

INDEPENDENT PRICING AND REGULATORY TRIBUNAL

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

Tribunal Members

Mr Peter Boxall, Chair
Mr Ed Willett, Member
Ms Deborah Cope, Member

At the Adina Apartment Hotel,
Sydney Central, 2 Lee Street, Haymarket

On Tuesday, 9 May 2017, at 10.00am

1 Opening Remarks

2

3 THE CHAIR: Welcome. Good morning, my name is
4 Peter Boxall and I am the Chair of the Independent Pricing
5 and Regulatory Tribunal. I would like to begin by
6 acknowledging that we are meeting on the Gadigal land of
7 the Eora people and I would like to show my respect to the
8 traditional custodians of that land and elders both past
9 and present.

10

11 Also, I would like to welcome you to this public
12 hearing which is part of the consultation process for our
13 review of rent models for social and affordable housing.
14 I am joined today by my fellow Tribunal Members, Ed Willett
15 and Deborah Cope. Assisting the Tribunal today are members
16 of the 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 have participated in this review to date, particularly
23 to those that have provided a written submission in
24 response to our issues paper for this review which was
25 released last November. Our issues paper, submissions on
26 the issues paper and the draft report are all available on
27 our website.

28

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

36

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

1 social housing available, more social housing stock of the
2 right kind in the right places, improving tenants access to
3 employment, education and training opportunities, where
4 relevant, facilitating socio-economically diverse
5 communities and making better use of public investments.
6

7 The first session this morning will consider our draft
8 recommendations on a rent model for social housing that
9 provides for affordable rent contributions for tenants and
10 financially sustainable rental income for housing
11 providers.
12

13 The second session will consider our draft
14 recommendations regarding an improved allocation process to
15 match tenants to housing and our draft recommendations for
16 other initiatives which would improve incentives to engage
17 in employment or undertake training.
18

19 Following this second session there will also be an
20 opportunity to hear your views on any other issues you wish
21 to raise that are relevant to this review of rent models.
22

23 We will have a short break between sessions at about
24 11.15. To begin each session a member of the IPART
25 Secretariat will give a brief presentation introducing each
26 topic. I will then invite discussion from those in the
27 audience. As this hearing is being recorded and
28 transcribed, I ask that speakers please identify themselves
29 and where relevant their organisation and to speak clearly
30 and loudly.
31

32 I will now call on Heather Dear from the IPART
33 Secretariat to give a brief presentation of some of our key
34 presentations for Session 1 about our proposed rent model
35 for social housing. Heather.
36

37 The proposed rent model: Affordable for tenants,
38 financially sustainable for housing providers
39

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

1 This, and the fact that Centrelink benefits are the main
2 source of income for over 90 per cent of social housing
3 tenants, leaves very little scope to increase their
4 contribution to rent and remain affordable. In our issues
5 paper we set out a range of different models that could be
6 used to set the tenant rent contribution and we undertook
7 modelling to assess their impact on affordability.
8

9 We quickly found, however, that basing the tenant rent
10 contribution on the market rent for the property or a
11 hybrid of household or property characteristics would make
12 rents unaffordable for a large proportion of tenants,
13 particularly in Sydney and surrounding areas. Therefore,
14 we are recommending that the tenant rent contribution
15 remain based on income.
16

17 We also looked at changing the percentage of income
18 paid in rent and looked at removing the current sliding
19 scale from 25 to 30 per cent so that households above the
20 25 per cent threshold would all pay market rent. However,
21 again our modelling showed that these tenants, particularly
22 those just above that 25 per cent threshold, would face
23 large increases in rent under such a proposal, with some
24 paying more than 40 per cent of their income in rent. We
25 consider this would be unaffordable for most of these
26 households and act as a strong disincentive to workforce
27 participation and increasing household income. Therefore,
28 we haven't made any recommendations to change the current
29 approach and consider the existing rate of 25 per cent up
30 to 30 per cent of income is an appropriate amount for
31 tenants to pay.
32

33 However, for those in social housing who are not
34 eligible for a rent subsidy and are currently paying market
35 rent, we are recommending they pay a premium of 5 per cent
36 for the security of tenure that social housing provides.
37 The 5 per cent premium is based on what a household would
38 save, we estimate, on average by not having to move every
39 two years as they may have to do in a private rental
40 market.
41

42 These are tenants on moderate incomes as eligibility
43 for a rental subsidy doesn't cut out until the first adult
44 is earning over \$1,400 a week. This is several times
45 higher than the entry threshold for social housing and is
46 likely to only affect a very small proportion of households
47 and not be people on pensions or other benefits. I should

1 also emphasise that these aren't tenants that are paying
2 the market rate because that is lower than their income
3 base rent. We are not recommending these tenants pay the
4 5 per cent premium.
5

6 The premium is meant be to a balance between providing
7 an incentive to move out of social housing for those who
8 are able to while not being so large as to be a major
9 disincentive for tenants to improve circumstances as they
10 are being forced out of social housing once they're earning
11 a bit more.
12

13 However, on average, in practice tenants currently pay
14 only around 23 per cent of their household income in rent
15 rather than a nominal 25 per cent due to variations in the
16 way different types of income are assessed, specifically
17 exempt or concessionally treated types of income. We have
18 made some draft recommendations to remove some of these
19 variations and increase equity among tenants who will
20 receive a similar level of income from different sources.
21

22 We are recommending that the concession on Family Tax
23 Benefits Parts A and B be removed and increase the rate
24 from 15 to 25 per cent and the pension supplement be
25 included as assessable income and any other benefits or
26 allowances that are regular, ongoing and provided for
27 general living expenses should also be included in the rent
28 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 age and
33 number of children, as well as family income. For the
34 pension supplement we estimate the increase in rent would
35 be around \$8 a week for singles and \$12 a week for couples.
36

37 We have recommended the weekly increase in any one
38 year be capped at \$10. This will help hopefully to ease
39 the transition for current tenants, particularly those with
40 several children, to the full contribution amount.
41

42 Our terms of reference also ask us to look at
43 recommending a rent setting framework that improves
44 incentives for workforce participation. However, as
45 discussed, we consider that an income based rent model is
46 the best option for affordability, but such a model is
47 often considered a disincentive to employment with rents

1 rising with income. However, there are many factors which
2 contribute to a lower workforce participation among social
3 housing tenants and we consider the issues to do with
4 security of tenure and remaining eligible for social
5 housing when leases are renewed have a larger impact on
6 incentives for workforce participation and our proposals to
7 strengthen these initiatives will be discussed in the next
8 session.
9

10 Another of our objectives in this review is for the
11 social assistance system to be financially sustainable for
12 housing providers. As discussed, we found there was little
13 scope to change the rents tenants pay for social housing
14 without making it unaffordable. However, at the same time,
15 housing providers need to receive sufficient revenue to be
16 financially sustainable.
17

18 As shown here on the slide, we have estimated there is
19 a \$955 million funding gap between the revenue and the
20 market rent for the housing stock and the current system is
21 not financially sustainable. The gap is currently being
22 implicitly met by the New South Wales Government through
23 the Land and Housing Corporation and other housing
24 providers. This implicit subsidy is made up of a
25 combination of operating losses, deferred maintenance,
26 unfunded depreciation and a foregone return on the value of
27 their social housing assets.
28

29 Therefore, we are recommending a funding model where
30 the government pays housing providers an explicit subsidy
31 equal to the gap between the tenant rent contribution and
32 CRA, if applicable, and the market rent for the property.
33 We are recommending that this explicit subsidy vary by
34 location, as market rents vary by location, to facilitate
35 socio-economically diverse communities and avoid social
36 housing only being provided in lowest cost areas.
37

38 As part of our recommended funding model we are also
39 recommending there be a clear and strong governance
40 framework where the policy and planning functions are
41 separate from housing provision. We have recommended that
42 FACS be responsible for policy and planning, including
43 developing and publishing a social housing strategy and
44 contracting with housing providers to deliver the required
45 dwellings in the social housing strategy, in return for
46 receiving an explicit subsidy for doing so.
47

1 The social housing strategy would ensure there is
2 enough of the right housing stock in the right place. The
3 strategy would allow the government to optimise the use of
4 the subsidy and set a limit on the number of properties
5 that are being subsidised. It would take account of the
6 changing size and composition of households and the
7 educational and health needs and employment potential of
8 tenants. Updated annually, it would allow flexibility into
9 the system.

10
11 We acknowledge the government's current initiatives
12 under Future Directions to grow the supply of the social
13 housing dwellings. We envisage the social housing strategy
14 would encompass programs such as Communities Plus and that
15 funding under the government's Social and Affordable
16 Housing Fund could potentially be used to fund growth in
17 the social housing stock as part of the social housing
18 strategy.

19
20 We have just listed some key questions for this
21 session on this next side and I will now hand back to the
22 Chair to invite discussion on these questions or any of our
23 other draft recommendations for an affordable and
24 sustainable social housing system.

25
26 THE CHAIR: Thank you very much, Heather. Questions or
27 comments? Just keep in mind there are a large number of
28 people here, so if you can keep your questions and comments
29 as succinct as possible that would be appreciate. Who
30 would like to start? Yes.

31
32 MR BAULMAN: Chris Baulman from Neighbourhoods That Work.

33
34 I think I heard you say that there was a mechanism in
35 that proposal for limiting government's investment in
36 social housing. Did I hear you correctly?

37
38 THE CHAIR: No.

39
40 MR BAULMAN: Okay, good.

41
42 THE CHAIR: That was very succinct. Next question or
43 comment?

44
45 MS HAWKESWOOD: Susan Hawkeswood, Inner West Tenant Group.

46
47 In relation to the \$10 per week per year cap from the

1 additional rent to be derived from
2 the income provided for ongoing living expenses, will the
3 pharmaceutical allowance be included in that?
4
5 MS TOWERS: If it's classified as general income, then it
6 would be.
7
8 MS HAWKESWOOD: Because it is currently not assessable for
9 rent. The pharmaceutical allowance already doesn't meet
10 the pharmaceutical needs of many people. It's just a
11 contribution. So if 25 per cent is coming out - rather
12 than just say, "Well, it's only \$10 a week", if that is
13 coming out of your pharmaceutical allowance, that may
14 really affect people with chronic illness.
15
16 THE CHAIR: In general, Susan, there is a whole list of
17 additional income, especially for people on Centrelink
18 benefits. There is a whole list. We haven't gone through
19 that, but we have indicated some of the big ones, such as
20 the family tax benefit and the pensioner supplement.
21
22 Our proposal, subject to consultation, is that it
23 would be up to FACS to determine which ones are in and
24 which are out, but the general principle is that if it's
25 something which is to fund ongoing living expenses, such as
26 the pensioner supplement, then it should be included. This
27 is to make it fair, because other tenants who are not
28 getting the pension supplement are actually paying 25
29 per cent of their income, whereas people who get the
30 pensioner supplement are paying less than 25 per cent.
31
32 There will be some issues where it's a call, and we
33 are suggesting that FACS would make that call. That's now
34 on the record - the pharmaceutical allowance.
35
36
37 MS HAWKESWOOD: Thank you.
38
39 MR FARRAR: Adam Farrar from Shelter NSW. I thought I
40 would stay on the current question and topic, this time,
41 I guess with a comment.
42
43 You have just expressed the recommendation in terms of
44 an equity principle. That equity principle is a horizontal
45 equity principle. In welfare policy generally, vertical
46 equity is far more important. In fact, the payments that
47 you refer to are those that are provided to meet the

1 specific additional costs of people in specific different
2 circumstances.

