

REPORT ON PROCEEDINGS BEFORE

**LEGISLATIVE ASSEMBLY SELECT COMMITTEE ON
ESSENTIAL WORKER HOUSING**

**OPTIONS FOR ESSENTIAL WORKER HOUSING IN NEW SOUTH
WALES**

At Blacktown Workers Club, Blacktown, on Thursday 6 February 2025

The Committee met at 9:05.

PRESENT

Mr Alex Greenwich (Chair)

Mr Stephen Bali

Ms Liza Butler

Mr James Griffin

Mrs Sally Quinnell (Deputy Chair)

The CHAIR: Good morning, everybody. Before we start, I would like to acknowledge the traditional custodians of the land on which we are meeting today. I also pay my respects to Elders, past and present, and extend that respect to any other Aboriginal and Torres Strait Islander people who are either present here or viewing the proceedings online. I welcome everybody online and in the room to the public hearing for the Select Committee on Essential Worker Housing. My name is Alex Greenwich, and I am the Chair of the Committee.

I am joined by my colleagues: Mr Stephen Bali, the Member for Blacktown; Ms Liza Butler, the Member for South Coast; Mr James Griffin, the Member for Manly; and Mrs Sally Quinnell, the Member for Camden will join us later this morning. We thank the witnesses who are appearing before the Committee today and the many stakeholders who have made written submissions. We appreciate your input into this inquiry. We also thank Mr Bali for welcoming us to his electorate today. With that, I declare the hearing open.

Mr PETER CONROY, Director, City Planning and Development, Blacktown City Council, affirmed and examined

Ms JAIME HOGAN, Manager, Strategic Planning and Economic Development, Blacktown City Council, affirmed and examined

Mr MARK EGAN, City Strategy Manager, City of Parramatta, sworn and examined

Mr ROBERT COLOGNA, Group Manager, City Strategic Planning, City of Parramatta, affirmed and examined

The CHAIR: I welcome our first witnesses, being representatives from the City of Parramatta and Blacktown City Council. Thank you all for appearing before the Committee today to give evidence. Please note that committee staff will be taking photos and videos during the hearing. The photos and videos will be used for social media and public engagement purposes on the Legislative Assembly social media pages, website and public communication materials. Please inform the committee staff if you object to having photos and videos taken. Could I ask all of the forthcoming witnesses to confirm that they have been issued with the Committee's terms of reference and information about standing orders that relate to the examination of witnesses?

ROBERT COLOGNA: Yes.

MARK EGAN: Yes.

JAIME HOGAN: Yes.

PETER CONROY: Yes.

The CHAIR: Does anyone have any questions or need any information before we get started?

ROBERT COLOGNA: No.

MARK EGAN: No.

JAIME HOGAN: No.

PETER CONROY: No.

The CHAIR: Would anyone like to make a short opening statement before we begin with questions?

ROBERT COLOGNA: No.

MARK EGAN: No.

JAIME HOGAN: No.

PETER CONROY: No.

The CHAIR: We will now move to questions from the Committee. Before we begin the questions, I also wish to inform the witnesses that they may wish to take any question on notice and provide the Committee with answers in writing at a later point. We give you about two weeks to get back to us.

Mr STEPHEN BALI: We've obviously got a couple of people from Blacktown, but welcome to Blacktown. These are probably more directed to Blacktown Council. To inform the rest of the Committee, between the CBD and the hospital there's an area of land that Council, a decade ago, rezoned to be a health precinct. It is now looking like a health and education precinct. The rezoning of that, I wouldn't mind if you wanted to step through, Mr Conroy, any of the key issues or concerns, particularly your dealings with the Department of Planning. What came up from some people, and one of the challenges we had, is the definition of ancillary housing for a commercial area to allow nurses and doctors to actually operate there. There was a little bit of a difficulty, I recall, between the Department and what the Council was recommending to the Department. I think rezoning a block of land or an area is fairly important as far as the speed in getting houses to the market. How did you find the process?

PETER CONROY: Just to start perhaps with a little bit of context, the State Government had spent many hundreds of millions of dollars upgrading the Blacktown public hospital. We had conducted some research that confirmed that, to capitalise on that State Government investment, it would be good to get a private hospital in close proximity. This is a common occurrence around the country. We embarked upon an exercise to rezone the area for health and education purposes. There had been some interest from Western Sydney University in co-locating some educational activities close to that public hospital and the upgrade. That was the objective of the health and education precinct.

We had some proponents that approached us at the time with a proposal for a private hospital, which was exactly the objective we were trying to achieve. Getting that private hospital in place meant that you got a lot of extra medical capabilities through specialists and other activities that worked in both the public hospital and then the private hospital as well. We were working with the proponents. They were looking at allied health. They were looking at, as I said, the private hospital and also some accommodation for patients attending the private hospital. We were talking to them about essential workers and key workers to support medical activities, and we were talking to them about student accommodation as well to take advantage of the educational opportunities that would be provided there.

The issue that we kept coming up against was the fact that there was no framework for accommodating those sorts of housing opportunities for students and for essential workers to support what was going to happen in that precinct. Ultimately, we had to rely on some legal advice that talked about those housing options being ancillary to the health and education activities. That becomes a bit grey. It becomes a matter of legal interpretation. What is ancillary? We were always trying to pursue the overall objective of getting the health and education precinct to happen, but to accommodate that housing that would be suitable for that location—student housing and essential worker housing. That was the challenge. There's no framework in the state that's broadly available for councils to work within to provide essential worker housing for a precinct or student housing for a precinct.

Mr STEPHEN BALI: In your submission at 1.3 (d), and similar to Parramatta's, the population growth in both Parramatta Council and Blacktown Council—I think the two councils added together will pass one million people in the next 15 years or so, or by 2041. The Council identifies that there would be 11,600 people experiencing household stress in Blacktown city alone, obviously impacting a number of workers that would be employed in the area. Once again, 10 or 12 years ago, the state government required all councils to look at your rezoning. I know Parramatta, Blacktown and many western Sydney councils responded and came up with a new LEP for the area. I know a few of them have updated it since.

At the time for Blacktown, there were about four stations that were down-zoned to just basic residential. They didn't want developers to just come in and put a block of units near a station and then leave the rest of the town undeveloped. At that stage, Council was saying that they would, every couple of years, look at one of those stations and up-zone. Why hasn't Blacktown looked at any of them? Given the current state requirement around stations to be up-zoned, are we exposing Blacktown Council suburbs that are zoned R2 given that planning has now switched off? Now you can put townhouses and manor houses in there. This is actually against the grain of what Blacktown originally wanted. So we're going to miss out on four- to five-storey houses and replace them with one- to two-storey which, next to a major railway station like in Mount Druitt, like in Doonside—I live in Doonside—like in Quaker's Hill et cetera, when is council going to upzone them, or will we be overrun by smaller developments?

PETER CONROY: I might have to take a different point of view on this. It's true that some years ago we were required to produce a local strategic planning statement and a housing strategy. We did produce both. The underlying nature of the local strategic planning statement was to consolidate development around those railway stations. Actually, Council's policy is to uplift development around the stations, and to master plan those precincts around the stations so that we get a range of housing but also a range of supporting services for future residents. At this stage we've upzoned Mt Druitt. We've significantly increased the level of development that's possible around the Mount Druitt town centre. That was informed by a financial study that looked at what was commercially viable, so we know that the controls that we've put in place are actually commercially viable and that development is occurring.

We're also in the process of looking at a similar exercise around Seven Hills and Toongabbie. They're two existing stations located in close proximity to each other. We've prepared a master plan for that area. We've, again, looked at a significant uplift in the level of development that's possible. The challenge, though, is getting the approval of the Department of Transport because, whilst we can increase the scale of development, Transport are concerned that the local rail network can accommodate the increased patronage. So we've been working with Transport to address that issue. We've been doing station capacity studies, rail network studies.

We've got a grant from the Commonwealth Government, as well, all with a view to optimising the potential of that Seven Hills and Toongabbie precinct. Again, incorporating a range of housing types—one, two, three bedrooms, couples, families—and building on the existing recreation and open space infrastructure that's there. Also, putting in an active transport network to encourage people to walk and ride to the station rather than use their car. We're certainly working in a fashion that's consistent with Council's objectives. That's just two examples. There are further examples that are in the pipeline to be progressed once we get beyond Seven Hills.

Mr STEPHEN BALI: The only thing I'd say to that is Mount Druitt—old Mount Druitt, south side of the railway tracks—there was no change there. You only went to north side and the commercial side, and that's what

I'm saying. You've got Doonside, you've Mount Druitt—the residential area—Quakers Hill, and Marayong were four stations designated by Blacktown council in 2010 that every two years you upzone. Nothing has happened there, and the stuff that you've done in Seven Hills and Toongabbie was a result of the previous government—Minister Roberts, who put funding towards it. It seems like, if there's no funding then Council won't do the upzoning or looking at it. Maybe take that on notice.

The other thing, the third question for maybe costs of developing housing developments, and trying to entice—because we've identified there's a housing crisis, we need more people. If I use the contribution plan, so section 7.11 is a charge for developers, to get developers to come in, that gets then passed on to the ultimate consumer to pay for it. Now for Blacktown, and the health and education precinct, for instance, looking at around there, it's something like roughly 5 per cent of the development contribution charge of construction. When I look at Parramatta, it's generally 1 per cent. If you look at Willoughby, Penrith, Campbelltown, all are 1 per cent. Sydney City is about 2 per cent. Liverpool is 3 per cent. Northern Beaches is about 1 per cent. Blacktown's at 5 per cent. Are we loading up section 7.11 on developers, which is then going to impact on the ultimate price to sell these units, which prices developers and consumers out of the market?

PETER CONROY: I'm not familiar with the document that you're referring to, but our contribution plans are all ultimately endorsed by IPART in accordance with state government regulations and legislation. They are all reflective of the cost of development that are incurred by council. They're heavily scrutinised. I'll certainly take it on notice, but I'm struggling to see how our contributions would be out of sync with other councils for similar styles of development, but certainly happy to look at that document and provide some more detailed commentary.

