to be a
15 disincentive for tenants to get jobs or get a higher income
16 because they were concerned that when their lease was up,
17 they would basically lose out.
18

19 MS COPE: Peter, I have a question.
20

21 THE CHAIR: Yes, Deborah.
22

23 MS COPE: In an area like Dubbo is there potential to
24 better match the people that need social housing to the
25 houses that you've got available? Is the matching
26 currently a problem?
27

28 THE CHAIR: My understanding is at the moment if you're on
29 the list and your turn comes up, you're allocated a house.
30 You don't really have that much choice in the matter,
31 there's an element of take it or leave it, that's my
32 understanding of the current system, and if you're
33 allocated a house or an apartment or a flat, then you
34 basically stay there, there's an element of set and forget,
35 it's not really subject to periodic review.
36

37 Do you think this is an issue of interest or are
38 people basically comfortable with the current arrangements?
39

40 MR L GIBBS: Lyle Gibbs from FACS. I think, from my
41 experience, is that you talk about tenants being offered it
42 and basically that's the choice. I think, number one is
43 giving tenants more of a say in the suitability of a
44 property, because from an Aboriginal tenancy perspective
45 they're generally offered, like, a three bedroom or
46 four bedroom home and they've actually got, you know, five,
47 six or seven children, so the need is not always there, so

1 give them choice and suitability.

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THE CHAIR: Yes.

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MR GIBBS: So that's a good conclusion, I think.

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THE CHAIR: Thanks, Lyle. Robyn?

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THE CHAIR: Yes. Thanks, Robyn.

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MS COPE: Just to sort of unpick some of that, because some of it will be about services - and is this Aboriginal

1 communities that you're talking about?
2
3 MS DUNDAS: Yes.
4
5 MS COPE: There is an issue of connection to country that
6 you need to manage, so you can't necessarily move the
7 community to the services, you've got to work out how
8 you're going to link the community to those services.
9
10 MS DUNDAS: Yes.
11
12 MS COPE: You said 50 per cent of income. Is that because
13 the rent being set in those communities is on a different
14 basis to the current method of setting rent in social
15 housing?
16
17 MS DUNDAS: I think that the way it's set in some - and
18 maybe Charlie can - Charlie is from one of the Aboriginal
19 community housing providers. Currently, my understanding
20 is that it goes on bedrooms, so if you've got an aged
21 person on a reserve, a community, who is in a three bedroom
22 place but she is the only one in the property and there are
23 no other properties available to transition her into a one
24 bedroom, that is the rent setting on that and so she's
25 paying up to 50 per cent of her pension into rent and lives
26 on a reserve outside of town, yes, 30 kilometres out of
27 town.
28
29 MS COPE: I suppose the model we're proposing would deal
30 with that situation because it would say that that person's
31 affordability would be based on their income.
32
33 MS DUNDAS: Her income.
34
35 MS COPE: However, what it does say is that the person who
36 is in the three bedroom home and doesn't need all the
37 bedrooms, there would be a mechanism for moving them out of
38 that home into a more suitable place. That is quite
39 difficult for people because people get very attached to
40 their home, particularly if it's a person who is now an
41 older person in the family home that they've raised their
42 kids in.
43
44 MS DUNDAS: Yes.
45
46 MS COPE: But is it important that we need to deal with
47 that issue.

1
2 MS DUNDAS: Yes.
3
4 THE CHAIR: Do you have anything, Charlie? No, you go
5 ahead, Robyn.
6
7 MS DUNDAS: I was going to say I'm conscious that we have
8 until 12 May, which is next week, to do something to report
9 back and I will submit some further stuff and that's what
10 I think we'll do, our team will do, sit down and go through
11 it, because we only actually got wind of this meeting from
12 the AHO and being on the RAHC meeting with Norma, so this is
13 the first time that - my understanding is that you've had
14 further consultation before.
15
16 MS TOWERS: But just through writing, written submissions.
17 This is our first face to face --
18
19 THE CHAIR: This is our first meeting, yes.
20
21 MS DUNDAS: Oh, okay, great.
22
23 THE CHAIR: So good, it would be great to hear from you.
24
25 MS TOWERS: We are happy to chat to you separately, so if
26 you'd give us the details, that would be great.
27
28 MR WILLETT: Robyn, did I also understand you to suggest
29 that in some circumstances, because of the high cost of
30 living beyond rents, that the 25 per cent of income in some
31 regional circumstances might be too high?
32
33 MS DUNDAS: Yes. What we could probably do is do some
34 comparisons for you in regards to the cost of living.
35
36 MS DEAR: That would be great.
37
38 MS COPE: At the moment we've suggested that when you're
39 matching the type of house to the type of family, that
40 there may need to be injected into that some additional or
41 different criteria for indigenous people. Is that correct?
42 In what sorts of areas are those criteria important?
43
44 MS FREEMAN: The size of the housing, even though it might
45 be a three bedroom, you know, the size of the whole
46 building together might be a lot more compact, so you've
47 sort of got to look at it. It might be, as I said, three

1 bedrooms, but they might be looking for more open space. A
2 lot of the houses are not built with bedroom built-ins and
3 they've got to put furniture in the rooms and that, you
4 just don't have the space, so that's a big issue as well.