3
4 I am a little concerned that what's being appealed to
5 is the horizontal equity principle - that is, people on
6 incomes are treated the same way, rather than the vertical
7 equity principle, which is the bedrock of all welfare
8 policy. I think that that is perhaps an unfortunate
9 decision and one which will, rather than provide greater
10 equity, provide increased inequity. Balancing those two,
11 or at least explicitly addressing that issue in the report,
12 I think is going to be a fairly fundamental issue.

13
14 There is one other comment I guess I would make, and
15 that is that these are payments from the Commonwealth for
16 social security. Any decisions which impact on the
17 adequacy and the effectiveness of those payments in meeting
18 the Commonwealth's social security objectives clearly need
19 to have some agreement between the State and the
20 Commonwealth and shouldn't be ad hoc between different
21 jurisdictions, but should treat, which is a fundamental
22 principle of social security, all citizens the same.

23
24 Unless there is a negotiated agreement between the
25 Commonwealth and the State, it would be inappropriate to
26 continue what has historically simply been a creeping
27 increase in the contributions of tenants as the State
28 Government has felt unable to meet the cost of social
29 housing.

30
31 THE CHAIR: Thank you, Adam.

32
33 MR PRICE: Dean Price from People with Disability
34 Australia.

35
36 I'd just like to reiterate what the past two speakers
37 have said. In terms of pensioner supplement, that is a
38 payment that includes pharmaceutical allowance, mobility
39 allowance and a number of other payments made for specific
40 purposes. These amounts aren't met by that, it is merely
41 a contribution. So taking money away from that, when those
42 payments for pharmaceuticals, for transport, aren't met by
43 those supplements, is going to have a massive impact on the
44 people who receive these supplements.

45
46 We would like to say strongly that we do not think
47 that it's a good idea to include pensioner supplement and

1 the other supplements in the level of rent that people pay.
2 We think FACS have it right on this in terms of what they
3 have excluded, and that should continue.
4

5 There are also concerns about NDIS payments. Some of
6 those are regular, some are weekly or fortnightly payments
7 that cover things like transport. It is unclear in terms
8 of what you have recommended so far whether those would be
9 things that you would consider, and they should definitely
10 be brought down as they are not part of general income, but
11 they are general living expenses.
12

13 THE CHAIR: Thank you, Dean. Anybody else?
14

15 MS GREEN: Sharyn Green. I'm a social housing tenant.
16 I'm just listening to these comments and I'm thinking that
17 there's a feeling that this proposal, this increase of
18 rent, is targeting probably the most vulnerable people in
19 society, and of course I think that's certainly lacking in
20 morals. That's where I come from.
21

22 I do have a question. You need \$950 million per
23 annum, correct, to maintain social housing? Is that
24 correct? Did I read that?
25

26 THE CHAIR: Yes.
27

28 MS GREEN: How much money will you bring in if this \$10
29 increase goes ahead?
30

31 THE CHAIR: If we can go to the slide.
32

33 MS DEAR: The \$955 was taking into account the additional
34 tenant rent contribution, which we estimated to be about
35 \$70 million, but there was still a \$955 million gap on top
36 of that.
37

38 MS GREEN: So there's a gap there. Where is that going to
39 come from?
40

41 MS DEAR: We have recommended that the government pay that
42 gap.
43

44 THE CHAIR: Sharyn, the gap's there now and where it's
45 coming from are things - for example, the Land and Housing
46 Corporation is unable to maintain dwellings. It's not
47 providing for depreciation. Housing providers, like the

1 Land and Housing Corporation, are not providing a return on
2 assets to taxpayers. So it's coming implicitly, but it's
3 coming from, in a sense, running down the system.
4

5 Our proposal is to make that gap explicit and have
6 that funded so that housing providers, including the Land
7 and Housing Corporation, and other providers can afford to
8 build and maintain their housing stock, and the gap is
9 equal to the difference between the tenants' contribution,
10 which is what we have just been talking about, and the
11 market rent - in other words, what the housing provider
12 would get if they rented it on the market.
13

14 MS GREEN: I think I understand what you're saying and I
15 certainly probably read that as well. I still see an
16 enormous gap. I still see a rental increase not in real
17 value terms contributing to that. I think we need to go
18 back a little bit here.
19

20 The maintenance of these properties, yes, it is
21 extreme; it will be a good idea if everybody was out there
22 in the workforce and paying market rent. That would solve
23 the problem. That's really not going to happen with the
24 most vulnerable people in society.
25

26 These people you're talking about are pensioners,
27 you're talking about people who are old and frail and you
28 are talking about people with mental illness. These are
29 the people who live in social housing.
30

31 THE CHAIR: Just let me clear it up, I think. The basic
32 proposal is that the rental contribution remains at
33 25 per cent. There is a discussion about whether the
34 pensioner supplement, family tax benefits, should be in
35 there, but that's basically the rental contribution. The
36 gap is the difference between the rental contribution and
37 the market rent. That is the gap that we are talking
38 about. It's not being made up by increases in pensioners
39 or other housing tenants' contributions.
40

41 MR TURNBULL: Geoff Turnbull from the Inner Sydney Voice.
42

43 I'm just wondering whether thought has been given to
44 how it is that you encourage government to actually commit
45 to fill that gap. I mean, the gap's been there for quite
46 some time and we haven't yet seen that gap being filled.
47

1 The other thing that worries me, I guess, is that
2 government will tend to, as we have seen in Miller's Point,
3 move housing away from places where there might be high
4 market values, and we end up with basically public housing
5 being not uniformly spread across the city where it's
6 needed, but there is incentive for government because it is
7 trying to minimise what it then puts into that potentially
8 to move public housing out of higher rent areas, into areas
9 where it might be lower rent.

10
11 I just see this as being something that needs also to
12 be tackled in the IPART approach.

13
14 THE CHAIR: Sure. Geoff, we have tried to tackle that by
15 saying that the gap which is the difference between the
16 rental contribution and the market rent will vary depending
17 on location. So there's not a direct incentive for the
18 government to just put social housing in the lowest rental
19 areas, the lowest cost areas. We have also recommended
20 that FACS would put out a program of public housing, of
21 where they want the housing to be, so it would be open to
22 scrutiny. We have tried to take account of those points
23 because we recognise them as being issues.

24
25 MR NORTHCOTE: Charles Northcote, I'm the chief executive
26 of the BlueCHP Limited. We are a community housing
27 provider.

28
29 First of all, I congratulate you on the report,
30 because at least we are addressing the question, which is
31 the market gap of money to, as a provider, where we do not
32 have sufficient funds to provide new housing.

33
34 *Future Directions* - and I'll make a couple of points
35 here - is a good start, but it's a very bits and pieces
36 program and not coordinated.

37
38 If you take Campbelltown, the average two-bedroom, or
39 just a single bedroom house now, market rent consumes
40 three quarters of a single person's pension. We have a
41 major problem. Though you talked about the 60,000 people
42 sitting on the waiting list, the Auditor-General's report,
43 if I recall correctly, talked about a latent demand of
44 200,000.

45
46 I totally agree that the government, because they are
47 making record amounts out of stamp duty, could easily

1 divert a billion dollars across. They have got plenty of
2 money, don't worry. It's not a hard job to do this,
3 because once you do it, you actually create a sustainable
4 market to build and redevelop. I can tell you that because
5 that's what we do every day.
6

7 The key here is what do you do with this latent
8 demand. That is growing at a fairly rapid rate, especially
9 with the largest growing cohort at the moment being single
10 elderly woman through often no fault of their own are
11 really suffering and will continue to suffer.
12

13 THE CHAIR: Thanks, Charles.
14

15 MR HINDMARSH: Peter Hindmarsh from the St George
16 Community Housing Tenants Group. It's the measurement of
17 market rent that worries me. Will your plan put pressure
18 upwards or pressure downwards, and what will this report do
19 to developers, the percentage of affordable housing in new
20 developments that will be required? Will you be making a
21 recommendation on that?
22

23 MS VINCENT: In terms of affordable housing, we haven't
24 made specific recommendations about a rent model for
25 affordable housing or model for provision for affordable
26 housing. That's something that the government is dealing
27 with separately. We have focused our recommendations on a
28 rent model and allocation models for social housing because
29 we have taken the view that the government should focus its
30 efforts on people with the greatest need.
31

32 THE CHAIR: On the issue about what impact it might or
33 might not have on market rent, to the extent that our plan
34 is adopted and is successful, it actually should put
35 downward pressure on market rents, because what it would do
36 is induce a greater supply of social housing, which means
37 that some people who are currently in private market could
38 move into social housing, but it's an open question.
39

40 MR HARTLEY: Chris Hartley from Homelessness NSW. I
41 suppose, first, I echo the concerns particularly in
42 relation to the increase of \$10 per week and particularly
43 Adam's concerns around the interrelationship between
44 Federal and State Governments.
45

46 As I understand it, it's \$10 per year capped increase.
47 So at the second year you're looking \$20 increase from what

1 it's actually set at now, so how will that keep track and
2 keep measure in terms of increases from the Federal
3 Government in terms of the family tax benefit?
4

5 My second question is in relation to the modelling
6 which has been done. Where did the figure of \$10 come
7 from?
8

9 MS TOWERS: The \$10 was just a judgment on what's
10 affordable, given the transition from where people are
11 paying roughly 23 per cent to 25 per cent.
12

13 MS DEAR: In terms of the pension supplement, it was
14 \$8 and \$12, so the transition, if it was a single person,
15 would be the \$8, and there wouldn't be further increases.
16

17 MR HARTLEY: Wouldn't it be capped against the next year?
18 Wouldn't there be potential for FACS to raise it another \$8
19 in the second year?
20

21 MS DEAR: No, it's a percentage.
22

23 THE CHAIR: Once it's included in the first year, that's
24 it.
25

26 MS DEAR: It was more in the case of the family tax
27 benefit, with multiple children the increase was obviously
28 more than \$10, that that would be staged.
29

30 MS COPE: I just wanted to make the point that the
31 increase is only to the point where the additional income
32 is included, so it means that nobody would be paying on
33 those pensions more than 25 per cent of their income in
34 rent. It's not a continuing increase. It's not trying to
35 claw back any of the government's \$955 million. All it is,
36 is what's needed to get all of the tenants up to the
37 25 per cent.
38

39 If your increase to do that is less than \$10 a year,
40 that is all you would pay, but if it's more than that, that
41 big an increase is unfair and, therefore, it should be
42 phased in over a period of time.
43

44 MS GEORGIU: Deborah Georgiou from the NSW Federation of
45 Housing Associations. I wanted to initially express
46 support for IPART's landing around the two key issues of
47 affordability for tenants and viability for providers.

1 Those are the critical questions in the debate and it's
2 really good to see that we have moved away from some of the
3 other kinds of models that were being tested earlier in the
4 piece.

5
6 I think I'd also like to endorse the fact that IPART
7 have said that the use of the terms "opportunity" and
8 "safety net" are not useful and are clearly not useful in a
9 number of contexts. So I really appreciate that that's
10 been called out in the report.

11
12 I guess we would obviously support some form of
13 explicit subsidy for providers. It's clear that the system
14 can't continue without that. I think it's really clear
15 that what we need is to ensure that our operating costs are
16 being met, effectively met, and that those costs are
17 inclusive of all the things that it takes to operate.

18
19 I'd like to just put on the table here that social
20 housing providers do a lot more than private real estate
21 agents do. I'm not sure how well that is captured in the
22 costings that you've done in the reports. I think landing
23 at a kind of market rent proxy for the cost is possibly
24 actually underdone. Even though that kind of frightens me
25 in terms of the quantum that we are talking about, I think
26 it is a bit underdone. Social housing providers, good
27 ones, should be doing a lot more than simply providing a
28 straight private rental service. So I guess I would like
29 to reinforce that.