Mr STEPHEN BALI: But as an example, for instance, in the health and education precinct, you've got a line item in there saying \$10 million to upgrade Blacktown pool. You received an \$80 million grant from the state government to do it. Are you going to delete the \$10 million upgrade, which, as far as I understand, you're not adding to the pool upgrade, so what happens? That \$10 million was put into the section 7.11 contribution plan before the WestInvest funding.

PETER CONROY: That's correct. The contribution plan was adopted by Council prior to WestInvest. WestInvest does not cover the total cost of that project, and WestInvest doesn't have an escalation rate that takes into account changes in CPI and things like that. Every cent that we've got available will be used for that project to achieve the maximum potential. That's a very old pool. It requires a significant amount of work to get it back up to an acceptable standard, so I don't see any change to the contribution plan.

Mr STEPHEN BALI: From Parramatta Council's perspective, when you're setting the 7.11 contributions, do you look at the cost as a percentage of whatever construction happens on site, and does it impact on future developments for Parramatta?

ROBERT COLOGNA: We are mindful of the impact of the contributions on viability of development, but we are comfortable and confident that the plans that we have still allow for viable development, or is not the most significant issue that is impacting on development viability at this point in time in the market.

Ms LIZA BUTLER: You spoke about a suitable housing precinct and providing housing options. How do you see that those precincts look? What type of mix and what type of living do you see in those?

PETER CONROY: What we are grappling with is getting the right housing for the right demographics. If we're trying to encourage transit-oriented developments, then we want to be able to provide for a whole range of housing types and compositions. So families, multiple bedrooms—three bedrooms; couples, perhaps two bedrooms; then singles. You need to get that range, but then you need to support that with the services, so retail, community facilities, recreation, open space and that transport-related layer as well. It's the whole package that you're trying to put together, but it's got to be a package that suits the needs of the future residents, not necessary that suits the market.

Ms LIZA BUTLER: You're suggesting a mix of apartments or units to sell, and then a mix of social/affordable in a range of sizes?

PETER CONROY: Correct.

Ms LIZA BUTLER: Mr Egan or Mr Cologna, do you have anything to say on that question?

ROBERT COLOGNA: Parramatta has a similar approach. Our local housing strategy seeks to identify opportunities for housing to be located in the right place. For example, we've got Westmead and our local housing strategy encourages housing in around Westmead which would then play on the issue of essential worker housing. But in terms of our DCP controls, we also have a mix of units so that, as well as having that housing well located, we want to make sure that it accommodates the future population, and the future mix of families and different housing types in Parramatta.

Ms LIZA BUTLER: My next question is for everyone. You both talk about the definition of "essential workers". Is that based on where you're employed or is it based on your income? At Blacktown, you've got a high percentage of workers that work in manufacturing. How do we determine that, and who is suitable over time?

PETER CONROY: In our submission we outline the need for a very clearly developed set of terms so that when we're having conversations, we all understand exactly what we're talking about. There are some acceptable terms for housing stress and for seniors housing and things like that, but when we get to essential workers, they're referred to as key workers, or they're referred to as essential workers or frontline workers. There's no common, accepted terminology in the State or across the nation. When we're talking to the Commonwealth or the State Government, it's a problem. When we're talking to residents, it's a problem, because there's all this different terminology, and residents get essential worker housing mixed up with social housing. The critical thing, I think, is to get that terminology very clearly established.

It's probably difficult to identify specific occupations over time. The commonly accepted occupations for essential workers are police, teachers, ambulance drivers and things like that. But, equally, cleaners are critical to the functioning of the economy. There's a whole range of occupations that probably don't even exist today that, in 10 years time, will exist and will be critical to the functioning of the economy. Possibly, the issue is the income of these people and having housing that people can afford to pay for without putting themselves into housing stress, and having that status closely monitored by, for example, a registered community housing provider so that, at all times, that affordable housing was being maintained for people that are on that income level but also that were working in an area that was critical to the economy.

But if we start prescribing exact professions—exact occupations—it would be something that you'd have to review every 12 months. It's probably, on a geographic basis, something you'd have to review as well, because something that's a critical profession or occupation in this location may not be in another location. It's affordability that's the key issue and the ongoing management of the housing that's related to that, rather than the actual occupation.

ROBERT COLOGNA: I don't want to repeat many of the issues that have been raised by Peter because we have the same set of issues. I'd like to go to a practical application. We have an affordable housing policy that essentially governs how we ask social housing providers to manage our stock of affordable housing. Council, through different policy frameworks over the years, has accumulated a small pool of affordable housing, which we give to a housing provider. We have a policy around how they can allocate that housing and, within that, we've had to essentially try to look at industry standards for what key worker housing is, and include that. But we've also had to tailor it to our own local needs. That touches on the point that Peter was talking about in terms of we need a definition. We probably need a definition with some core uses, but then it needs to be flexible enough for us to deal with temporal and locational change. Over time those will probably change and those jobs in Parramatta might be different to those in Sutherland or Blacktown or anywhere else.

That's the practical application. We'd like to see some sort of framework put in place so that everybody has a similar framework that they're working with in terms of definitions but that they are able to tailor to their own local needs. To come back to your question, our criteria also deal with both the fact that they need to be a key worker and it also has to do with their income. We don't want key workers who can afford to live in the area without necessarily having to be supported, so we also look at income. Then we look at some sort of connection to the place when we're trying to allocate that affordable housing.

The CHAIR: The question of how you define an essential worker is a very vexed question to answer, particularly for politicians. We have, though, heard a lot about the transport time to work as well as those factors that you mentioned just then—income, connection to the area, professions. My question is, what work do your council areas do, or are you aware of any work that the State Government does, to assess what types of workers are missing out on housing which is within 30 minutes of their job? In other words, a lot of people have talked about the 30-minute rule and being outside of 30 minutes being an excessive time for transport. In terms of working out which type of workers are missing out on housing within 30 minutes of their job, are you aware of any work that is being done?

PETER CONROY: We're part of a group called the Western Sydney Planning Partnership. We work with the other Western Sydney councils—Penrith, Liverpool, Camden, Wollondilly, Hawkesbury. We're looking at a program for establishing a contribution scheme for affordable housing. Supporting that work has been a research piece by SGS Economics, and in that they've analysed a whole range of professions across metropolitan Sydney. They've analysed available housing and the cost of available housing, and they've produced information that confirms that if you're a cleaner, there is probably nowhere that you can afford to live in Sydney where you're not in housing stress—where you're not using much more than 30 per cent of your weekly income. They go through a range of occupations in that piece of work—nurses, teachers. We can make that available to the inquiry.

Once you start getting to families with a single wage-earner and more than one child, it becomes almost impossible to find housing in Sydney where that family is not in housing stress. Our scheme is about trying to levy a modest amount of income and use that to assist registered community housing providers to develop essential worker affordable housing in close proximity to public transport. There's a lot of information there that we can make available to the inquiry about that.

The CHAIR: Wonderful. Representatives from Parramatta?

ROBERT COLOGNA: We are aware of some research that was done some years ago. We're not sure how relevant it would be today. We're happy to take that question on notice and look at that research and provide it to the Committee.

The CHAIR: In terms of the state's planning system, do you have any recommendations for reform, or are you aware of any current planning instruments that help or facilitate the provision of essential worker housing? I get that there's the question of the definition but, to your point, there's a cohort of people who are in housing stress if they are living close to their work, so there is a need for our planning system to factor that in. Do you have any suggestions for reform or are there any tools that currently exist that could be improved?

PETER CONROY: We are certainly, at that Western Sydney Planning Partnership level, working on a scheme across Western Sydney that's in partnership with community housing providers. That is one tool that's available to councils. It's something that has been taken up by a number of Western Sydney councils. The other tool that's available is a voluntary planning agreement, where developers can pursue development outcomes in return for providing some sort of social or community contribution, and that has been used for affordable housing in the past.

Some councils, though, have a much clearer and much more comprehensive set of planning arrangements to assist and deliver affordable housing outcomes. The City of Sydney, for example, is one such council. They've got a longstanding and very comprehensive program where they've delivered thousands of units. But that's not a facility that's available to all councils, and that's the dilemma that we've found ourselves in when we've come to the health and education precinct. We've had to rely on legal interpretation and legal judgements to get housing that's ancillary to a primary development.

It would be better if we had a more structured outcome so there was greater clarity and greater certainty for everyone about what was possible. I think the other recommendation that our Council would make is that affordable housing in perpetuity is much better than affordable housing for a limited tenure. The Rudd Government introduced a significant component of affordable housing over 10 years ago now. All of that housing is now being transferred to the market and it's no longer available for affordable housing, so it's much better to have it in perpetuity than it is to have for a limited tenure.

ROBERT COLOGNA: Again, I won't go into detail, because Peter has touched on some issues that are also relevant to Parramatta. Housing affordability in perpetuity, as Peter just touched on, is something we would concur with. We think that's an important change to the policy framework. That's not just an issue for essential worker housing; that's a blanket issue for affordable housing. We think there are changes that could be made to the affordable housing contribution scheme framework. There's no standard LEP clause if a council wants to approve it. There's no clear direction on what feasibility modelling and other tools you need to do in terms of the preparation of a scheme for assessment by the Department of Planning.

So we think there's some work that could be done involving the Department of Planning and councils that sets out a framework that council would then follow to be able to get an affordable housing contribution scheme approved. That would give us a clearer pathway. It just seems a bit opaque. We've got a Council position that says we'd like to consider a scheme or precincts where we could apply a scheme, but we're finding it very hard to penetrate the bureaucracy in terms of what we need to do and how we need to get there. We think there's some potential for development contributions reform that might open up some opportunities for council to use contributions to assist in this area.