5
6 MS COPE: Yes. If you've got more than one person
7 sleeping in a bedroom, you need to have more cupboard
8 spaces, and things like that, which take up the room.

9
10 MS FREEMAN: Yes.

11
12 MS DUNDAS: I was also going to say that with Aboriginal
13 housing it's looking at the areas and we know that some of
14 our communities like to live in clusters, but it is the
15 assumption I think of some community housing providers that
16 we all want to live together, so, you know, it's about if
17 it's meeting their needs and talking to the tenant and
18 saying, "Hey, let's talk about where you'd prefer to live,
19 where your children are going to school", because at
20 present if I've got my kids in West Dubbo and I'm offered a
21 property in South Dubbo, I have to take that property or
22 it's counted as one; if I'm after another property in
23 East Dubbo, I've still got to take it. We're totally
24 disadvantaging low income people when they have to move,
25 because uniforms aren't cheap, school uniforms and
26 relocating your children is quite a big expense, moving is
27 another expense.

28
29 The other thing with community housing, social
30 housing, at the present moment is the way that it's - a lot
31 of properties aren't - sustainability of
32 properties, which is a really big concern with us, and
33 I suppose I'm coming from the tenants' point of view, we
34 deal with this every day and are listening to them and I'm
35 surprised, I'm actually surprised that there aren't tenants
36 in here too speaking about their concerns. I don't know if
37 there are forums going around with tenants looking at
38 their - you know, they have to live from day to day, yes,
39 so I don't know. I don't know much over here, you know.

40
41 THE CHAIR: We have made an effort to put out stuff for
42 tenants, yes, and we're definitely trying to look at what
43 the tenants needs are and so all this stuff is very useful,
44 not only what the tenants needs are in terms of the
45 existing housing stock, allocating existing housing stock,
46 but also under our proposal FACS would need to look forward
47 in terms of planning and then again what sort of housing

1 should they be supplying that's relevant in five years time
2 or 10 years time.

3
4 MS DUNDAS: Yes, that's right.

5
6 THE CHAIR: So that's all good stuff, Robyn. Charlie,
7 would you like to say anything?

8
9 MR TRINDALL: I suppose, from us, I could see some
10 challenges with some of the remote communities around
11 matching, matching tenants or clients to properties because
12 if you do have, I suppose, someone who is on Newstart and
13 is capable of working but is in a community where there
14 aren't a lot of employment opportunities, their suitability
15 to a property is not going to exist in that town, in more
16 of a regional centre. If we were to do that regionally, in
17 the Western Region, I suppose it would overload the likes
18 of Dubbo because opportunities are obviously a lot more
19 easy to come by in a regional centre like Dubbo.

20
21 The other thing I see as well is, obviously, for us
22 being the Aboriginal housing sector and having our own rent
23 settings, it would have to still be similar to a community
24 housing setting as well, because at the moment we've got
25 such a mismatch of rent settings, where now you've tenants
26 who are preferring to enter into Aboriginal housing and
27 missing opportunities with community housing because of the
28 rent setting.

29
30 MS COPE: So there's a need to make the two the same.

31
32 MR TRINDALL: The more we can align them, I suppose, the
33 more opportunities tenants are likely then to have to
34 access housing in towns where there is not a lot of choice
35 for housing.

36
37 MS COPE: Potentially, one of the problems with the model
38 in a community setting, particularly remote communities, is
39 it's based on an assumption that you work out what the
40 market rent is for the house and then the government pays
41 the subsidy, that's the difference between the tenant's
42 contribution and the market rent, but in some community
43 settings where all of the houses are potentially owned as
44 part of the community rather than privately, there may not
45 be a market. Do you now have a way of calculating what the
46 value of the rent is?

47

1 MR TRINDALL: The current model is based on the maximum
2 Commonwealth rental assistance they can access, so that's
3 the AHO's rental setting which, like you said, is a more
4 viable option, I suppose, for us than to try to work out or
5 establish what a property or a market rent for that town is
6 because there are very little private rentals.

7
8 THE CHAIR: Are there any other comments or questions?
9 Are there any comments or questions in a general sense?
10 No? All right.

11
12 MS TOWERS: If any of the people who are here would like
13 to chat to us informally when we go back to Sydney, we will
14 give everyone our contact details because we're keen to
15 hear specific questions or if you've got concerns you'd
16 like to talk to us about, that would be great.

17
18 CLOSING REMARKS

19
20 THE CHAIR: Thank you very much for giving us your time
21 today, it's much appreciated, and just to reiterate, that
22 submissions to our draft report are due by 12 May and
23 I would encourage you to make a submission and include any
24 information you have or you'd like to make in addition to
25 what you've put forward today.

26
27 A transcript of this hearing will be available on our
28 website in a few days time and we will consider all of the
29 feedback we receive and we will submit our final report to
30 the Minister by the end of June. Thank you very much.

31
32 AT 11.50AM THE TRIBUNAL WAS ADJOURNED ACCORDINGLY

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