30
31 In terms of the market rent supplement, I just wanted
32 to talk about some of the people who don't find it easy to
33 rent in the market and, therefore, for whom that sort of
34 5 per cent you get a choice, isn't really a choice. For
35 single people, it is incredibly difficult to find
36 appropriate properties in the private sector in the market
37 that are at an affordable price even at that market rent
38 level.

39
40 I think also for many Aboriginal households there is
41 discrimination that happens in that market, as well. For
42 them, 5 per cent won't be a choice; it will be an impost.
43 I just think you might want to have a bit of a think about
44 that.

45
46 I want to endorse the views around the capturing more
47 of the pension supplement and FTB. I completely agree that

1 in some cases this is where the report is lacking in that
2 it doesn't make the connection to the fact that housing is
3 also a Commonwealth Government responsibility, and income
4 support is a Commonwealth Government activity and I agree
5 totally that this should be something that is consistent
6 nationally, and that housing ministers should be taking up
7 at COAG.

8
9 We get wedged every time on this issue of what gets
10 included as income and what doesn't, and there should be a
11 very clear and well understood and supported basis on which
12 those decisions are all made nationally. Thank you.

13
14 THE CHAIR: Thank you, Deborah.

15
16 MS McLENNAN: My name is Linda McLennan. I'm a tenant in
17 community housing.

18
19 I'm on a disability pension and I have a daughter with
20 a disability. My current out-of-pocket medical expenses at
21 the moment are about \$200 extra a month that I don't get
22 any rebates for. I have a disability pension, and the
23 Family Tax Benefit A and B. If there was an increase in
24 that, that would really affect me. I have a 14-year-old
25 daughter.

26
27 Also, whilst we are increasing the amount of money
28 coming out of the recipient's payments, what incentives are
29 there for people to actually own their own home? When
30 you're talking about market rents, people paying the market
31 rent plus 5 per cent, are there pathways to take them out
32 of social housing? Paying market rent is almost enough
33 money to be paying off a house, so shouldn't there be some
34 kind of provision, like equity sharing, to supply more
35 housing and get people into the housing market, so that in
36 the long-term there are equity increases, and increases
37 even down generations?

38
39 THE CHAIR: Thank you, Linda.

40
41 MS STAR: Talie Star. I know for most people \$10 a week
42 doesn't sound like a lot of an increase, but for someone on a
43 pension, it's a large amount of money. There's often been
44 a theory thrown around, "Well, just give up your cup of
45 coffee a week or a day". Most people on a pension don't go
46 out and buy a cup of coffee a week or a day.

1 I think for people with families as well as
2 individuals, with the changes that you make, that's a
3 really important thing to consider. For other people it's
4 kind of throwing away money for some of them. For people
5 on pensions that are in difficult situations, \$10 could
6 mean that they eat that week.

7
8 MR NUTTING: My name is Mark Nutting. I wanted to also add
9 my thanks, really, for the report identifying that there is
10 a large funding gap in the system. That basically says to
11 me that the market isn't able to supply affordable housing
12 at all, really, and you actually need to supply a subsidy
13 for that to occur. Some people might call that market
14 failure; it's just a reality, and I think the report should
15 be congratulated for identifying that.

16
17 My concern is really about the position that the
18 report takes on affordable housing, because I think there's
19 a lot of people who are also in that situation where the
20 market isn't providing in ways that they can afford to
21 rent, and perhaps the recommendation's too harsh in that
22 regard in terms of whilst I think most people would support
23 focusing the bulk of subsidies on those most in need, there
24 are a range of other people who just outside that, that
25 need assistance and the way the private rental market has
26 moved, particularly in Sydney, means that there's a lot of
27 people in housing stress which, without assistance, will be
28 at risk of homelessness.

29
30 I think looking at the wider system in FACS is really
31 important and that the government perhaps needs to look at
32 other measures, perhaps with lower levels of subsidy that
33 go to assisting those people who are in housing stress.

34
35 I think the eligibility for social housing doesn't
36 capture all of the people in the low category, so there are
37 people that you've already identified that need assistance
38 that aren't getting it. Having perhaps a more measured
39 approach towards that, towards affordable housing, I think
40 is really important, particularly as their situation is
41 becoming more dire.

42
43 I think if you look in other areas like health and
44 education, perhaps in essential services, which obviously
45 IPART would be very familiar with, people need to be able
46 to access things which are essential to them. I think
47 housing is one of those essential services. So,

1 recognising that there is a broader need than just social
2 housing is important.

3
4 THE CHAIR: Thanks, Mark.

5
6 MS HODGE: Carolyn Hodge from NCOSS. I'd like to echo
7 Deb's comments that we are very pleased to see that the
8 percentage based rent will continue, and that hasn't
9 increased largely.

10
11 Picking up on the lady down the front who mentioned
12 her daughter and her situation, I think it's really
13 important that a social housing strategy incorporates
14 affordable housing. Just having a pathway between social
15 housing and the private market - for many people the
16 private market won't work, and it's a supremely rational
17 choice to stay in social housing when your option is the
18 private rental market.

19
20 I do understand, I think, why IPART has proposed what
21 it has, but I think that some of the mechanisms to
22 encourage people to exit won't work unless they have better
23 options to exit to than a private rental market that will
24 move as soon as somebody sneezes. We really need some
25 protection. I think it will in the end make a sustainable
26 social housing system if we better consider affordable
27 housing options.

28
29 MR BANYARD: Thank you. Rick Banyard, I'm from the
30 Property Owners Association. Our association would really
31 be keen for the Tribunal to take into account the role of
32 private landlords in the social housing market.

33
34 The social housing providers in terms of public
35 housing authorities only look after about a third of social
36 housing people. The private landlords look after the rest.
37 We look after the waiting list. All those people who are
38 on the waiting list to join social housing accommodation,
39 are under our roofs in one form or another. All those who
40 are evicted from social housing properties end up in
41 private landlords' care in some form or another.

42
43 All the emergency housing that is done, where people
44 can't find housing, the Department pays for funding for
45 those people for a night, a week, or whatever. Nearly all
46 of those properties are owned by private people. A large
47 proportion of tertiary students are under private roofs.

1 Caravan parks and all of those places which have low value
2 forms of accommodation are privately operated by private
3 landlords. Also nearly all of the retirement villages.
4
5 That's just a few. I could add some others to it, but
6 we do have a large number of people who are social housing
7 tenants, or potential social housing tenants, under private
8 landlords' roofs. Therefore, it's really important that
9 the Tribunal and others in the room consider the role of
10 the private landlords, especially when you are finalising
11 your recommendations. Thank you.
12
13 THE CHAIR: Thank you, Rick.
14
15 MS BAILLIEU: Clare Baillieu, Riverwood and District
16 Tenant Association.
17
18 We'd like to see some more attention paid to the way
19 the CRA is handled by community housing providers. In some
20 cases tenants are paying 103 per cent of this to their
21 housing provider, so they are already having to fund from
22 other sources of income an extra 3 per cent of the CRA,
23 simply because of the way the housing providers are
24 calculating rent and this seems to be quite unethical.
25
26 THE CHAIR: Thank you, Clare.
27
28 MS SLOAN: Nicky Sloan, Illawarra Forum. I would
29 obviously like to reiterate what a lot of people have said,
30 but they have said it, so that's great. I would like to
31 address the market rent plus 5 per cent to reflect security
32 of tenure.
33
34 In your paper, which is an excellent paper, I must
35 say, you say that you are going to review tenancies every
36 three to five years. Then, if they are no longer
37 suitable, people would be moved. Since the 5 per cent was
38 to reflect the cost of moving, if somebody's tenancy is
39 reviewed and then they find that they are no longer
40 suitable, they have to move anyway. I just query that
41 security of tenure.
42
43 THE CHAIR: Are we doing this in the next session?
44
45 MS VINCENT: Yes.
46
47 THE CHAIR: Can we take that in the next session? It is a

1 really important point. Thanks, Nicky. Adam?

2

3 MR FARRAR: Thank you. I will also take the opportunity
4 of making the point that a number of other people have made
5 and that's to thank the Tribunal for the headline
6 recommendations which I think are groundbreaking and very,
7 very important.

8

9 That being said, I just have a question of
10 clarification. Clearly, in the calculation at least of the
11 building-block model, the calculation includes returns on
12 investment which are intended to make it possible to get
13 future growth. In another part of the report it says that
14 the social housing strategy will identify the capital needs
15 for future growth. I am just interested in trying to find
16 out how these two fit together.

17

18 Is it the report's intention that there be capital
19 funding from government for future growth or should it all
20 be funded from private investment which is then supported
21 by the rental returns in the calculation of the
22 building-block model? If it is the former, it would be
23 enormously useful to say that.

24

25 THE CHAIR: Thanks, Adam. It can be either. If the
26 government through FACS puts out that they need more
27 housing in certain areas then it could be funded by either
28 the government or by the private sector. Even if it is
29 funded by the government, that's still a return that the
30 government requires on the investment, which at the moment
31 is being foregone and is part of the gap, but the
32 government needs a return on its investment if it is going
33 to do that because that will make it worthwhile for the
34 government to continue to supply, but it could be either.

35

36 MR HUTCHESON: My name is John Hutcheson. I am a landlord
37 and I am a property specialist of quite a number of
38 institutes. My prime role is to give advice to Legacy on
39 the housing of our widows and soldiers that have
40 post-traumatic stress disorder.

41

42

43 My question is how do you determine what is market
44 rent? Every day I get stacks of stuff coming in across the
45 emails telling me about fantastic rents and what have you,
46 but when I really examine that in terms of being a
47 landlord, they're not for long-term family or single

1 tenancies, they're for people that have suddenly got
2 something in their pocket or who dream they want to live in
3 a magic house and they can't afford it. How do you work
4 out what the market rent is? Is it the same group of
5 people in the market, in the private market, that are in
6 social housing?
7
8 MS TOWERS: FACS gets independent advice on what the
9 market rent is and it is market rent for that property in
10 that location.
11
12 MR HUTCHESON: You say "independent advice", but how do
13 you examine that independent advice to see if they've got
14 it right?
15
16 MS DEAR: The Audit Office looked at their market rent --
17
18 MR HUTCHESON: I challenge that. I am challenging the
19 process. I know that what you're saying is correct, but as
20 a court expert I can sit on the other side of the room and
21 nine times out of 10, sometimes 100 times out of 100, prove
22 that the guy is wrong.
23
24 THE CHAIR: Thanks, John.
25
26 MS COPE: Can I just ask John, what would be the right
27 process?
28
29 MR HUTCHESON: The right process... I am assuming you know
30 who your long-term tenant is and you've worked out what
31 the affordability is. Then when you go across here with
32 your expert, find out where he got his data from. In other
33 words, there is a great tendency for them to give you the
34 data for a six-month duration and not for a long-term
35 duration. You've got to look at the sample that they're
36 using.
37
38 MS COPE: Yes.
39
40 THE CHAIR: FACS would need to, in contracting people,
41 provide them with advice. They would need to take account
42 of those sorts of points. Thanks, John.
43
44 MR BAULMAN: Chris Baulman from Neighbourhoods That Work.
45 Many of the people in social housing are likely to remain
46 in social housing and are likely to remain unemployed
47 for very long periods of time. I wonder shouldn't we be

1 considering their role in the issue of maintenance
2 and perhaps even opening up opportunity, greater
3 opportunity or recommending greater opportunity for them to
4 play a role in social housing maintenance, particularly in
5 public housing complexes and so on.
6

7 The opportunity that they need would be for a change
8 in Centrelink regulations so as that instead of being
9 required to earn or learn, which is quite impractical for
10 these particular people, perhaps it should be extended to
11 earn, learn or participate in community activity.
12

13 That option is currently available to people over 55
14 years of age. They don't have to look for work, they don't
15 have to do study, they can participate in voluntary
16 community activity, but it is not available to people under
17 55. If it was available I think it would be very easy to
18 encourage people who are redundant for various reasons to
19 participate in their community in their estate for
20 maintenance and even for improvement and that would
21 have a very big impact on building maintenance costs, on
22 social problems and possibly even on employment prospects.
23

24 THE CHAIR: All right. Thank you very much, Chris.
25

26 MS WYNNE: Laura Wynne from UTS. Just following up on
27 what Geoff Turnbull started to mention before, you
28 mentioned that there would be a difference in payments
29 between different geographical areas to reflect that the
30 market rent in different areas will be higher, but I'd just
31 like to emphasise that I think that an explicit payment
32 increases the risk of loss of public housing from those
33 areas that are more costly once there is the opportunity
34 for the government to point to explicit figures and say,
35 "This area costs us more to provide housing in than this
36 area". It seems almost inevitable that we will start to
37 see the loss of public housing, the continued and perhaps
38 quickened loss of public housing from inner city areas in
39 particular and I think there is a real need to address how
40 that will be dealt with.
41

42 I think that simply saying there will be different
43 payments for different areas isn't enough because that
44 almost gives a ticket to the government in future to say,
45 "This is more costly than this area."
46

47 I think given there's a real need, especially in inner

1 city areas where the general cost of housing is rising, for
2 everybody to address how in future we will have a
3 geographic diversity of social housing provision and how we
4 can try and ensure that that will be maintained over time.