The CHAIR: Before I hand over to the Member for Manly, I have one final question. Feel free to take this on notice. In terms of the planning limitations on SP2 land, church-owned land, we've had submissions from Faith Housing and others about the limitations that prevent them from actually being able to deliver affordable housing on their sites and lands. Do either councils have a position on planning changes to allow SP2 land to have residential development on it?

ROBERT COLOGNA: It's not an endorsed policy of council but in principle, from a planning perspective, we don't see any issues.

PETER CONROY: I don't think we've had an example of that in our local government area. I'm happy to take that on notice and provide further information. I just might add one other thing to the first part of your question, and that is that it's really important that any housing that's provided has appropriate amenity and access to services. If you're going to encourage increased levels of development in return for providing affordable or essential worker housing, that housing must have an appropriate amenity. It can't be a development that just has housing but doesn't have open space or access to the other services. It's got to be quality housing. It doesn't mean it's expensive. It's just got to be good quality with good access to services.

Mr JAMES GRIFFIN: This morning we've broadly canvassed the housing affordability issues and we're looking at the essential worker subset of that. You've touched on this in the answer before but, in your travels, is there a project—no matter how big or small—or an output or model that you've seen, not necessarily in New South Wales but around the country or even other jurisdictions around the world, that you've thought is a good model or example of what could be done when it comes to essential worker housing? Or do you feel that this issue is still being grappled with broadly across the country?

ROBERT COLOGNA: I'm going to talk to an experience when I worked in London 15 years ago, where I worked for a development authority. We were looking at large areas of regeneration around a hospital, where there was much better coordination between government agencies and landowners in terms of an agreed set of outcomes and objectives. I look at Westmead in particular. There have been a number of iterations of master plans for Westmead, but still some sites in Westmead that would be perfect for redevelopment for affordable housing—the old nursing quarters in Westmead, for example—are significantly undeveloped and are in poor condition. They are a perfect opportunity, but we just seem to be unable to coordinate all different agencies and get a master plan that gets a coordinated function that would include some key worker housing in Westmead, where it would be essential, quite obviously.

PETER CONROY: Brisbane City Council have put a lot of effort into this, as have the City of Sydney. There are a lot of examples in the United Kingdom as well. I think a common feature of all of them is no surprises, so when the private sector are considering a proposal, they actually know what the rules of engagement are. The worst thing you can do is surprise someone halfway through. They buy land, they've done their feasibility based on certain assumptions, and then you change the ground rules. I think the critical thing is to have that up-front knowledge so that people can factor that into their assessment. I think that's a common feature of the successful programs: that you've got that up-front knowledge.

Mr STEPHEN BALI: Congratulations on what I just heard Parramatta Council saying: that you have affordable housing that you've worked on with the sector. I'm just trying to explore that and what more councils can do. For instance, Blacktown also has a budget approaching \$800 million, has large land reserves and, as I noticed just next door, the major shopping centre at 40 Kildare Road. Council decided to sell that for approximately \$2 million or \$2.5 million. Why wouldn't Council consider working with housing providers? Because what's \$2 million in an \$800 million budget, in a council with \$6 billion in assets? Why wouldn't Council consider working—or does Blacktown Council have affordable housing stock that it works with community groups? If it doesn't, that would have been a prime example in an R4 zone that you could have provided to the social housing organisations.

PETER CONROY: I think I'll take that one on notice.

The CHAIR: I thank all of you for appearing before the Committee today. You will each be provided with a copy of the transcript of today's proceedings for corrections. The Committee staff will also email any questions taken on notice from today and any supplementary questions from the Committee, of which I believe we had two questions from Mr Bali and a supplementary question about SP2 land from me. We kindly ask that you return the answers within 14 days of receiving those questions. I thank you all for appearing before us today.

(The witnesses withdrew.)

Mr JACK de GROOT, Chief Executive Officer, Catholic Schools Parramatta Diocese, affirmed and examined

Mr JAKE CAMPBELL, Catherine McAuley Westmead, Catholic Schools Parramatta Diocese, affirmed and examined

Ms ANGELIKA ZUBRECKY, Mother Teresa Primary Westmead, Catholic Schools Parramatta Diocese, affirmed and examined

Ms NATASHA WATT, Senior Vice President, NSW Teachers Federation, affirmed and examined

Mr GREG BUTLER, Industrial and Research Officer, NSW Teachers Federation, affirmed and examined

The CHAIR: I welcome our next witnesses, representatives from Catholic Schools Parramatta Diocese and representatives from the NSW Teachers Federation. Thank you all for appearing before the Committee today to give evidence. Please note that Committee staff will be taking photos and videos during the hearing. The photos and videos may be used for social media and public engagement purposes on the Legislative Assembly social media pages, website and public communication materials. Please inform Committee staff if you object to having photos and videos taken. Could I ask that everyone confirms that they have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

JACK de GROOT: Yes.

JAKE CAMPBELL: Yes.

ANGELIKA ZUBRECKY: Yes.

NATASHA WATT: Yes.

GREG BUTLER: Yes.

The CHAIR: Does anyone have any questions before we get started?

JACK de GROOT: No.

JAKE CAMPBELL: No.

ANGELIKA ZUBRECKY: No.

NATASHA WATT: No.

GREG BUTLER: No.

The CHAIR: Would anyone like to make an opening statement before we begin with questions?

NATASHA WATT: I would like to acknowledge that we are on Dharug country and acknowledge any Aboriginal people here today, including Elders past, present and emerging. The NSW Teachers Federation represents teachers employed in the public education system. We are a campaigning, activist union who have a proud history of fighting for the public education system. In the demographic of 20- to 40-year-olds amongst our membership, which in general we take to be those who are settling into teaching and those settling into locations, be it country or city, suburb or town, 39 per cent of our demographic in that age group are city people, 53 per cent are in the country, and 80 per cent of our student members in that demographic is a large group in that age as well. This age demographic of teachers is very active in our union, which is highly visible in the More Than Thanks campaign for pay and conditions in recent years.

The New South Wales public education system is special and it is significant. It is one of the largest single systems in the OECD. It is unique in the land area it occupies and the level of remoteness it serves. A strong public education system is a cornerstone in a healthy democracy and is essential, so it is our policy position that it is the responsibility of governments to ensure the confidence of all social classes in public education. Therefore, it is their responsibility to ensure that funding, legislation, regulation, policy and programs deliver public education as the pre-eminent, desirable and dominant system of education for all young people regardless of economic or social class, location, context or ability.

It is clear that it is the responsibility of the state to ensure every young person in public education has a well-qualified teacher in front of them every lesson, every day. Ensuring the recruitment and retention of teachers in the public education system is essential to the Government fulfilling its responsibilities, and I think the Education Act supports this statement. It is essential that governments provide all conditions necessary to enable every classroom of students in the public system the correct learning conditions to pursue their right to achieve excellence and equality in their learning outcomes regardless of who and where they are.

We note that the state government has recently announced a reduction in the teacher shortage in the public schooling system, and the Federation welcomes this information. We are proud that our members have created the political conditions in New South Wales to enable a rebuilding of the system. Improvements to salaries, other award and staffing mechanisms being some of the foundational pieces affecting the early improvements, but there is much more to do. So it is our position that governments must consistently demonstrate that they prioritise and value the public system in all communities through the cross-sectional and simultaneous implementation of reforms that may be structural, compensatory or ameliorative in nature. In the context of housing, this means that reforms must impact positively on delivering teachers into the public education system regardless of the location or context of the education site. Our students in public education and our society are entitled to this.

JACK de GROOT: I also acknowledge the traditional owners, the Dharug people, on whose lands we gather, and I thank the Committee for the opportunity to present today. This inquiry into essential workers and particularly teachers and education support staff is crucial. If we don't fix this challenge, we have a threat to the stability of the critical service of education and particularly the schools here in Western Sydney. Without intervention, we risk losing these workers to more affordable areas outside of Sydney, leading to staffing shortages that compromise educational quality and other essential services. There are high housing costs in Greater Sydney that all acknowledge, and they make both home ownership and renting unaffordable for these essential workers. This often is an issue portrayed around health workers, and that is important.

Equally important are our teachers throughout the state, whether they be in the government systems or non-government systems. Many teachers and school-based staff earn too much to qualify for social housing but too little to afford market-rate housing near their jobs, creating an affordability gap. Housing shortages drive up prices, pushing workers into long and very costly commutes. These challenges contribute to burnout, lower job satisfaction and workforce retention issues, ultimately compromising the delivery of essential services. Today I am joined by two colleagues who are frontline workers, to give voice to their experience of how the essential worker housing need and crisis affects them and their colleagues on a daily basis. They spend a long time commuting, and they suffer many of the challenges of the burnout that comes with all of those long commutes and additional costs. Let me introduce and ask Jake to talk to his experience, and then Angelika, and then I'll come back with a couple of concluding points.

The CHAIR: Because we will go to questions soon, we ask that you keep your remarks as brief as possible. That would be wonderful.

JAKE CAMPBELL: I am a history and social science teacher at Catherine McAuley Westmead. I am also a Blacktown City Council native, growing up in Quakers Hill, and currently commuting from the Central Coast to Westmead. That travel time involves about three- to three-and-a-half-hour round trip each day, five days a week and, as you can imagine, the cost involved not just in fuel but also in car servicing is quite expensive. For context, I get my car serviced every three months, during the school term holiday, just to make sure I can actually get to work on time and safely. I face many challenges in my efforts to find rental property in Sydney. Due to the issues of lack of supply and, consequently, increased prices, my entry into the housing market has become unobtainable. This is only further exacerbated by application rejection due to my lack of rental history and credit, due to my relatively young age compared to other applicants, as well as my just beginning to work in the profession of education.

There is also, as mentioned, the additional financial burden of travelling to work, but also travelling to Sydney on a weekly basis trying to find suitable housing and accommodation. The impact of the lack of housing has affected my health, including but not limited to intense fatigue, emotional and physical burnout, as well as anxiety. The high demands of my job, with the expectation of continued work from home, have only intensified the impacts of the housing crisis.

ANGELIKA ZUBRECKY: Good morning. My name is Angelika, and I share a very similar story to my colleague Jake. I live towards the Southern Highlands. It's a 75-kilometre trip one way, and I look down the barrel of anywhere around three hours, on average, for travel. Again, the same frustrations when it came to purchasing a home—despite two full-time incomes, we were laughed out of banks. We are laughed out of the housing market in our area. I was born and raised in this area. I grew up in Fairfield and Greystanes respectively, and I was educated in the public system. I made a choice to move into the Catholic Diocese, and we didn't have a choice to live around this area.

The housing market is unattainable, and what is attainable is unliveable. It is not suitable and, even if you have enough money to afford that house on your own—which often you don't, and we didn't—we couldn't even afford to do up a house so it was liveable enough for us. So here we are in the Southern Highlands, travelling three hours every day. The cost is not just a house; it goes way beyond that and it goes way beyond just the cost. It

impacts me every day on a financial level, on a personal level and on a professional level, in many ways, which I would be more than happy to answer your questions on later.

The CHAIR: Thank you both for providing that really important perspective.

Ms LIZA BUTLER: Do you find that there are areas that have got a critical shortage of teachers because of housing, whether that be in metropolitan areas or whether that be in regional areas?

JACK de GROOT: We can talk to our experience, which is solely Western Sydney and the Blue Mountains. Yes, there are areas of shortage. Both my colleagues here are in Westmead, and that, whilst an attractive area to teach in, is very expensive. There is always a shortage of staff willing to undertake those commutes, but it's consistent throughout Western Sydney. I'm sure the federation has a view beyond Western Sydney.

NATASHA WATT: Yes, we do, in different parts of the state in different ways. In the Central West in Mudgee, as an example, there is no teacher housing for teachers in the public system. The private rental market to take teachers out there when there is a vacancy is unaffordable, partly because of the Airbnb industry there and also the soaking up of housing for workforces who are putting up solar farms out there—which is a great thing, but there are no structural plans from government to sort that out. We do know that at Mudgee High School last year there were vacancies because of that. There were teachers to go there but nowhere to live, so they didn't go there.

We have situations across the state of different kinds like that. In teacher housing, where there is teacher housing for more remote places provided by the state, that is not always suitable. The responsibility of government to fund that well means that the maintenance cycle is many decades long—50- or 60-year cycles of routine, I think it is, for teacher housing in more remote places. We also know of vacancies, for example, on the Northern Beaches, where teachers obviously would have to commute similar hours to what you are talking about, and it's just untenable.

The work of teaching is—obviously, I think everyone would agree teaching is essential, but it's highly cognitively intense and emotionally intense, because you're doing intellectual and relational work with young people. Long commutes into an environment where you are to be doing that well just adds a layer of burden that means it's not healthy for the people who are teaching our young people. We do want the people teaching young people to be robustly healthy and focusing on their jobs.

Ms LIZA BUTLER: Mr de Groot, does the Diocese offer any housing assistance to teachers, or would you have any Diocese-owned land that you would go into partnership with a housing provider to provide housing on for teachers?

JACK de GROOT: Thank you for the question. No, we don't have housing for teachers in the Parramatta Diocese. As part of the Catholic Church—and I've appeared before some of you in other contexts when I was the head of the St Vincent de Paul Society, and the Chair presented a petition on our behalf to the Parliament on the issues of affordable and social housing and inclusionary zoning—we in the Catholic Church partner with other parts of the church that have housing. But most of that housing is focused on social housing, as opposed to affordable. It's looking for an option for the lowest, most socio-economically deprived.

Our teaching and support staff are not in that, so the option the church has taken is really for the poorest of the poorest in regard to housing and security. But colleagues here are facing issues where over 50 per cent of their weekly income is devoted to either the rental or mortgage payment. So they are actually meeting the definitions, historically in Australia, of housing stress, both in terms of social and affordable. It's a broader piece, and ours is done through partnership as opposed to the provision of housing directly as an employer.

Mr JAMES GRIFFIN: Thank you very much for your remarks and for articulating the situation for both of you. We really appreciate that. Equally, thank you for your submissions. From the Teachers Federation, I was particularly excited by two recommendations. One is about the Teacher Housing Authority in recommendation 7, which in one way demonstrates that this is an issue that has been ongoing since the formation of the authority in 1975. But clearly the situation now would demonstrate, as you've put in your recommendation, an opportunity to expand the remit of the authority from rural and regional to look at other parts of the State where the housing situation is acute, such as the Northern Beaches, and also potentially look at the role of and the support that's given to the Teacher Housing Authority. If you wanted to expand on recommendation 7 then that would be helpful but, if not, I just note that stood out for me as a really good, logical next step. Equally, recommendation 9 in terms of the waiving of stamp duty for teachers as well.

NATASHA WATT: While Greg gets his brain around some of the things he wants to say, which I think he will, we would see these things as needing reform or these recommendations taken up in order to deliver further

into biting into the teacher shortage. We would see them as amelioratory reforms that government take control of, and this would be one part of it.

GREG BUTLER: Yes, the Teacher Housing Authority, which was established in 1975, has a statutory role of providing affordable housing for teachers so that in public education there can be a supply of teachers. Where the supply of teacher housing is adequate, our principals in those areas are reporting that they have a bit of an edge over other areas of the state in being able to recruit people. An example was in the remote North-Western regions of New South Wales, which we've cited there as well, and a deputy principal being able to say that if they need to swap accommodation for teachers amongst the teachers themselves—because new teachers arriving may arrive with a bigger family, for instance—the supply of teacher housing is very important there, and it works well.

There is a lot of scope for teacher housing to meet its need. But where it's insufficient to the need, particularly in areas where there is a lack of availability of housing in regional areas, this is where it also becomes critical. We've recommended that there be a scale-up of the number of housing properties for teachers in these areas—a doubling of the portfolio size. Natasha, for instance, has already outlined the example of the Mid-Western region area, where Airbnb and state significant developments have created a housing shortage and a lack of available housing.

Properties in the Riverina—some of them—have been withdrawn by the Teacher Housing Authority to meet supply demands elsewhere. That was on a prioritisation basis; not necessarily because there was no need at all in the Riverina. Schools in the Riverina have since reported that the absence of teacher housing has made recruitment difficult for those schools. Where it is available and where the supply of teacher housing is available and adequate and of high standard, it does meet essential worker housing supply needs. Essential worker housing supplies themselves need to meet government service needs.

NATASHA WATT: I will also say that it's also about the retention of teachers. In the hardest places to staff in New South Wales, in the most remote contexts, quality teacher housing may not include, for instance—you know, think about high 40-degree temperatures for large slabs of the year—a back verandah or a garden that includes green things in it; just dust. That's not adequate for retaining people who develop a specialisation working in really challenging places. Everything in education is context specific. That means that the students in those places get churn. Then we want to talk about educational outcomes and wonder why we've got polarisation in outcomes when we are not putting in the fundamental conditions required to have the adults with the right qualifications stay there to do the work that they are qualified to do well. That's one of the reasons we have talked about those two. In terms of the waiver of stamp duty, it obviously allows people into the housing market with less costs. In parts of Sydney, for instance, that would bring on the ability to purchase a home. That could let teachers in. Evidence-based and strongly-evaluated programs that do the work that is intended by the programs and understood by government are what we are suggesting.

Mr JAMES GRIFFIN: Mr de Groot, we have been having some discussions with a variety of developers and have also been talking to Faith Housing. Some of the issues that have been raised—and opportunities and, equally, concerns—by councils have focused on the opportunities around church land holdings and the existing rules and regulations around them not being developed for housing. Does the Parramatta Diocese have a view or perspective? Have discussions been had with the likes of Faith Housing to understand what modernising that issue might deliver in terms of solving this problem?

JACK de GROOT: The diocese has, through its CatholicCare entity, looked at the issues of uplift in affordable housing. The church does have land—this is true. The land the Catholic Schools Parramatta Diocese has is zoned for education purposes, and whether teachers actually want to live onsite at the schools is probably a debate. I'm sure the Federation will have a view on that. However, going back to who we've looked at and we've partnered with, again, I will go back to my St Vincent de Paul Society time. With regard to Faith Housing, we were part of the social affordable housing fund initiative of the previous government in New South Wales. St Vincent de Paul put in over 500 units of housing across the state—some of that was here in Merrylands, Western Sydney and Katoomba. That applied immediately the opportunity for church organisations, such as education, to partner with housing providers like Faith Housing.

I think we all have a shared view within the church and the broader community that actually those who have no housing at all should be the first to be able access social housing—but not to ghettoise it and then to make sure there is a peppering of both tenants from the private market as well as affordable. That's where we want to partner more with housing providers such as Faith Housing and the other NGO communities who are in the housing piece. But, as all of you know, there is a huge appetite in the community sector to do more. There are capital constraints, land planning constraints, inclusionary zoning constraints and other SEPP constraints. Actually, the good will is there, but it is very hard to get it forward.

The other thing is access to capital. That applies to the Catholic Schools Parramatta Diocese, even for the building of schools. We're not funded to build schools directly from the state or Commonwealth. The issue of access to capital to build housing as well is something that needs to be resolved and not penalised. I remember one of the big four banks saying to me, "Vinnies, we'd love to fund you and lend to you, but the idea of you defaulting on our loans ever and an ex-big four bank being on the front page of the paper saying we sent a mortgagee auction into Vinnies for all of its sites—". Access to capital on this issue for those in the non-government sector is crucial. We're low-fee schools, so we're not necessarily the most attractive customer to the lenders. That's one of the challenges.

Mr JAMES GRIFFIN: Mr Campbell, if there was, hypothetically, a fast rail or a high-speed rail to get you from the Central Coast to here in 30 minutes, would that change a lot?

JAKE CAMPBELL: We hear a lot about it.

Mr JAMES GRIFFIN: Would that be the answer?