5
6 THE CHAIR: I am sorry, I just missed your first name?

7
8 MS WYNNE: Laura.

9
10 THE CHAIR: Laura, that's a point that Geoff made,
11 I think, and we are trying to address that, but following
12 these interventions we will try even harder. One way to do
13 it is transparency where if FACS puts out a program, people
14 can see where they are looking for housing in which areas,
15 but let us take that point on board. Thanks.

16
17 MR HARTLEY: Chris Hartley from Homelessness NSW. Just a
18 question in relation to the second question around the
19 market rate of plus 5 per cent. Deb mentioned this before,
20 but our concern is that IPART really sees the gap for these
21 people of not entering the private rental as being
22 financial whereas for us it's structural. There are issues
23 of discrimination, particularly for indigenous people,
24 people who are experiencing homelessness and people on
25 social security payments which really force people to stay
26 in social housing rather than exit the system.

27
28 The second point is the question around the role that
29 IPART sees the not-for-profit sector and NGOs playing in
30 the development of the social housing strategy.

31
32 THE CHAIR: Thank you, Chris. We have tried to address
33 the issue of transition with other support, but we will
34 look at that, obviously, again.

35
36 MR LINDER: Magnus Linder from Churches Housing Inc. On
37 behalf of the church sector, I think we're really excited
38 that you've decided to focus on those most in need.
39 However, under the conditions of the current housing
40 market, we want to reiterate our concern that affordable
41 housing in that space between the social and private market
42 isn't really being addressed and my question is really, you
43 know, first of all, for the pathways, possible pathways out
44 for those that could be upwardly mobile, that there needs
45 to be that place for them to land which usually is not the
46 private market housing straight away.

47

1 The other one is of course the people that are about
2 to drop off the precipice, that the only help that they may
3 get is the ambulance at the bottom of the cliff rather than
4 assistance before they topple.

5
6 The other question is, of course, that we're dealing
7 with the Greater Sydney Commission and the Department of
8 Planning in their implementation of the planning laws of New
9 South Wales and particularly Sydney and so we're wondering
10 is there collaboration between FACS and the GSC in actually
11 coming together with a cohesive plan that might be in
12 tandem with each other, or are we looking at different
13 silos here purely doing their own things?

14
15 THE CHAIR: I don't know whether anybody from FACS wants
16 to make a comment on that.

17
18 MS TOWERS: I understand that the government has a
19 working group across all government departments looking at
20 these issues at the moment to develop a cohesive plan.

21
22 MR LINDER: So the silos are talking.

23
24 MS TOWERS: Yes.

25
26 THE CHAIR: Deborah?

27
28 MS GEORGIU: Deborah Georgiou from the NSW Federation of
29 Housing Associations. I want also to reflect on your
30 question 3 on the board which is what we have been arguing
31 for for quite some time, which is a broader housing
32 strategy, one which encompasses both the social housing and
33 affordable housing components and puts that in the context
34 of a residential housing market.

35
36 The reason I think for doing that is because you make
37 government money go so much further when you leverage it
38 against planning concessions from local government, against
39 Commonwealth funding programs, so by picking this bit off
40 and saying it's just a strategy that deals with this
41 particular funding pool, I think you're losing some of the
42 incredible benefits that come particularly from the
43 community housing part of the system which can put all of
44 that and private finance together and can actually optimise
45 that investment and deliver you more for it.

46
47 I was going to say some of this stuff when we got to

1 the affordable housing conversation, but I do think that it
2 is shortsighted not to make the connections in the report
3 that would give us additional leverage around that. Most
4 of New South Wales investment in affordable housing has
5 actually today bought housing that is in perpetuity, being
6 held in the affordable sphere, or they've bought the
7 social housing component of a program, so you really need
8 to think about how actually the New South Wales Government
9 has targeted its investment in affordable housing to get
10 better outcomes actually for the people who are living
11 there, both those on very low incomes who are also
12 encompassed in an affordable housing spectrum, but also for
13 affordable housing people who don't have to stop living
14 there after 10 years when NRAS comes to an end. So I think
15 it is more nuanced than just kind of saying, "We're not
16 interested in affordable housing." I think we really miss
17 a trick if we do that.

18
19 THE CHAIR: Thank you, Deborah.

20
21 MR NUTTING: I want to return to that big subsidy issue,
22 the finance gap, and I appreciate that you've looked at
23 differentiating that by location and cost. One of the
24 things which I wanted to raise was that we work in a
25 multi-provider system and each provider has different costs
26 and different income streams and having one approach to all
27 providers perhaps provides some equity, but I'm not sure
28 that it picks up on all of the drivers that you would want
29 to have an efficient system that was effective as well.

30
31 By having an approach which just plucks a number which
32 works for the whole system perhaps isn't going to be the
33 most effective way to go ahead, but perhaps that could be
34 reconsidered.

35
36 THE CHAIR: Sure. We wouldn't have anybody plucking
37 numbers. It would be, for example, under the draft
38 recommendation, if FACS puts out that they require X number
39 of one bedroom units and Y number of two bedroom units on
40 the Lower North Shore, then they would need to indicate
41 what sort of market rent they would pay and they'd collect
42 the rental contribution from the tenants and then the
43 subsidy makes up the difference. The government could fund
44 it themselves, which was a question that came up earlier,
45 or the private sector could respond to that by saying,
46 "Well, we're prepared to build those sort of units,
47 especially when the government's guaranteeing a rental

1 income stream." That would be how we envisage that the
2 model would work if it were adopted. Similarly, FACS would
3 identify a number of other locations in terms of quantity.
4

5 MR NORTHCOTE: I just wanted to address that particular
6 point because I spend my every day investing in building,
7 as a community housing provider, in housing, and have to
8 deal with the issues. There is never going to be one size
9 that fits all. The first thing is that if we get market
10 rent we are at least on a level playing field and we can
11 actually make a lot more housing happen.
12

13 Deborah made an important point. The danger is that
14 the government then starts to make us provide social
15 services out of the rent which is actually needed to pay
16 for the land and the buildings, but the difference is, if
17 we could just start there, we would get 90 to 95 per cent
18 of the way forward by actually providing good high-quality
19 housing for people.
20

21 We currently have an issue with the housing stock and
22 just land and housing alone. There is three-bedroom
23 housing, 60-plus years old, a lot of it is in pretty poor
24 condition. I live across the road from Claymore, it's in
25 shocking condition and you've got ghettos. We can clean
26 all that up within a five or 10-year period by doing this
27 and make a significant impact. And if you haven't seen
28 that capacity or capability, we won the Logan Renewal
29 contract in Queensland to do exactly that, so there is
30 capacity and capability to make this change happen. It is
31 a simple way of doing it. It is relatively clean and
32 transparent. I think don't try and boil the ocean with
33 everything, let's get one big policy change and then the
34 market and community process will start doing the rest.
35

36 THE CHAIR: Thank you, Charles. Geoff?
37

38 MR TURNBULL: I have a little bit of a concern that we're
39 talking about market rent when we're talking about social
40 housing, given that the approach to government is to put
41 priority high-needs people into public housing and you end
42 up then with not just a housing situation but a range of
43 other issues that come with that in terms of how that
44 housing system interacts with the health system, with the
45 whole human services system.
46

47 Just a few days ago I was at a session briefing that

1 Shelter NSW ran about the divestment of stock to social
2 housing providers. Part of the argument that was put there
3 was that if that transfer happens then there would be money
4 from CRA that will actually mean that some of the things
5 that are not being addressed properly within public
6 housing, in terms of some of the human services and the
7 service delivery side of things, will work better because
8 there is going to be more money in the system.
9

10 Somehow that has to be married alongside the fact that
11 if you're running a housing system, you need to recognise
12 that there are some higher needs and issues that need to be
13 dealt with in that and that actually has a cost associated
14 with that.
15

16 Some of that cost comes out of the \$10. The \$10, if
17 that applies to things that come through from health, for
18 example, is part of the premium that might be associated
19 with having high-needs people that have health issues
20 within that. Somehow the social housing side of things
21 needs to mesh with what's happening in terms of the
22 priority allocations and then what the needs of housing
23 implications of that are and whether or not we can just
24 talk about that as being market based or whether there's
25 something else in that that also needs to be taken into
26 account.
27

28 MS TOWERS: Could I just clarify that? The \$10 that we're
29 recommending transitioning to in terms of the income,
30 that's for providing for rental services, that's not to go
31 towards these wrap-around services or additional services.
32 They would have to be funded separately.
33

34 THE CHAIR: Thanks, Geoff and Fiona. Yes, Clare.
35

36 MS BAILLIEU: Clare Baillieu. The \$10 a week possible
37 increase, we have many tenants who are already tossing up
38 which medicines they can afford to take. The doctor might
39 give them five prescriptions and they'll say, "Well, I only
40 have money to pay for four", and I think an extra \$10 a
41 week is going to have a very, very bad effect on the many
42 tenants who are in very difficult circumstances.
43

44 THE CHAIR: Thank you, Clare. Other questions or
45 comments? Yes, Talie.
46

47 MS STAR: My question or comment really is around the 955

1 shortfall that you were showing and one of the statements
2 that you made was that the way the government is managing
3 it is deferring maintenance. That is actually a big
4 problem too because that then causes more health problems
5 in the properties. It also causes more anxiety to people,
6 they can't get anything fixed, it exacerbates health issues
7 as well. It compounds the problem and instead of being
8 that the maintenance is under control, the house is stable
9 and healthy, they then are much more distressed and that
10 puts more stress on the government and more stress on
11 services and medications and doctors and specialists and
12 everything else, and so it is just a compounding problem.

13
14 THE CHAIR: It is just one of the ways that they're
15 funding it, yes.

16
17 MS STAR: Yes, sure.

18
19 THE CHAIR: Thank you, Talie. Any last question or
20 comment before we have a short break? Anybody else?
21 Yes, Linda?

22
23 MS McLENNAN: I would just like to suggest an idea about
24 how we have a superannuation fund, somehow we could have a
25 housing fund where people, tenants can contribute and get
26 certain credits for work that they do above or beyond, or
27 they can use in the future towards deposits, or whatever,
28 in housing in general, which would provide some sort of
29 capital that community housing providers could draw upon as
30 well to increase or provide housing in maybe more rural
31 areas, like Coffs Harbour, Port Macquarie, so the creation
32 of some kind of housing fund which provides benefits.

33
34 I think someone else was saying doing maintenance on
35 properties, just any work, instead of, like, losing certain
36 amounts of money, it could become a credit, or something,
37 and contribute towards a housing fund.

38
39 THE CHAIR: Thank you very much, Linda.

40
41 MS DENNIS: Jenny Dennis, Local Government NSW. Yes,
42 great for the report. I suppose I'm still struggling to
43 work out what the Social Housing Strategy will be. I am a
44 little bit surprised there isn't one. I assume there is
45 one --

46
47 MR NORTHCOTE: No, there isn't.

1
2 MS DENNIS: -- but we're yet to see it. I work in the
3 local government place and space. Next month we're getting
4 a housing affordability policy put out by the Department of
5 Planning. We have got the district plans coming through
6 right now. Location based is the issue. I can only
7 reiterate what Geoff and others have said. The issue is
8 location based, not just across the sector. How do we put
9 the policy positions together so that councils can act
10 wisely in the space? We have considered policies that meet
11 the gaps.

12
13 I can only encourage this to go forward, but I can
14 only just reiterate with others who have said that we need
15 to put together the affordable housing policy too with
16 this, as well as what councils are doing on the ground.

17
18 THE CHAIR: Thank you, Jenny. Is there anybody else
19 before we go for a break? No? It is 11.10. Let's resume
20 at 11.30. Thank you.

21
22 SHORT ADJOURNMENT

23
24 THE CHAIR: Welcome back, everybody. The purpose of this
25 second session is to discuss two areas from our draft
26 report: firstly, our draft recommendations regarding an
27 improved process for matching tenants with housing that
28 meets their needs; and, secondly, our draft recommendations
29 regarding initiatives which would provide improved
30 incentives for social housing tenants to take up training
31 and employment opportunities.

32
33 I will now call on Kumi Cuthbertson to introduce this
34 discussion.

35
36 Better outcomes for tenants: better matching to housing,
37 more incentives to take up training and employment
38 opportunities

39
40 MS CUTHBERTSON: Thank you, Peter. In this session I will
41 discuss our recommended allocation system and workforce
42 incentives for tenants.

43
44 The allocation and prioritisation system we are
45 recommending aims to get the most out of the social housing
46 stock by helping people to be in the kinds of homes that
47 best suits their needs. So every home is different and so

1 is every household.

2

3 THE CHAIR: Can you hear down the back? Just? Okay.

4

5 MS CUTHBERTSON: The allocation and prioritisation system
6 we are recommending aims to get the most out of the social
7 housing stock by helping people to be in homes that best
8 suit their needs. That means that every home is different,
9 every household is different, so that if the household has
10 families that are with children, or with people with
11 special needs, they might need to live near a school or a
12 hospital, or if someone is ready to return to work, they
13 might need to be close to employment opportunities.

14

15 As you can see on the slide, there are five steps in
16 our process. The first one would be assessing the property
17 characteristics. FACS would assess the characteristics of
18 the house, such as the number of bedrooms, the address,
19 whether it's near schools, hospitals or jobs, whether it
20 meets accessibility standards for disabled residents,
21 whether it is designated for certain tenants, such as
22 indigenous people. We are proposing all properties would
23 be assessed at some time, but vacant properties would be
24 given priority.

25

26 In the second step, FACS would assess household needs
27 and this would be both while households are in social
28 housing, as well as when they first apply for social
29 housing. For instance, if a household is assessed as
30 living in unsuitable social housing, they be would added to
31 the waiting list, but they will stay in their current home
32 until a suitable replacement is found. FACS would assess
33 needs such as how many bedrooms are needed by the
34 household, whether there are school aged children, are the
35 members of the household working or able to work, does the
36 household need to be near a particular location or near
37 certain facilities such as hospitals, whether the household
38 is willing to live in certain areas, and also whether the
39 household is indigenous.

40

41 As part of that, we have also recommended that FACS
42 and the AHO consult any other additional criteria that
43 might be needed when matching aboriginal applicants to
44 aboriginal housing.

45

46 These characteristics of the household, as well as the
47 properties, would also be included and reflected in the

1 social housing strategy that we discussed earlier.

2

3 In the next step, based on the property
4 characteristics and the household needs, the computer
5 system would identify which households are best suited to
6 currently vacant properties. FACS would then advertise the
7 vacant homes to the best matches. What we are proposing in
8 our system is that multiple people would get an
9 advertisement and households would then apply for the
10 house. If a particular household wants to live in a
11 particular home, then they would need to apply for it.

12

13 Finally, FACS would offer the housing. In the case
14 where multiple people apply for the same property, the best
15 match would be offered the home, and where there are two or
16 more equal matches, the household with the highest priority
17 would be offered the home.

18

19 International experience shows choice-based letting
20 tenants are generally much happier with choice-based
21 letting, because they are given more choice, and any sort
22 of admin costs that might be incurred, additional admin
23 costs, are generally offset by shorter vacancy periods due
24 to the fact that people generally don't decline a property
25 that they have actually applied for.

26

27 So the application assessment process may also
28 identify that there are some people that don't need social
29 housing long term. We think that these people should be
30 diverted from social housing and we think they could be
31 assisted into the public rental market with private rental
32 subsidies. Through future directions, FACS has extended
33 private rental subsidies to help some people avoid or leave
34 social housing. For example, young people transitioning
35 into independent living and low to moderate income adults
36 or families experiencing a destabilising event. These
37 subsidies are currently capped at two to three years.
38 We think that these types of programs, that is,
39 time-limited, private rental subsidies, have the potential
40 to be cost effective and beneficial to clients.

41

42 We understand FACS will be evaluating these programs
43 in the next couple of years. If they are found to be
44 effective, we think that they could be expanded and offered
45 to a wider range of clients.

46

47 In the next few slides I am going to look at some of

1 our recommendations for improvement in workforce
2 participation, including continuous leases, a safety net
3 right of return and extending the government's current
4 start work bonus program. We are recommending that all
5 social housing leases should be continuous, leases to
6 strengthen workforce incentives. Public housing leases
7 currently, as you probably know, are fixed term leases of
8 two, five and ten years, but many submissions to our issues
9 paper argued that fixed term leases are really a
10 disincentive to employment, because tenants fear losing
11 their place when their lease is up for review.
12

13 So we are proposing changing to continuous leases, but
14 at the same time we are also recommending that FACS adopt a
15 formal policy that social housing eligibility means a
16 suitable property that meets a household's needs, rather
17 than a specific property. At the same time, we are also
18 recommending that households in social housing be reviewed
19 periodically, at least every three years, to ensure that
20 the property continues to meet the household's needs and
21 characteristics. This would feed into our recommended
22 allocation process as well.
23

24 So we are also recommending a right of return safety
25 net for tenants. Currently former tenants that apply to
26 return to social housing join the queue at the end of the
27 wait list queue, so stakeholders told us also that tenants
28 are discouraged from taking up opportunities to work and
29 potentially moving from social housing to private rental,
30 as they fear losing their place - either their social
31 housing house or their place on the queue.
32

33 To address this disincentive and encourage
34 transitioning to private rental, we think that tenants
35 should be permitted to retain their original application
36 for housing date for up to two years after leaving social
37 housing. Our recommendation aims to provide a safety net,
38 which means that if a former tenant needs to return to
39 social housing, for example, due to job loss or reduced
40 hours, they would be assessed against their original
41 application date, which puts them higher on the waiting
42 list than otherwise would be. We think that two years is a
43 reasonable timeframe for households to become established
44 in their job, as well as a private rental place. This
45 right of return, we think should only apply to positive
46 tenant exits - that is, not to tenants who have been
47 evicted from their home.

1
2 Finally, we are recommending an extension of the start
3 work bonus program. Currently this program provides
4 households a six-month rent freeze when a household
5 member's income increases. It aims to address
6 disincentives that tenants face, that the rent would
7 increase with a higher income, or they may be worried that
8 their lease would end if they take up work opportunities.
9

10 Under the current rules, only tenants starting work
11 for the first time would qualify. For instance, people on
12 Newstart allowance or people that may have been unemployed
13 for long periods of time. We consider that this is a good
14 program, but it could be strengthened if it was extended to
15 include any additional income from employment. This would
16 include, for example, when someone changes jobs or they are
17 going from casual to permanent or from part-time to
18 full-time work. We think that this would provide
19 incentives for household members to seek better paying jobs
20 as well as longer hours if that's what they want.
21

22 At the end of the rent freeze period, if a tenant's
23 income is above that subsidy eligibility limit of \$1,400,
24 as mentioned earlier, that's a week for singles, they will
25 be offered some alternative such as one-off private rental
26 assistance - for example, bond loans, advance rent, or
27 moving expenses - to support a move into the private rental
28 market. Alternatively, if they opt to remain in social
29 housing they would pay market rent and a premium of
30 5 per cent as discussed in the earlier session.
31

32 I'll just turn to some questions now. This concludes
33 this part of the session. I'll hand over to Peter to invite
34 some discussion.
35

36 THE CHAIR: Thank you very much, Kumi.
37

38 We invite discussion, comments, questions, on this.
39 I might just mention that we are rather tight up here, so
40 one of the transcribers has their back to you. If you have
41 spoken once, and you speak again, can you just identify
42 again who you are, please, each time you speak.
43

44 Nicky, you were going to kick off.
45

46 MS SLOAN: I reiterate my question, really. Look, we were
47 really pleased to see the continuous leases, I think it

1 would be very reassuring for many people, and the two-year
2 safety net to return to your original application date is
3 also really reassuring, and the start work bonuses.
4

5 I guess our question around the continuous lease and
6 particularly the 5 per cent for people who choose to stay
7 after their income is over the threshold, is if their
8 tenancy is going to be reviewed every three to five years
9 and the 5 per cent is in recognition of the fact that they
10 would normally be paying money to move in private rental,
11 if they are then forced to move because their tenancy
12 doesn't suit them any more, are they going to get a rebate
13 on that 5 per cent? How does that really address security
14 of tenure?
15

16 THE CHAIR: That's a good question, and we will take that
17 on.
18

19 MS VINCENT: I guess what we have said is that FACS's policy
20 should be that a right to a place in social housing is a
21 right to a suitable dwelling, rather than a specific
22 dwelling. While the lease might be for a specific
23 dwelling, the right to stay is the right to stay in social
24 housing, so if the property no longer matches their
25 characteristics, they would be potentially asked to move
26 somewhere that was more suitable, but they would still have
27 the right to a social housing dwelling.
28

29 THE CHAIR: I think the point is would they get the
30 5 per cent rebate, having paid a premium.
31

32 MS TOWERS: It is security for social housing, not for the
33 dwelling.
34

35 THE CHAIR: As opposed to security for a dwelling. Let us
36 take the issue on board.
37

38 MS COPE: The issue that you're raising is the cost of
39 moving, I think, is that the --
40

41 MS SLOAN: I think that's part of it. I think if
42 someone's paying market rent plus 5 per cent, they are
43 paying a premium for security of tenure, and in that case I
44 think it should be security of tenure for that property, not
45 necessarily for the right to live in a property. It seems
46 to me that that's a little bit of double dipping. That's
47 saying, "We want you to pay more, but, plus, we might move

1 you on". I think maybe that needs a little bit more
2 examination.

3
4 MS COPE: I understand.

5
6 THE CHAIR: Thank you very much for that.

7
8 MS HODGE: Carolyn Hodge from NCOSS.

9
10 With regard to people being reviewed, I have noticed
11 that there's some consideration about proximity to
12 employment hubs and education hubs, which we considered in
13 our original submission. I'm just wondering about where
14 people may not be going to enter the workforce or training,
15 older people or people with a disability that may prevent
16 them from working, under this system, how do you intend to
17 safeguard them being moved multiple times, as they compete
18 with people who, on the face of it, need to be close to
19 employment and training?