JAKE CAMPBELL: It could definitely help, possibly. Living on the Central Coast, we've heard about this for years and years and years and years. It would be one potential stop-gap solution to temporarily resolve the issue. But obviously we know that the long-term problem is the affordability and the lack of access to affordable housing in an area that is growing quite considerably.

NATASHA WATT: Could I add a remark to that question? Teachers bring into communities significant capital when they can live within a commutable distance and make other contributions to communities outside of their teaching work—for example, coaching sporting teams and all those sorts of things that add to the social capital of a community. Just bussing or training people in takes that capital away, especially in communities that need that.

Mr JAMES GRIFFIN: Yes, understood.

The CHAIR: I should have said at the start that all witnesses are free to take any question on notice and get back to us with an answer.

Mr STEPHEN BALI: Thank you for your presentations, particularly to the people who came up with their personal stories. It's always good to provide context. I have other opinions and there is a great debate about stamp duty. Removing stamp duty, to a large extent, will probably just increase the house prices anyway. Just to park that for a moment, in working out essential worker housing and affordable housing criteria, if you earn up to 120 per cent of the average wage, you can live in an affordable house. We can have a debate later on about whether that should be increased for essential workers. Overall, the challenge that we have is that once you hit that cap, whatever it may be—especially for teachers who are in the mid to high range—how do you in a morally reasonable way support the worker to leave a designated essential worker affordable house to allow a next-generation teacher to come through? What would the criteria or format be? Would you give them 12 months to find alternative rental accommodation et cetera? How would you manage the changeover period?

JACK de GROOT: It's a challenging question because that is a real struggle even for our tenants in social housing who move. I think one has to be very clear at the outset about what the conditions are and create the expectations early, because you're right. We don't want to end up with a bottleneck of teachers who might be my age or slightly under—most of them are younger than me these days—who are in affordable housing, but then the next generation of Angelika and Jake can't even get into that sort of designated affordable housing. We need to have very clear expectations and very good tenant management that actually supports people to transition out. Everyone needs a pathway out of that affordable housing unit. If they're there for five or 10 years, people still need a pathway of support out. We can't just make it a hard date that you leave. There needs to be a transition program. I think we've seen that in other parts of the housing challenge in New South Wales, whether it's for those who are in extremely vulnerable situations of domestic violence right through to something in affordable housing.

NATASHA WATT: I was going to say that the use of the term "affordable housing" indicates that housing is not affordable. I think it's a holistic approach, not what program takes people out of what we call today affordable housing programs and has them moving away into unaffordable housing. I would challenge the notion and the premise of the question. I'll say that government has to look at what is happening with housing and what is essential for community, and intervene and strategically put in evidence-based programs that deliver for communities—why we pay our taxes. That's how I would answer that.

Mr STEPHEN BALI: The purpose of these inquiries is to ask the hard questions and try to develop that notion. What I'm saying is that when you get to a certain level, as you get promoted after six or seven years, the housing becomes more affordable. If I look at the ATO data, the highest landlords by profession are nurses and teachers. Those who move up in the category—sure, the entry level is extremely difficult, and that's what we're

trying to support. We've got two examples of people in their first couple of years trying to get into the housing market.

We're not a communist country. We're not here to supply housing to everybody. People need to rely on the market. Here we're focused on teachers but, as we know, from the government's perspective, we also have to get admin staff and cleaners in there because we don't want to inundate the teachers with work that doesn't add value to the classroom but needs to be supported. That's the premise of my question. At what point are you released to the market, and how do we manage that process?

NATASHA WATT: The markets have created the unaffordable/affordable housing discussion. I would also say, to try and be more genuine in answering your question, in a place where there are homes where families of younger demographics have possibly been able to live closer to school—in the case of education and schooling—it might be that housing for people moving out of areas and into smaller homes, once their children have left, is part of the program, is what I'm trying to say too. It's not just about one group of people. It's about the community around a school—or a TAFE college in our situation—and what programs are in place to make sure that teachers are able to teach young people.

Mr STEPHEN BALI: Sure, but at the same time we've got two examples of people moving to the Central Coast or to the South Coast. Are you teaching in the Sydney Basin?

ANGELIKA ZUBRECKY: Westmead.

JAKE CAMPBELL: We're both teaching at Westmead on the same site.

Mr STEPHEN BALI: My apologies for putting the spotlight onto you two. For argument's sake, I know in Blacktown, literally 500 metres from here, you can buy a two-bedroom unit with a lock-up garage for \$450,000 to \$500,000 next to the hospital and not far from many of the schools here—within a half-hour driving range. I know it's a unit but, once again, in trying to develop a broad housing strategy and policy, why do you elect to travel up to 1½ hours to three hours when—

JAKE CAMPBELL: I can speak on that. I've been working at Catherine McAuley for three years now. When I first got the job—and keep in mind that I'd been teaching previously and for about five years now—one of the first things I did was spend months travelling all around the Western Sydney area, Blacktown included, because it's where I grew up and it's home. I tried on multiple occasions going to banks and inquiring about trying to get a mortgage for units. They took a look at my lack of experience and, because I'm quite a young beginner teacher, I've been laughed out the door, essentially. I haven't been given the opportunity.

Mr STEPHEN BALI: Did you buy in the South Coast? Sorry, you're now on the Central Coast, aren't you?

JAKE CAMPBELL: I'm currently living at home with my family because we moved up there about 12 years ago for dad's work. I'm still quite fortunate that they're very accommodating of the current situation. Again, it wasn't for the lack of trying. I would spend multiple weekends, Saturdays, trying to find what's available. I would be receiving phone calls from real estate agents saying, "Are you available during this time of the day to come and have a look at this property?", when I'm in the middle of a class or when I'm on my lunch duty. They would say, "Can you organise your lunchbreak to come down in half an hour", when I'm working. I said, "No. I'm working all day, and I don't have the time. The only time I can is Saturdays." We've seen on the news where there's sometimes line-ups down the street of people trying to find housing.

Mr STEPHEN BALI: So, the finance is an issue.

JAKE CAMPBELL: Most definitely.

Mr STEPHEN BALI: What do you think about—it only went through in December, and I haven't got any details on it—shared equity, where the Federal Government can help you by buying 50 per cent of your house? It seems like a novel idea to get your foot into the housing market.

JAKE CAMPBELL: Most definitely. I haven't looked further into it, simply with the matter of the job and how much time it takes up. My current situation has changed. I now have a partner, and we have the long-term goal of trying to buy together. I believe that takes into account the partner's finances as well, but I'm not quite sure because I haven't looked too much into it.

Mr STEPHEN BALI: It's a new program.

JAKE CAMPBELL: Yes.

NATASHA WATT: I think the answer is that the cap—

GREG BUTLER: In New South Wales.

NATASHA WATT: Yes, in New South Wales the cap is an issue.

GREG BUTLER: For instance, a second-year teacher is excluded from entry because their salaries are above \$90,000 annually.

Mr STEPHEN BALI: Is this for the shared equity?

GREG BUTLER: Yes, the shared equity in New South Wales. This is the Revenue NSW guidelines for that scheme.

NATASHA WATT: But they're under the median house price as well—well under.

Mr JAMES GRIFFIN: They're just stuck.

NATASHA WATT: Yes, so they're in no-man's-land.

The CHAIR: Jake and Angelika, I really appreciate you giving us that firsthand insight. I wonder, either from the Diocese or the Teachers Federation, whether there is data available on the average travel time for both teachers and support staff, and information on the journey time that teachers and people working in our schools are taking to get to work? You may not have that on hand, but if it could be provided to the Committee that would be extremely valuable.

JACK de GROOT: We can come back to the Committee with something on that.

The CHAIR: That would be wonderful.

NATASHA WATT: Likewise, I don't have it here, but I do believe that Professor Eacott, at the University of New South Wales, is doing some work in there. I think I'm right about that.

The CHAIR: That kind of data really helps us sound the alarm on the situation.

JACK de GROOT: Could I make one other comment, Chair? I think the issues of the support staff in our schools are really important. We have assistant teachers. We have all sorts of support to a very complex student cohort in 2025. They are equally, if not more so, under issues of housing stress or mortgage stress, so our definitions of essential worker need to be appropriate to the challenge we face in New South Wales. Teachers are the frontline for each of us out here today, but we actually have, in Parramatta's case, 6,500 staff. Their needs are really important as well in this, so if the Committee can think about that. I know the same is in health care. Yes, it is the workforce frontline, but it is also those assistants in care, so make sure that the definition of essential worker, and the response the Committee recommends, actually meets that need of these key community investments.

The final thing is as both representatives from the Federation—Jake was telling me before, he coaches sport at Westmead, he coaches debating. They're all after hours. Those are all events that happen outside of Westmead but in the Sydney basin. We have many dedicated, vocational teachers doing the over and beyond, and love doing that, and that is community capital and social capital. If we remove those contributions and vocational contributions from education, the whole thing suffers. We want a holistic education for our young people. Thank you.

The CHAIR: Just getting back to the shared equity, the issue, we have had submissions from HOPE housing which works with the Police Association. They, without the assistance of government, have essentially put in place a shared equity scheme for members of the NSW Police Force which has been able to work. But in a limited way, because of the lack of investment. Obviously, if there is state government investment, that allows the pool of shared equity investment to be greater. Again, feel free to take this on notice: in terms of reform, in terms of the shared equity restrictions currently in New South Wales that would facilitate teachers or other school staff from being able to participate, we'd really value recommendations in that space.

JACK de GROOT: Yes. I'll come back to you.

The CHAIR: I did have another question which I have now just forgotten.

NATASHA WATT: Could I talk to the shared equity, for a moment, in terms of principles to consider. In terms of shared equity, the regulations around it would have to protect taxpayers' money and workers' money. Industry super funds, for example, are workers' money. It's communal money until the point of retirement and then becomes your money. If there was a shared equity program, it has to be supported such that workers' entitlements to live a good life, having worked really hard, are protected. In terms of recommendations about shared equity, it sounds very good, the idea of shared equity, but we wouldn't want to see any profiteering out of it. We would see any taxpayers' contributions, say via government, protected—government's money protected

because that is taxpayers' money. And certainly when it comes to industry super funds, we would want any program like that to ensure absolute protection and transparency around workers' money in terms of our superannuation.