20
21 I guess for me it would be a really bad outcome if
22 older people were pushed down a hierarchy in order to keep
23 people connected with something.

24
25 THE CHAIR: I don't think that's how it's meant to work,
26 Carolyn.

27
28 MS HODGE: I understand that it wouldn't be meant to.

29
30 THE CHAIR: Let's say you have a couple with children and
31 then the children over the years leave home, and possibly
32 one of the couple passes away or moves on. You then have a
33 situation with one person in, say, a three-bedroom
34 dwelling. Under this system, which is proposed - just to
35 emphasise - what would happen is that would be reviewed and
36 there would probably be a decision that that particular
37 dwelling is no longer appropriate for that tenant. Then
38 there would be a look to move the tenant to another
39 dwelling, but that doesn't mean to say that every three
40 years they have to move, because it's only when you are no
41 longer suitable for the dwelling. It's not as though
42 you've been pushed out because somebody else is going to
43 get your house.

44
45 MS HODGE: I was a bit concerned because there was
46 reference to the amenities. It wasn't just the dwelling,
47 it was the proximity to the amenities that you may no

1 longer need.

2

3 To me, there was a bit of judgment in there when if
4 you say you do not need, as someone who is finished in the
5 workforce, to be close to employment and training, there is
6 a risk that that would be perceived as a trigger to move
7 someone.

8

9 THE CHAIR: That would only happen once. It wouldn't
10 happen repeatedly.

11

12 MS GEORGIU: It's about broadening the definition of
13 suitability. I think if you just focus suitability around
14 employment and training, you exclude why someone is
15 suitable for a whole range of other things. Maybe it's the
16 definition.

17

18 THE CHAIR: We get it. We have mentioned things other
19 than employment and training.

20

21 MS HODGE: I noticed you mentioned health.

22

23 MS TOWERS: Health, for example, and education, that's
24 right. It's not just about employment hubs.

25

26 MS VINCENT: We are happy for you to nominate things that
27 you think should be included.

28

29 THE CHAIR: We are happy to take submissions on this,
30 which goes to essentially the characteristics and needs of
31 a household and the characteristics and attributes of
32 various properties. Adam?

33

34 MR FARRAR: I may just stick with this issue for the
35 moment, to keep that conversation flowing a little bit.

36

37 I think it also links potentially into the discussion
38 about the assessment and allocation system. If you don't
39 mind, I will run the two together. Again, can I start by
40 saying that the broad commitment to removing workforce
41 disincentives, creating the opportunity for secure
42 tenancies is greatly welcomed and again an important
43 contribution to public policy.

44

45 My issue, really, is the risks that go along with an
46 attempt to find a formulaic centralised approach to
47 matching households to need. That always runs very severe

1 risks of being abused. It's almost impossible to find
2 something which is both robust and has the flexibility and
3 interpretive nature of good definitions that look at a
4 person's circumstances, understand all the things you
5 hadn't thought of at the time and then makes the match.
6 That's the only thing that generates proper outcomes.
7

8 The easy default position, and one way of reading the
9 recommendations, are that ultimately this is going to be a
10 fallback, simply focusing on under-occupancy and making the
11 best use of the property asset in terms of household size,
12 because that one's really easy to measure.
13

14 There is some ambivalence, I think, in the way the
15 discussion is in the paper, which leads me to worry about
16 that. I think, first of all, that would be a very bad
17 mistake. I know you acknowledge in the report that there
18 are benefits in security of occupancy of a dwelling - that
19 is, the benefits that go with security in a home. The
20 kinds of things which provide the platform that allow
21 people to take up the opportunities in life and to be
22 secure, free from anxieties. Sociology has a term for it,
23 it's called ontological security, and it matters.
24

25 We must not shift to a technology of managing the
26 asset as a way of, if you like, avoiding that really
27 crucial value. That then takes me to the matching process.
28 Again, that seeks to define, and in fact get a computer
29 program to do the job, the criteria for matching. The
30 outcomes that you are looking for already exist.
31

32 In good public housing - that is, one that hasn't had
33 its workforce depleted over a number of years - what
34 happens is appropriate allocations based on understanding
35 the needs of tenants, doing proper matching to not just the
36 dwelling that's come up on the top of the list, but all the
37 other kinds of factors that you very rightly identified.
38 In good public housing, that's what happens.
39

40 In our current system, it's been so constrained that
41 that's been very difficult to achieve. In community
42 housing, in most cases - and of course I can't say that
43 everyone is brilliant; in a previous job I would have had
44 to have said it, but I don't now - it is the case that
45 overwhelmingly that kind of matching is the norm. It works
46 only when it works at a local area, at the interface
47 between a provider and an applicant; it doesn't work as a

1 centralised model.

2

3 I think that's simply the nature of the complexity of
4 the housing business that may not be fully appreciated.

5

6 THE CHAIR: Thank you, Adam.

7

8 MS COPE: Can I just ask some questions around that. I
9 understand what you're saying and I just wanted to test
10 something. Our model's not the computer deciding which
11 house you are going to get. It's a very coarse search, matching
12 houses with things that people have identified as their
13 characteristics. Then the tenant has the choice of saying,
14 "Yes, I think that house is suited to me", which was trying
15 to overcome a couple of problems that had been identified
16 to us in the past. One was that people were given a fait
17 accompli and if they reject too many, or a couple of them,
18 they have got nowhere else to go.

19

20 This system wouldn't do that. You would have the
21 opportunity to say yes or no to a much broader number of
22 properties before you got matched, and it was the tenant
23 that would be deciding, yes, this is the right property for
24 me, and could choose a much bigger search area if they
25 wanted to about properties that they would consider.

26

27 MR FARRAR: I understand that. May I make two responses
28 to that. I absolutely take your point.

29

30 Choice-based letting can be very positive for tenants,
31 or quite negative, depending on the surrounding
32 circumstances. There was an attempt at Miller's Point to
33 introduce it but because of the forced relocation nature,
34 it was experienced as negative, as conflictual, as
35 competitive, and as unfortunate. In other circumstances,
36 it provides all of the sort of satisfaction that comes from
37 genuinely making a choice.

38

39 It depends a lot on the circumstances. My sense is
40 that we are quite strongly supportive of creating that
41 option, but we're some way away from having a degree of
42 choice available to make it work effectively to deliver the
43 right kind of outcome, that's a real problem.

44

45 My second worry, though, is you say that the decision
46 making about what is an effective match within the
47 constraints of some coarse parameters then goes down to the

1 tenant. That is not what you're proposing after the
2 three-year review and that seems to me to be a
3 contradiction.
4

5 MS GEORGIU: This is such a rich kind of area and there
6 are so many complex policy questions that you've tried to
7 address and I just really want to commend you around the
8 work on disincentive proposals and really trying to get to
9 grips with understanding what are the different
10 relationships that actually impact on people's decisions to
11 move and how do we support them to take up choice when they
12 want.
13

14 I have worked in scenarios with choice based lettings
15 and I think that our sector and our industry would like to
16 work with government to look at how a choice based letting
17 system could work effectively. There are many, many
18 variables that impact on it working well, not least the
19 types and numbers of vacancies that come up in the system
20 and where they are and what kinds of choices you've got in
21 terms of the location of properties and stuff. I would
22 love to grapple with those policy issues.
23

24 We totally support the continuous lease introduction.
25 We do have continuous leases in community housing and we
26 have continually argued that those are really an important
27 fundamental tenet of the service that we provide. We
28 assess the needs of tenants every year. In fact, providers
29 assess them every six months if they go and do six-monthly
30 visits. I do think there is a little bit of a
31 misunderstanding about how providers work.
32

33 I have just come out of being the CEO of the Women's
34 Housing Company. We know which of our tenants are in
35 properties that don't suit them and where they would want
36 to move and actually, the issues for us are not
37 understanding or assessing those needs, it's our capacity
38 to move people, in fact. I think this is a real challenge
39 to the portfolio here. It goes to what is the long-term
40 portfolio strategy for something which rests mostly on a
41 three and four bedroom kind of stock asset base and what
42 real options we're giving people.
43

44 In terms of the time-limited private rental subsidies,
45 I kind of got a little bit confused about whether we're
46 talking about PRS, which keeps people housed until a social
47 housing vacancy comes around, or we're talking about the

1 start safe leave planning approach which is time limited.
2 We would really love to see the evaluations and see whether
3 that can be extended. What I am not sure about in this
4 section is, is this the bit where you propose that existing
5 tenants are prioritised above urgent applicants? You
6 haven't got a question about that. For me that's the
7 biggest concern in this area.

8
9 The impact that that is going to have on homelessness
10 in this system and on costs associated with meeting
11 homelessness, I think you have underestimated that impact
12 and I would be really concerned about that. I am concerned
13 about something that prioritises those who already have a
14 subsidised form of housing with some security above those.

15
16 I know you say that it will generate a vacancy but
17 that is a time lag. If you manage housing you know that
18 every time you have to do another vacancy that's another
19 time lag when somebody has to stay in TA or in crisis
20 accommodation. I think that needs unpacking a bit more.
21 Thank you.

22
23 THE CHAIR: Thank you. Thank you, Rick.

24
25 MR BANYARD: There are three things that I think would be
26 of interest to our organisation. Where are the houses
27 going to come from that FACS is going to put on the list to
28 offer? On one hand, you say that there is a waiting list
29 of 60,000 people. You should be operating houses with
30 100 per cent occupancy, so how are you going to come up
31 with lists of houses that could be put on the list to offer
32 to people?

33
34 Are you going to also include those premises which are
35 under-occupied, say that three bedroom unit that only has
36 one person occupying that unit, are you going to put them
37 on the list too? There is a whole lot of credit in that
38 area there that I don't think there's a proper answer to.

39
40 The second thing is will FACS be listing on their list
41 of potential properties, all properties, public and
42 private, because that's about giving the tenants real
43 choice, potential rent choice. Landlords, for example,
44 basically can find a house in any street in New South
45 Wales, public housing providers are probably flat out to
46 find a house in every suburb in New South Wales. You're
47 closing down a lot of potential houses and a lot of

1 potential accommodation if tenants aren't given a choice of
2 houses in private accommodation.

3
4 Yes, there's a difference in the money but there are a
5 large number of social housing tenants who are capable of
6 putting themselves into private accommodation. I can think
7 of one example of a tenant who has about \$400 a week as
8 their income, they pay \$315 a week in rent, and they
9 survive, and they've been in private housing for probably
10 15 years.

11
12 The third thing is, is the 5 per cent extra going to
13 add on to it? Is that because private property is not
14 considered to be secure? Private landlords want to keep
15 tenants for as long as the tenants want to stay. It is
16 nearly always the tenant who moves on for various reasons,
17 job, accommodation, families, marriage, breakdowns, the
18 whole gamut. It is not that the landlord wants to get rid
19 of them. Thank you.

20
21 THE CHAIR: Thank you.

22
23 MS BROTHERSON: Hello, Donna Brotherson from the
24 Illawarra Forum. Just going back to the choice based
25 allocation, I wanted some clarity on currently when a
26 tenant is offered a property they have two choices,
27 basically. You turn down the first property; if you turn
28 down the second property, you're struck off; back to the
29 bottom of the list. You said there would be plenty of
30 choice, but will that two-strike or two-choice option still
31 exist or will that be broadened? There's no point having
32 choice if that's limited to one.

33
34 Also, talking about tenants submitting expressions of
35 interest, it's very much based on the assumption that
36 tenants are also able to self-advocate and go through that
37 process. We all know that there are many out there who
38 don't have that capacity. I am just wondering how that has
39 been addressed and how those tenants will fare.

40
41 THE CHAIR: Let's take those points on board.