The CHAIR: And it's only one of the potential fixes in this space.

NATASHA WATT: Yes. The problem also has gotten big enough for there to be a quiver of responses.

The CHAIR: Absolutely. Just on that. This was the question that has just come back to me. In terms of engagement with the planning system, whether it be through state government agencies or local government agencies, is there engagement with the Teachers Federation, with the independent schools or Catholic schools to actually be able to—because we're told build, build, build, we need to go up, the TOD scheme is happening. Is there actual engagement with your sector as to what the housing needs are, and how that can be factored in in any new developments that occur?

JACK de GROOT: Not systemically. It's ad hoc. As we know here in Blacktown city, there's plans for redevelopment of the CBD. Actually thinking about, well, okay, there's going to be an increase in housing and population here, but will any of that housing be available for essential workers? That conversation doesn't happen, and I think it needs to. The other piece around the general housing planning in Western Sydney is to think about what are the workforces that we need in these local areas? That is not figuring into the conversation in a systematic way. I think it's ad hoc at best.

NATASHA WATT: I believe the union movement has been engaged in some of these discussions.

The CHAIR: This will be the final question. I go to you Mr de Groot, but also happy to hear from the Federation, and I will give you a bit of tension between—Haddo, I worked with you previously. Obviously we are dealing with essential worker housing, the workers that keep our city and regional areas running. I understand the priority that has been given to social housing and crisis housing, but the challenge we're grappling with is there seems to be no state government policy or approach for essential worker housing, and the result of that is this three-hour commute from the Central Coast. I think of the life vest principle: you put it on yourself before the person next to you. Surely we're reaching a bit of a crisis or we are in a crisis now in terms of the people we need to be in our schools, be in our hospitals, be our cleaners, even being in our hospitality or retail sector, that demands that a priority be given, just as it has previously been given to rough sleepers being supported.

JACK de GROOT: No disagreement and tension here. It's a "both and". I know in previous conversations with members of the Parliament in New South Wales it has been about both the essential worker need—I think many of you would have worked with the Sydney Alliance over time, which had a very strong presentation and contribution from the union movement about the essential workers—and we were talking about police, fire, nurses, teachers, and the social housing needs. So it's a "both and". We're a sophisticated economy in New South Wales, as we can all agree on, so this is not beyond actually pulling multiple levers.

I just push back a bit, Chair. The social housing thing ain't fixed. We're dealing with people, too. We've got highly feminised workforces in education. We have women in their fifties and sixties and even seventies working as teachers who then, because of illness, become very housing insecure; because of the prevalence of domestic violence, become housing insecure. These are professionals who have actually had decent jobs, but actually move from the precarious nature of just getting by like everyone, paying for their accommodation, to crisis. It's not too big a gap. One crisis, illness, second crisis, domestic violence. In a highly feminised workforce, we're very conscious of the challenges both in terms of the social urgency, as well as affordable long-term solutions that retain the workforce in their communities to teach.

The CHAIR: Thank you. Anything from the Teachers Federation?

GREG BUTLER: No.

The CHAIR: Going on to the questions about the market regulating, essentially, would you agree that the market has created an impossible situation for teachers where they can't enter the private market and they earn too much to be able to have a social or affordable safety net market that's provided.

NATASHA WATT: Yes.

GREG BUTLER: That being the case, it suggests that schemes, as they currently exist, aren't geared for teachers, and therefore they're not geared adequately enough just to assure a supply of essential workers.

JACK de GROOT: I'm not wanting to put the market as the bogeyman, so I'm saying, is that the developers you're talking about and therefore government is exempt, whether it be local government, state or federal? The market is a broader view.

The CHAIR: Of course.

JACK de GROOT: There has obviously been price gouging. There has been self-interest. But, also, there is the opportunity of regulators and planners to say inclusive zoning is really important. I have met with previous Members of Government who have said, "We don't want to have developers downgrade the value of the property. Two per cent inclusionary zoning—that's it." That's not good enough. So both government and developers need to partner on this so that our workers and members in the case of the union—and I usually don't speak on behalf of the Teachers Federation—are not left out in this. Be cautious as members of the Committee to put the market as the bogeyman here. Governments over time have not stepped in on the regulatory keeping of the public housing up to scratch nor have they helped early enough in the planning processes in New South Wales.

The CHAIR: Thank you all very much for appearing before the Committee today. You will each be provided with a copy of the transcript for today's proceedings. The Committee staff will also email questions taken on notice from today, including that one about travel time from me, and any supplementary questions from the Committee. We kindly ask that you return these answers within 14 days of receiving those questions. I thank you all very much for appearing today.

(The witnesses withdrew.)

(Short adjournment)

Dr ANDY ASQUITH, Research Officer, Public Service Association of NSW, affirmed and examined

The CHAIR: I welcome our next witness. Thank you for appearing before the Committee today to give evidence. Please note that Committee staff will be taking photos and videos during the hearing. The photos and videos may be used for social media and public engagement purposes on the Legislative Assembly social media pages, websites and public communications materials. Please inform the Committee staff if you object to having photos or videos taken. Could I ask at the outset if you could confirm that you have been issued with the Committee's terms of reference and information about standing orders that relate to the examination of witnesses?

ANDY ASQUITH: I'm happy to confirm that.

The CHAIR: Before we get started, do you have any questions at all?

ANDY ASQUITH: No.

The CHAIR: Would you like to make a short opening statement before we begin?

ANDY ASQUITH: Yes, please. The Public Service Association represents state public servants from across all government clusters, departments and state-owned corporations, inclusive of the tertiary education sector within New South Wales. In total, we represent over 40,000 members across the State. Our members are engaged in delivering core public services such as education, corrections and child protection—quite clearly essential workers by any definition. We firmly believe that all our members should be classified as essential workers. Certainly they provide essential services for the citizens across every area within New South Wales.

If we take education as an example, the education service is not purely a teaching service. We have 10,000 members who work in schools providing essential support services to all schools across the state. We recently did a survey of our members on the impact of housing costs on their work-life balance. What we found was that 87 per cent of our members had been impacted by the cost of housing in terms of where they could live. Just under half of our members said that their work-life balance had been negatively impacted by the travel to work time. The average daily one-way commute for our members was 56 minutes.

Further, we also advocate that housing is a fundamental human right. As a first-world nation, it is perverse that we cannot and do not see it as a national and state objective to provide decent housing for all our citizens, in the same way that we offer education and health services to all. Given the well-known crisis that continues to exist around the housing sector throughout our state for our essential workers, we encourage the inquiry to expedite its final report and recommendations to the government, as it seeks to remedy the 12 years of housing mismanagement inherited from the previous government. A failure to do so will exacerbate the continuing haemorrhaging of essential workers we are experiencing, as New South Wales government employees in areas such as education, corrections and child protection seek to move interstate to take advantage of more reasonable housing costs and achieve a better work-life balance.

The CHAIR: Thank you very much. We will now head to questions, and we'll start with the Member for Manly. At the outset, I want to make it clear that you can take any question on notice and come back to us with an answer at a later stage.

Mr JAMES GRIFFIN: Thank you very much for the submission and for appearing here today. Your first recommendation is an essential worker housing guarantee. Could you expand on that or elaborate on that a little bit more? That would be helpful.

ANDY ASQUITH: Quite simply, if someone is deemed to be an essential work—in our submission we use the New South Wales Government definition of "essential worker". I suppose the first thing to do would be to establish what exactly we mean by an essential worker. If we take the Government definition, then what we're looking at is the guarantee that if someone is offered a role and they can't go through the free market to obtain accommodation—somewhere to live—then the Government should underwrite this job offer with a guarantee of decent, affordable housing. I'll go further than that. We talked about the 56-minute commute. It's a nonsense. It really is. We're talking about accommodation that's accessible, decent, affordable and that is within striking distance of where someone works.

Mr JAMES GRIFFIN: I also noticed that there was good acknowledgement of the Housing NSW body being set up.

ANDY ASQUITH: Yes.

Mr JAMES GRIFFIN: As we've heard, not only at this session but in previous sessions, there seems to be a great deal of ad hoc engagement across government. Hopefully the new housing body will help remedy that. We just heard from the teachers about the Teacher Housing Authority, which hasn't really been modernised in its

remit since it commenced in 1975. As the peak voice, do you feel that there's an opportunity to break down some of those silos and modernise, for example, the Teacher Housing Authority? Or would you have any advice to Housing NSW as the new agency to crack on with the work at hand?

ANDY ASQUITH: I'm relatively new in New South Wales; I've been here for 2½ years now. As you can tell from my accent, I'm a Kiwi! One of the frustrations that I've had since I've been working with the PSA is that, if you look at the organisation of government machinery in New South Wales, it's like looking at a plate of spaghetti. It's incredibly confusing. You have multiple Ministers dabbling in single portfolios. There is seemingly no or very little strategic direction. The idea of joined-up government is almost laughable, so the creation of a single agency for housing is something that we welcome. I think, further across the board where you see different functions and different roles that are so closely interconnected, there must be far more joined-up government not just talked about but actually operationalised.

You talked about agencies not being modernised for decades. We need government agencies and departments that are fit for purpose in 2025 going forwards. Because something worked 20, 30, 40 years ago—that's great, but the situation that our members find themselves in now has been ongoing. We've known about it for a long time and we've made noise about it for a long time. No-one has listened, so it's great to be here and see that something might actually be done. I went to a Housing Now! event a few months ago in Parramatta and it was great there to see—it's incredibly early days here and we all appreciate that it takes a hell of a lot to turn around and a lot of time to fix what we're talking about, but the fact that someone's actually put their hand on the wheel and started to move it a little bit is to be welcomed.