42
43 MS VINCENT: I can respond to the first one. With a
44 choice based letting system, because the properties are
45 advertised to tenants then there's no way of
46 them being offered a property unless they've already
47 applied for it, so you wouldn't need the strike-out system.

1 Just remind me what your second point was?
2
3 MS BROTHERRSON: About the tenants being able to
4 self-advocate and submit expressions of interest.
5
6 MS VINCENT: Yes, that's right. There can be increased
7 administrative costs in choice based letting which include
8 needing somebody to work with tenants, so whether that's
9 somebody from FACS or from a community housing
10 provider, there would potentially be increased costs there
11 from tenants who do need that kind of assistance.
12
13 MS TOWERS: We do reference those in the report. We don't
14 quantify them, but we know that they're additional costs.
15
16 MS BROTHERRSON: And would the tenants have to indicate
17 that they need that assistance, because even that sometimes
18 is an issue?
19
20 MS VINCENT: We haven't gone into this level of detail in
21 our report, but yes, we are aware of those kinds of
22 requirements and potentially that would be part of the
23 assessment process when somebody applies in the first place
24 and goes on to the waiting list. That would be --
25
26 MS TOWERS: That would be picked up.
27
28 MS VINCENT: That would be picked up there, yes.
29
30 THE CHAIR: Mark?
31
32 MR NUTTING: My query really went to the allocation
33 process and I wanted to thank you for all the work that
34 you've done there and the thinking there, but I also wanted
35 to reiterate that it is quite a complex area and it has
36 lots of different facets. One facet which I think probably
37 needs some more attention is the impact on communities.
38 Allocations build communities and also the idea of
39 loosening people's tie to their home actually undermines
40 communities. I think that a good allocation process looks
41 at matching the individual to the individual home, but also
42 to a community and sometimes that can become very critical
43 if you've got a very disadvantaged community and what
44 you're doing is putting in someone who won't really thrive
45 in that community.
46
47 Similarly, you can break down communities which have

1 been working well and undermining them and I think that a
2 good process would keep that in mind and perhaps that needs
3 a little bit more thought.
4
5 THE CHAIR: Thank you.
6
7 MR BAULMAN: People in the room might recall that there
8 was an initiative by tenants to talk to each other about
9 their desire to move from one location to another. I can't
10 remember the name of that. What was it called?
11
12 MS GEORGIUO: It was called mutual exchange process.
13
14 MR BAULMAN: Yes, mutual exchange process, but there's
15 actually a website where tenants can sign up. For example,
16 if they need to move to - I don't know - Dubbo, or
17 something like that, from the Sydney area, they can put
18 themselves on this private list saying that their place is
19 - you know, they describe their place and someone in Dubbo
20 can say, "I need to move to Sydney", so it's all tenant
21 initiated. The Department of Housing obviously hated it
22 and did everything they could to stomp on it, but there
23 might still be some interest and opportunity for tenant
24 initiated exchanges, mutual exchanges.
25
26 THE CHAIR: Thanks, Chris.
27
28 MS BEVEN: Hi, I am Lynne Beven from Family and Community
29 Services. I just want to reiterate around allocations and
30 how the process is about trying to match the client to an
31 appropriate property and certainly what Mark and Deborah
32 have said is that we do try and match them as best we can.
33 The local knowledge around the property and the community
34 is integral to that process, but the option around moving
35 people on a more regular basis if the property no longer
36 meets their needs, there's a number of costs associated
37 with that - the costs of refurbishing the property that
38 you're moving someone out of and in to, as well as the cost
39 to the community at large - and I see that if people are
40 moved, you know, possibly every three to five years, or
41 sooner than that, it's quite destabilising in a lot of
42 those communities and a lot of the support services that
43 are set up in that area.
44
45 THE CHAIR: Thanks, Lynne.
46
47 MS STAR: Thank you. I just have a few observations on

1 moving people. One is the security that people feel when
2 they have a home rather than a house. The other thing is
3 also you have people in trauma, so going up to people in
4 trauma and saying, "You need to move", or, "You need to go
5 and apply for this property", or, "Go and look at this
6 property", sometimes people aren't in a space to be able to
7 do that, so to say, "This day, this time, go here", or,
8 you know, "You need to be a little bit more flexible than
9 that", I don't know. The thing is we need to reflect on
10 the fact that they're people and not numbers and we can't
11 just go from here to here, "Do this this day."
12

13 The other problem is that whilst I think FACS tries to
14 do the best they can, sometimes the system is quite
15 bullying and they use threatening techniques to get people
16 to move and so that's another concern as well. If you've
17 got traumatised people put in these positions, maybe it's
18 coming from a good place and wanting to help them, but
19 they're not able to respond in those situations because of
20 the things that are going on in their lives. It's often
21 multi-faceted, what's going in their lives; they need
22 housing, they might have health issues, they might be
23 leaving a DV situation, they might be feeling threatened,
24 they might be in a community that they feel threatened in,
25 add all of these things. They may even be going through
26 surgeries at the time and I know of cases where that has
27 happened and then they've had pressure on them to move.
28

29 It is really important to consider security of housing
30 as well, that they can feel safe that this is the place
31 that they can go to and stay in, that they are considered
32 in their mental state as well as their physical wellbeing,
33 as their ability to even go and do any of these things.
34 For some people it's simple and easy, but for others it is
35 highly complex and unable to be done.
36

37 MR HINDMARSH: Without diluting the importance of
38 community - this is more for my own information - when
39 assessment of a tenant is being done, are decentralised
40 properties discussed with them? For example, showing them
41 that there are cheaper prices out at Woop Woop, or Dubbo,
42 or wherever. Are they given just the opportunities here in
43 the city or can they be given an incentive, a motivation to
44 decentralise. This would also I think require some sort of
45 extra financial help maybe for the first 12 months, but
46 I think it could contribute to the benefits.
47

1 THE CHAIR: Thank you, Peter. Deborah?
2
3 MS GEORGIU: I just wanted to talk about suitability.
4 I don't think any of us would argue with the position that
5 you've taken about trying to find the most suitable housing
6 outcome for somebody. I just wondered whether you've
7 looked at the things that were already available to the
8 providers in terms of this. We do have a system of
9 management transfers which enables us to think about
10 transferring existing tenants to more suitable properties.
11
12 We also have a section in the legislation which
13 actually enables social housing providers to move people
14 and where they have to provide a suitable offer and so,
15 in fact, I am not quite sure what you're proposing would
16 add to that or what it is that you're saying you will add
17 to those opportunities that were already there for
18 providers. For me what is going to be a question in our
19 response really is what does this add to what is already
20 available? We are meant to talk to tenants regularly about
21 suitability. We are meant to think about the options for
22 them. What is it that this is doing that's on top of that?
23
24 THE CHAIR: Thank you. Other questions or comments?
25 Geoff.
26
27 MR TURNBULL: There are a couple of areas that I would
28 like to raise. One of those is in terms of whether or not
29 there has been any looking at the whole accessible design
30 aspect in terms of when work is done on buildings, whether
31 or not those buildings can be put in a form where it
32 becomes possible for those to be easily modified and how
33 the economics of that work, because it seems to me that one
34 of the problems in terms of finding suitable places is
35 actually having places that can be cost effectively
36 modified and that's one area.
37
38 The other one that worries me a little bit about the
39 allocation side of stuff is how you don't end up with what
40 they termed in Millers Point "housing bingo". You are
41 talking about making offers to a number of people, then
42 putting in expressions of interest, but then if the system
43 is working that you've got a number of those people, you're
44 nearly always going to end up in a situation where you have
45 two or three people that say, "Yes, I'm interested in going
46 into that place", in particular, in a situation of
47 scarcity, which gives you another element in terms of the

1 expectations on the people that you're dealing with, and
2 in particular if they're vulnerable people, to manage in
3 that process. I would like to know how you see that aspect
4 of it working so that it doesn't come down to the housing
5 bingo thing.
6

7 MS VINCENT: The priorities would still apply. You would
8 have a combination of the current situation where you have
9 a waiting list, so people do understand that they have a
10 position on the waiting list. It would introduce the
11 element of tenant choice and that would try to trade those
12 things off, but you wouldn't ever be in a situation where
13 it was just a matter of a lottery of who ended up being
14 offered the property because there would still be the
15 prioritisation in terms of position on the waiting list.
16 In the end, if all other elements were equal, it would come
17 down to amount of time on the waiting list, as it currently
18 does.
19

20 MS ANGEL: I think there was a mix-up in the waiting list
21 and people being relocated. Was that right?
22

23 MR TURNBULL: You have two elements and it's not clear to
24 me which one. This process, as I understand it, applies to
25 people who may be relocated as well as people who are
26 coming in from outside. It would work very differently in
27 desirable locations as opposed to places where tenants may
28 not be finding it that desirable to get moved to, but in
29 each case if the system is going to work then you have a
30 number of people that you're actually going to ask to put
31 expressions of interest in for that place and then you've
32 got to juggle that, so you're juggling people's
33 expectations and in particular, in a scarce market that
34 worries me.
35

36 MS ANGEL: Could I just ask my own question?
37

38 THE CHAIR: Yes.
39

40 MS ANGEL: Thank you. Moving people from a property where
41 you've got one person in a four bedroom property, I think
42 the problem is there's nowhere to actually move into, so
43 they stay there, so can that be a really big
44 recommendation, that more one bedroom places be built so
45 that a family home can become a family home for a family
46 and not an older person? Thank you.
47

1 THE CHAIR: Yes, thank you for that, we're very conscious
2 of that issue. Thank you. Clare?
3
4 MS BAILLIEU: We have been talking with Land and Housing
5 about the proposed Riverwood Development Stage 2 and what
6 they are proposing to do is to build more one bedroom
7 places. However, to get the land to put this on they're
8 going to be pulling down two, three and four bedroom
9 places, so if you're moving someone out of a family home
10 because they're the surviving member and putting them in a
11 one bedroom place, where are you going to get the three and
12 four bedroom places from to house the next generation?
13
14 THE CHAIR: Thank you. Any questions or comments? Yes,
15 Charles.
16
17 MR NORTHCOTE: Just in answer to the last speaker, I think
18 the comment I would make is pay market rent and we can then
19 invest in new housing, that's the real simple adage,
20 otherwise nothing will happen.
21
22 THE CHAIR: Are there any other questions?
23
24 MR TURNBULL: Just back on the question of the two years,
25 the ability to return, I understand where you're coming
26 from in that. What worries me is that where you have
27 people that may, for example, have episodal illnesses who
28 have overcome that, gone back into the workforce, it may
29 not be two years before that circumstance reasserts itself
30 and so I just think there needs to be some recognition of
31 the circumstances that that person has had in the past,
32 because it may be that you need to actually provide a
33 longer period of time in some of those circumstances rather
34 than just two years and you're out. I think that's really
35 looking at the sort of history of people and understanding
36 where they've come from and what they need to actually have
37 some security.
38
39 I think the other area that really needs to be looked
40 at is what the pathways are to move people between social
41 housing and affordable housing and then back again as part
42 of that process where that's possible, so that you actually
43 free up - you might not even need to move the person, but
44 you can free up a position, if you like, for someone coming
45 into social housing and that person has moved into
46 work, moving into the affordable housing allocation within
47 a community housing provider.

1
2 MR FARRAR: Again, on question 3, about time limited
3 private subsidies, I think we are very strongly supportive
4 of the use of subsidies in appropriate circumstances and
5 the extension of those is a very good thing, so you have
6 support there, no question about that. Where I have real
7 problems is any kind of presumption that this can be a
8 central part of one's social housing or housing responses
9 for people on low incomes, because for the majority of
10 tenants who then are entering the private rental market
11 because they're entering employment, affordability is still
12 going to be out of their reach.

13
14 In Sydney's housing market the depth of
15 unaffordability is so pervasive, so expensive, that it is
16 not reasonable to expect that a time limited subsidy, as a
17 key part of that strategy, will meet needs. On the other
18 side of that coin, it is not reasonable to expect that more
19 than a lucky few will find a pathway into the level of
20 income and secure income which would allow them to operate
21 in the private rental market.

22
23 That has to be well up into at least the fifth decile
24 and probably the sixth before you can talk about that and
25 the nature of our labour market has changed so dramatically
26 that we can't assume that as part of our normal
27 expectations. Again, I want to stress that that doesn't
28 mean don't do it, it absolutely is important in many, many
29 circumstances, but to make it a central presumption that
30 this can do some of the heavy lifting in the system is
31 simply not so.

32
33 THE CHAIR: Thank you, Adam.

34
35 MS HODGE: I just wanted to make a comment on question 4.
36 We think that where people are nearing retirement age, that
37 probably a longer right of return period would be useful.
38 It may give them more security in taking up opportunities
39 and choices. Our submission is we'd probably need to flag
40 over 50s, we would probably like to see at least five
41 years, and that may also be the case with people with a
42 disability, with a degenerative condition that may be able
43 to work for some time but may not be able to later on in
44 life.

45
46 We think it is a really good initiative to have that
47 right of return, so we would like to congratulate you on

1 that. I just think some tweaking for particular cohorts
2 might make it a little bit better. Thanks.

3
4 THE CHAIR: Thank you. Are there other questions or
5 comments? Yes, Talie.

6
7 MS STAR: I just want to make two comments. One was also
8 with work, for people who work casually, who work
9 occasionally, who only work when they can. The system
10 doesn't work for them because housing doesn't have any way
11 to take just a short payment where maybe you work one day
12 one week or you might work a week some other time, so
13 there's a disincentive to pick up a day's work here and
14 there when you physically feel well enough to work. That
15 system needs to be addressed.

16
17 With Centrelink, you just report every fortnight and
18 if you have worked they pick up that work and take it out.
19 Maybe the same system could come across to housing so that
20 all the Centrelink payments come across and they work
21 together.

22
23 The other thing is when we're talking about moving,
24 we're forgetting that moving is one of the highest stress
25 things that people can do. Going up to people in
26 situations and saying "move", you're increasing their
27 stress immediately, or "potentially move", or "you could
28 move in three years", or just even creating that stressful
29 environment increases their stress and it's one of the
30 highest stresses that people can experience.

31
32 THE CHAIR: Mark?

33
34 MR NUTTING: Just following on from that thought, I think
35 whilst the broad sentiments are right, unintended
36 consequences could happen with very large families. You
37 could imagine a single parent with a large number of
38 teenage children that would progressively leave and you
39 could have them on a treadmill where they're having to move
40 and looking forward to having to move every three years
41 four times, or something like that, and that would be
42 something that would certainly be perhaps exceptional, but
43 something that you wouldn't see as a positive.

44
45 THE CHAIR: Thank you. Are there other questions or
46 comment?

47

1 MR BAULMAN: Just to reinforce this sensitivity issue -
2 this is an extreme case but I'm sure it's not that
3 uncommon - a friend of mine received notification that she
4 was going to have to transfer from Department of Housing to
5 community housing, or at least was going to move over. She
6 has gone into shock and any tension whatsoever drives her
7 to close the curtains, shut the front door, not answer the
8 telephone, and that sort of shock has gone on for her for
9 up to three months. I know that is probably unusual, but
10 I think it really illustrates how disturbing things can be
11 for a lot of people who are in social housing because
12 they're very vulnerable.

13
14 THE CHAIR: Thank you.

15
16 MR HARTLEY: I just echo a couple of the points that have
17 been raised, particularly given that a lot of the clients
18 that we are talking about have experienced trauma and one
19 of the most important things in terms of dealing with
20 people that experience trauma is consistency.

21
22 I understand the complications in terms of making sure
23 that appropriate dwellings are there, but I think at the
24 very least there needs to be some consideration of the
25 support processes that are in place if people are required
26 to move.

27
28 MS BAILLIEU: Because we have this redevelopment going on
29 in our area at the moment, we have had a lot of people who
30 have been asked to move over from social housing to
31 community housing, and the resistance has been enormous.
32 Some people just flatly say, "I will not move, they can
33 pull the house down around my ears and me with it". There
34 are very, very, very upset people. I think some of it is
35 that we are very lucky in Riverwood, we have a very, very
36 kind and efficient office of FACS.

37
38 Part of it is fear and part of it is talking to their
39 fellow residents who have moved from social housing to
40 community housing, and are finding that the provision of
41 service is just very much less. They are not being
42 listened to, they are not able to get answers. They don't
43 even get rent receipts, so they don't even know how much
44 they are paying. It's been a very difficult transition.
45 Now people are applying to move away from the new buildings
46 because they just cannot come to grips with being treated
47 not the way they were used to be being treated by FACS

1 Housing.

2

3 MS ANGEL: Can I just ask a question. Do FACS Housing

4 tenants receive receipts?

5

6 MS BAILLIEU: Yes.

7

8 MS ANGEL: A rent statement?

9

10 MS BAILLIEU: Community housing tenants have to beg for a

11 statement, which will be for the entire period of the

12 tenancy. It's very, very difficult --

13

14 THE CHAIR: Hang on, I think some people from

15 community housing won't agree with that, Clare, but we'll

16 get to that in a minute.

17

18 MS ANGEL: I was going to say that's actually incorrect

19 procedure, and you are entitled to a rent statement from a

20 community housing provider. That should be looked into.

21

22 THE CHAIR: Charles, and then Deborah.

23

24 MR NORTHCOTE: As I said, I am a CEO of a community

25 housing provider and I'm not going to say everyone gets it

26 right all the time, but what I would say is the evidence is

27 very clear that tenant satisfaction right across the

28 country, when people go from public housing to community

29 housing, is at least 10 to 15 points higher than what you

30 achieve in public housing. I know there will always be

31 circumstances where it doesn't work, but that's usually

32 down to the people doing it and that just needs to be

33 fixed.

34

35 MR BAULMAN: I think in that tenant satisfaction rating we

36 have to consider that over decades, actually, the

37 Department of Housing, or FACS, has been underfunded and

38 under great, great and increasing pressure to manage the

39 properties, so I don't think it's a fair comparison to say

40 that tenants are more satisfied under community housing

41 than under public housing.

42

43 This has been a strategy to privatise the Department

44 of Housing in order to be able to raise funds, from banks,

45 to be able to mortgage properties, get private funding and

46 build more housing, rather than the government having to go

47 into debt, which can be recognised by the opposition which

1 then points to ballooning government debt. So it's a
2 political strategy, and I don't think it's right or
3 accurate to simply say that the tenant satisfaction is
4 higher with community housing tenants.
5

6 MR FARRAR: I would hate to see the conversation be about
7 competition between parts of the social housing system.
8 We are all or ought to be all concerned about what provides
9 the best outcomes for tenants and best lives and homes that
10 tenants can have. I think it's a useful opportunity,
11 taking precisely your point, which I think is clearly right
12 about the funding to, once again, acknowledge the
13 recommendation in the IPART report which goes directly to
14 trying to solve that problem.
15

16 THE CHAIR: Thank you, Adam.
17

18 MS ANGEL: You just said that government are going into
19 debt. As Charles said, look at stamp duty, and the amount
20 of money made from stamp duty could be used for building
21 public housing and social housing. So that's not even an
22 argument the government are going to go into debt, is it?
23

24 THE CHAIR: It is an argument that is often made. Whether
25 it's a valid argument is another issue. Chris?
26

27 MR HARTLEY: I realise saying this is a little bit outside
28 the scope of IPART and not IPART's fault, but I'd be
29 cautious in terms of using the language around people that
30 are waiting to get into the public housing system. The
31 report mentions that TA is an appropriate response. It's
32 not an appropriate response. Just a recommendation that
33 you be careful around using that language.
34

35 THE CHAIR: Thank you.
36

37 MR TURNBULL: Just on the question in terms of assessment
38 every three years, I think it needs to be made clear that
39 there needs to be the human service and social aspects of
40 that actually taken into account. One of the things that's
41 come out very clearly out of the Miller's Point stuff, but
42 also what we were looking at in terms of Waterloo, is that
43 the supports that actually operate within that community
44 mean that people quite often don't fall back on the social
45 services system in the way in which they would if they are
46 moved. So it's just not a situation of matching person and
47 building, it's also in terms of what the social supports

1 and capital are that actually is around that which also
2 need to be taken into account. It just needs to have that
3 element.

4
5 THE CHAIR: We would welcome contributions on this. The
6 question is whether three is right, or five, these sorts of
7 issues which you guys would have some views on.

8
9 MS GEORGIU: I just wanted to support Chris's comments.
10 I think the report is a little throwaway around the needs
11 of people who are homeless or have urgent housing needs.
12 I think there is one statement and one recommendation
13 around TA and crisis, and it's a huge part of pressure on
14 the system that we have to manage and respond to. I don't
15 know that that really does all of the complexity of
16 managing that context justice. It is a plea to unpack
17 maybe some of that a bit more, or to recognise the pressure
18 that there is on the existing homelessness service system,
19 and kind of acknowledge that.

20
21 THE CHAIR: Thank you. Other questions or comments?
22 Do people have other issues they want to raise, apart from
23 addressing questions on the board, before we wrap up?

24
25 MR TURNBULL: It's not clear to me how this unfolds, but
26 at the present moment the push is to move people out of
27 public housing and move them over to community housing
28 providers on the basis that they pick up the Commonwealth
29 rental assistance, and that makes the system more viable.
30 The problem is that, as I understand it, the
31 Federal Government has only agreed for that to happen up to
32 35 per cent. At the present moment there's a push to
33 actually get up to the 35 per cent point, but the question
34 is then what happens in terms of viability after that. If
35 the Feds are saying, "If you divest more than 35 per cent,
36 we are not going to cover CRA", then there's an ongoing
37 viability question that's there.

38
39 MS TOWERS: We'll look at that.

40
41 THE CHAIR: We'll keep that in mind. There have been
42 recommendations made that CRA should be paid for people in
43 public housing as well as in community housing, but at the
44 moment, as you know, the Commonwealth does not pay CRA for
45 people in public housing.

46
47 MR NORTHCOTE: I'll just add one point on that. The

1 community housing use of CRA is only about 6 or 7 per cent
2 of the total CRA. Queensland policy, when the Campbell
3 government came in, was to shift to 90 per cent to be
4 transferred across to community housing. So whilst that
5 was agreed at COAG back in 2008 or 2009, no State
6 Government's even got close to it, but when Queensland
7 pushed that policy there wasn't any push-back. So it was
8 agreed, but no-one's done anything about it, strictly
9 speaking. So I don't think it was locked in stone.

10

11 MR TURNBULL: I'm just going on what we were told at the
12 transfers session a week or so ago by Housing.

13

14 THE CHAIR: Thanks, Charles and Geoff. Any other
15 questions or comments before we wrap up? No.

16

17 Thank you very much. This has been a very interesting
18 session, and thank you for your contributions. It's very
19 much appreciated. We have had a lot of useful discussion.

20

21 A transcript of this hearing will be available on our
22 website in a few days' time. I just want to reiterate that
23 submissions to our draft report are due by this Friday, the
24 12th. I encourage you to make a submission and include any
25 information you have to support the positions that you
26 might have put forward today.

27

28 We will consider all feedback we received, including
29 today's contributions, and our final report is to be
30 delivered to the minister by July.

31

32 Once again, thank you very much for a very good
33 session. Have a good afternoon.

34

35 AT 12.43 THE PUBLIC HEARING WAS ADJOURNED ACCORDINGLY

36

37

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