Mr STEPHEN BALI: Thank you very much for your submission. Mr Asquith, bringing your attention to page 4, I highlight a couple of things there. Firstly, so that it's clear in my mind, in table 3 you're using case studies. Taking the very first line, Evolve Housing have approximately 4,500 dwellings and a surplus of \$22 million. Was that their profit for that particular year? What does that surplus actually mean?

ANDY ASQUITH: These numbers came from their accounts. One of the interesting aspects of my role is, I've been able to delve into a number of organisations that are providing basically outsourced—what I would argue are public services. These organisations produce accounts that can be best described as opaque. With these two housing agencies, we were able to get some numbers from them. The surplus that I reported there from the financial year 2021-22, what we're talking about—

Mr STEPHEN BALI: The net operating profit for the year was \$22 million?

ANDY ASQUITH: Well, someone's surplus is someone else's profit depending on how—basically profit, yes. This is money that they're making that they're not using to invest in social or public housing.

Mr STEPHEN BALI: Thanks for that. The other aspect that I notice, and we heard from previous presentations earlier today, was that we as Parliament and governments over time haven't kept up with the provision of social housing, which is also reducing the housing stock. I noticed on pages 3 to 4 that you said that, from 2011 to 2012, roughly \$2.1 billion of housing assets were sold and only \$1.5 billion was invested. So \$600 million was basically taken out of housing to pay for other government expenditure, I suppose. As you say in here, that could have been 1,780 new houses and, if that was there for social housing, that would allow less pressure on the housing market to supply.

ANDY ASQUITH: From where I'm standing, what you said makes common sense and that's how I would have interpreted the figures. Money has been received by the government. Instead of being reinvested where we argue it should have been reinvested, it's been used other things.

Mr STEPHEN BALI: Finally, Mr Chair, I now bring in a difficult position that I think that we find ourselves in. Assuming that we come up with a definition for essential worker—and there's a lot of debate, just park that for a moment. Let's say that we've got the essential worker. Coming back to your members, I have two questions. One is, let's focus like an economist, assume away reality and go down to one or two factors: focusing on school and focusing on both cleaners or admin staff. Generally, I don't know if you know off the top of your head the highest rated admin staff who are not teachers or principals—just coming back to the office staff.

Mrs SALLY QUINNELL: SLSO.

Mr STEPHEN BALI: That's right, you're a teacher! I might have to take your advice. Them, plus cleaners—they'd probably be at the equivalent of, maximum, the first or second year teacher, wouldn't they?

ANDY ASQUITH: Yes

Mr STEPHEN BALI: Therefore, when we're trying to work out how do we support them—because obviously we don't want teachers to be loaded up with admin, hence the government has now employed more

people. They would be more at a median wage or less, wouldn't they? If you're looking at the average wage in New South Wales, where would they generally fit in?

ANDY ASQUITH: If we're talking about the school support staff and the cleaners, then for some reason the figure of \$65,000 sits in the back of my mind, but I wouldn't put my name to that figure. I could go back. I'll have to take that one on notice. But certainly we're not talking about people who are flush with money.

Mr STEPHEN BALI: The reason I ask is that when you're looking at affordable housing, there's a definition. There are three income levels, and the highest group is 120 per cent of the averaged-out wage of the Sydney Basin. The cleaners and support staff wouldn't be earning that, roughly. When you look at my colleague James Griffin from the Manly area, when we went out there, obviously bus drivers, cleaners—they're the ones who definitely can't afford to live on the Northern Beaches. It's one thing building, but how do we accommodate to have a range of jobs that support—a lot of focus when we talk about essential workers is teachers, which is right because they're frontline workers. But, at the same time, they can't do their jobs without support. How do we, from your perspective, accommodate to get more of those people having the ability to live on the Northern Beaches, especially when you're looking at more than half an hour to travel from Blacktown to Palm Beach.

Mrs SALLY QUINNELL: Or Camden.

Mr STEPHEN BALI: Or Camden.

ANDY ASQUITH: The answer, primarily, is public housing. As we've seen from the numbers that we talked about in table 3, the social housing providers have sat on heaps of money. If houses are public housing, then one would like to think that the public housing agency would be using money to provide more properties and would not be having to support an infrastructure of—one of the issues around these big social housing providers is this sort of morphing into some of the multinational entities, with all the infrastructure that you associate with them. Their values are not the same as those in public housing, and I think that will be one of the key—in that sense, you could strip out all these overheads. That would then, I would suggest, lower the rent levels that were needed.

Mr STEPHEN BALI: Finally, picking up on that paragraph underneath, how do you feel, because it's been—unfortunately it started under David Borger and the Labor Government—back in 2009-10 that started pushing the public housing into the hands of the social enterprises. You talk, in that paragraph under table 3, about the number of additional admin services and everything else being duplicated across all of this. Is it more efficient for future governments to actually think about, instead of further outsourcing of housing, that it should stay with the government?

ANDY ASQUITH: Outsourcing has never been efficient. For service users in particular, it's never been efficient or effective. It benefits the new owners and service providers, but there's a whole raft of literature around transactional cost economics. It really is a no-brainer that the New South Wales Government needs to take ownership of these properties, and it needs to manage them comprehensively and in a strategic fashion itself. There is no room for the middleman in housing.

Ms LIZA BUTLER: Just adding on to that, you've got regional areas in New South Wales where the previous government just handed over all of their social housing stock without a maintenance budget. Are you suggesting that needs to be brought back in-house?

ANDY ASQUITH: Yes.

Ms LIZA BUTLER: How do you propose that would be done?

ANDY ASQUITH: I have to be careful here because I have my own views and I'm representing the PSA. I suppose the most equitable way to do so would be to compensate them at the level at which they contributed to the properties in the first place.

Ms LIZA BUTLER: Some of them were just handed over. Homes or Housing still owns the land; they just manage the house that's on it. But we're also really interested in a rejuvenated TAFE. Are you saying we do not have enough tradies here in New South Wales to build the housing stock that we need?

ANDY ASQUITH: I think that it's widely recognised that we have a shortage of skilled tradespeople. One of the things that—I made a submission to a different inquiry last year on the future of TAFE, and it's quite clear to us that, if we're going to rebuild TAFE as part of the bigger, joined-up picture, we encourage young kids to go into a trade so we have a good flow-through of skilled tradespeople who can help build the houses that we desperately need. I'm a former pointy-headed academic, and it still causes me concern that we push kids into university at 18 because it's the thing to do. For a lot of kids, at 18, it's not. We need to get across the message that there is nothing wrong whatsoever—nothing second-class—about getting a trade.

Ms LIZA BUTLER: Have you looked at different areas across New South Wales where trade courses are not offered in specifically regional areas?

ANDY ASQUITH: We haven't looked specifically, but we are aware of this. If there is an acknowledgement that this exists and the intent is there, then where there's a will, there's a way. For far too long it's been ignored and the hope has been that the private sector would pick up on this and do something. There's stacks of evidence that shows that the private sector isn't interested and isn't willing to do so. There are some things that the government has to do, that it has a moral obligation to do.

The CHAIR: Dr Asquith, you mentioned the average commute time of 56 minutes. If there is any further information about the range of commute times across the different workers that the PSA represents, that would be really useful as well.

ANDY ASQUITH: I do have that information, but not on me. I'm happy to take that on notice and provide that information.

The CHAIR: That would be wonderful. This is a more general question about what we are dealing with today. Obviously there's a great deal of planning proposals going on across New South Wales, and we've got various government agencies. In terms of engagement from the New South Wales Government or the various housing agencies within the New South Wales Government, within the PSA, in terms of the housing needs of the workers that keep our schools, prisons and even our Parliament running, what structural engagement is there that takes place?

ANDY ASQUITH: I'm not aware of any, I have to say. But once again I'd take that on notice and I can pose a question, when I get back, more widely to our industrial teams.

The CHAIR: I think that gets to the heart of the question of: who are the workers who are not able to afford housing within half an hour of their job, and what planning is being done to assess or deal with those needs?

ANDY ASQUITH: The answer to the first question is much easier than the second: it's across the board. The survey that we did surveyed all of the 11 departments, and it was a consistent message coming back. It didn't matter if people were regional or metro, which department they were in, or their salary, there was still this issue of travel to work and work-life balance. It's a universal theme.

The CHAIR: We are also joined by the Member for Camden now. Any questions?

Mrs SALLY QUINNELL: I have two very brief questions. On top of the Chair's request for information on the scale of travel times, anecdotally I've been told about wholesale carpooling where, say, an organisation—school cleaners is the one I've heard of, where the company that does the school cleaning organises a minibus to go to an area where the cleaners can afford housing, pick them all up and drive them to their job. If that's available, that would also be very helpful.

What I am also interested in is the inability of people to apply for jobs or promotions because they cannot get to work. I recognise that you will more than likely have to take this on notice, too, because it's a little bit of a niche question, but do you have any data as to members within your organisation who are unable to go for promotion or move out of their job because they cannot travel to another? I suppose this would lend to Liza's point about regional areas too. Once you get a job in that school, for example, you are not shopping around because you can only get to that school. But I know in my area there is a definite capping of people's promotions because they cannot get into the city for work. That is just, I suppose, a question on notice.

ANDY ASQUITH: I'll take those on notice, if I may.

The CHAIR: We really appreciate you appearing before us today. We know that we have given you a lot of questions on notice. Before we finish up, is there any additional information or thoughts you would like to share with the Committee?

ANDY ASQUITH: The only thoughts I have are: let's hope that we get somewhere.

The CHAIR: Indeed.

ANDY ASQUITH: Thank you for taking the genie out of the lamp, and let's hope it doesn't go back in.

The CHAIR: We are trying. Thank you so much for appearing before the Committee today. You will be provided with a copy of today's proceedings for corrections. The Committee staff will also email you the questions taken on notice and any supplementary questions from the Committee. We ask that you return those answers within 14 days of receiving those questions.

(The witness withdrew.)

(Short adjournment)

Mr MICHAEL CARNUCCIO, Manager Policy, Community Housing Industry Association NSW, affirmed and examined

Mr ROBIN FLETCHER, Head of Service Outcomes and Improvement, St George Community Housing, affirmed and examined

The CHAIR: I am pleased to welcome our next witnesses. Thank you both for appearing before the Committee today to give evidence. Please note that Committee staff will be taking photos and videos during the hearing. The photos and videos may be used for social media and public engagement purposes on the Legislative Assembly social media pages, websites and public communication materials. Please inform the Committee staff if you object to having photos or videos taken. I ask that you please confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses.

MICHAEL CARNUCCIO: I have.

ROBIN FLETCHER: I have, yes.

The CHAIR: Do either of you have any questions before we get started?

MICHAEL CARNUCCIO: No.

ROBIN FLETCHER: No.

The CHAIR: Would either of you like to make a short introductory statement?

MICHAEL CARNUCCIO: Thank you, Committee, for the invitation to appear here today. I want to highlight some of the key points that we feel are particularly pertinent to this inquiry. CHIA NSW represents not-for-profit community housing providers in New South Wales and, collectively, our members own or manage over 54,000 rental homes across the state for individuals and families who cannot afford to rent or purchase a home on the open market. Since 2012, not-for-profit community housing providers have delivered over 6,000 new homes across the State, representing an investment of more than \$2 billion.

Essential workers are amongst those housed by community housing providers. As well as housing, community housing providers deliver a range of services to some of the most vulnerable people in the state. This includes aged-care and specialist disability housing, and homelessness services. These services themselves rely on essential workers, so community housing providers know firsthand the impacts of inadequate housing options for these people. Community housing providers are ready and willing to work alongside government and the private sector to deliver more homes. As we outlined in our submission, housing options for essential workers need to be considered holistically, having regard to the different drivers of this need as well as the needs of other population cohorts. While in some locations they will benefit from supply-led measures for essential workers, in other markets, non-supply-led measures such as recruitment and relocation incentives may be more appropriate.

Where affordable housing options are needed, the focus must be on increasing supply to ensure options for essential workers do not inadvertently reduce access to affordable housing for other low and moderate income households that also have a housing need. In this regard, CHIA NSW recommends that housing income, and not occupation, continues to be the primary means of defining affordable housing eligibility. Similarly, while a range of housing products for essential workers should be considered, only those that deliver a long-term affordability outcome should be included in definitions of affordable housing. I'll leave my statement there, but I obviously welcome any questions.

ROBIN FLETCHER: I'll just provide a little bit of context around St George Community Housing. We're currently one of the largest tier 1 community housing providers operating in metro New South Wales. That includes management of just over or just under—depending on where we are with our pipeline—7,000 properties. Just over 6,000 of those are social housing, with just under 1,000 properties which are affordable housing. That comprises some properties that are identified as key worker housing. At the moment, specifically, that's around 160 properties that we manage on behalf of financial institutions, predominantly in Western Sydney.

What we've found in particular with essential workers, key workers, is that one of the key benefits can be that reduction in commuter and travel time, and the significant impact that can make in terms of quality of life and economic impact for the households. I would echo some of Michael's statements there around ensuring, in line with the Affordable Housing Guidelines in New South Wales, that the affordable housing outcome is key—whether that includes essential workers, key workers, however they're defined, and also people who require subsidised housing who may be on just low to moderate incomes.

The CHAIR: Following on from your opening remarks, one of the consistent issues we have been hearing is that the housing needs of a number of essential workers are not being met because their income levels are too low to be able to access the private market but too high to be able to access community housing or affordable housing. I totally acknowledge the statement you made that you don't want to provide housing to one cohort at the expense of another cohort, but we've been left with this issue of teachers travelling 3½ hours to work.

In terms of solutions, either through the planning system or through looking at income levels, I would like to get both of your views on that, also acknowledging the income level issue that you talk about rather than the profession. That in itself can be complicated in terms of a nurse who gets overtime because they have to but then suddenly is no longer eligible. We've had the wages cap in New South Wales lifted, so a number of people's salaries hopefully will continue to rise, but we don't want to create a situation where they then can't access the housing market. I just wanted to get your thoughts on that.

MICHAEL CARNUCCIO: It's indeed a complex problem, as you point out, and we have to look at the full spectrum of housing needs. That's what we're saying in our submission—that we can't just look at little things in isolation. When we're doing planning, when we're looking at housing needs in an area, we need to look at that in totality and then look at what are the products. One of the things that we do identify as an option in our submission is you could look at the eligibility limits for those occupations that are locked out of the private market but don't currently meet eligibility. But if you do that in isolation from increasing supply, then that's going to have perverse outcomes.

We do need to really, ultimately, provide more affordable housing options. I think that's the primary thing that we can do, whether that's through more funding from the state or federal governments or through more planning levers. If we don't have more supply then you can talk about categories and definitions all you want and it's not going to achieve anything. But we also need to look at how we're doing strategic planning. It's a little bit silly that we all live in one location and have to then travel to another, so looking at how we can use our land use planning system to get a better mix of employment and homes near those employment areas. Another option that we identify in our submission is, when there are major employment-generating uses being planned—where it's, for example, a major hospital site—then we also look at planning for those housing needs and maybe allow housing on the site or near that site, rather than just focus on the service and then leave it for someone else to look at the housing.

ROBIN FLETCHER: To maybe touch on a point that Michael didn't deal with, the income eligibility and how you could potentially have a disincentive for people to earn more, that is addressed at the moment in the Affordable Housing Guidelines. But it's probably something that we could look at and review to see whether that's still appropriate, bearing in mind when initial parameters were set around affordable housing eligibility and income. Those things have changed a little bit, like you said, with the example of the wages cap for some public sector workers. At the moment you've got an initial eligibility level and then an ongoing eligibility level, which means that there is that opportunity for people to be aspirational during their tenancy and then to use that additional income, hopefully, to move out into the private rented sector.

The CHAIR: If there are any recommendations for how to revise that, we would welcome you providing that on notice to us. Also, feel free to answer any of our questions on notice if you don't have the information immediately available to you. On the question of the strategic planning approach, are there existing forums where the government, through any of its housing agencies, engages with the community housing sector specifically on the needs of key worker housing?

MICHAEL CARNUCCIO: Homes NSW has a number of programs. From time to time, there have been a number of funding programs. There is an opportunity through those programs to identify where we want to deliver programs specifically for this cohort. An example of that was the community housing innovation fund, which had a number of rounds that focused on specific cohorts, for example, women and children fleeing domestic violence. There is an opportunity to do rounds focused on essential workers. I know Landcom have also got a number of key worker-specific projects underway. They often go out and tender and partner with community housing providers on those projects. Local government too can work with community housing providers on particular programs.

The CHAIR: The concern I have is that the current approach seems to be on specific projects with different funding options, but there is no actual strategic mechanism to say, "These are the housing needs for workers we need in this area. How are we going to deliver them and who are we going to work with?"

MICHAEL CARNUCCIO: Local councils, at least in the metropolitan area, but a lot in regional areas, need to do local housing strategies. That is a mechanism through which they can look at needs. They can become more sophisticated. I think at the moment they tend to focus on the bigger picture of, "We need this many homes in totality." They don't necessarily look at what are the needs of different cohorts and then start having that

conversation around, "What are the housing products that we need?" That is one opportunity. State Government does regional plans. They obviously look more strategically, but that's another opportunity to look at more regional-based housing needs. There is an example—I can't remember off the top of my head, but it is in our submission—of a regional plan requiring that when big employment precincts are being planned, they have to do a worker housing strategy as part of that. There are examples of how those things can fit into existing strategic planning processes without having to create a whole new one.

ROBIN FLETCHER: I would echo Michael's point about some of the programs that are offered by state government. St George have taken advantage of those and been quite successful. At the moment, they have been able to deliver additional properties specific to the cohorts that were the focus of that. If those programs continued with a focus on essential worker housing, that's definitely something we would investigate. We have seen the real success of that from an outcomes point of view for the people we have housed in affordable and key worker housing. The other thing that I was going to touch on has gone completely out of my head.

The CHAIR: That's quite all right. You can take it on notice and come back to us later.

Mrs SALLY QUINNELL: In the St George submission there is one sentence that I will ask you to clarify. I will read the whole sentence. It states, "It should also be noted that SGCH believes that it would be beneficial if there were greater rigour and specificity on rent setting approaches and income eligibility in future iterations of the NSW Affordable Housing Ministerial Guidelines." Could you please explain that to me?

ROBIN FLETCHER: At the moment the affordable housing guidelines could possibly benefit from some additional certainty around what the preferred approach is. What we've seen with the general definition of affordable housing is that it's a discounted market of 74.9 per cent of market rent. In the guidelines it says less than 80, but there is another piece of legislation that kind of helps move towards 74.9 per cent. What we've seen over the last 20 years since that overarching figure of 74.9 per cent was developed is that rental prices have gone up—that trajectory—and wages go up like that. That is now moving towards being—quite often, we can see huge issues with that. If you use the low to moderate incomes, you'll have an unaffordable affordable housing outcome. There will be some other CHPs who are here today who have got a little bit of clarity. They've taken on that responsibility and have provided that clarity in their own policies. But I think it's helpful for CHPs if that clarity comes from state government to mandate.

That then moves to the income-based point that Michael was making, because the guidelines also mention an affordable housing outcome. But what is that? The guidelines could be a little bit more certain around that. At the moment they state in one of the sections, for example, that generally an affordable rent is between 25 per cent and 30 per cent of a very low- or low-income household's total income. With moderate-income households, it can generally be a little bit more. A little bit more certainty would enable the sector to provide that to people who we might be working with to help deliver affordable housing to say the rents have to be like this. Does that make sense?

Mrs SALLY QUINNELL: Yes, that's great. Thank you. We've seen a few models now that have shown that the purchase of affordable housing for essential worker salaries within pretty much anywhere—you say little to no local government areas. This is a logistics question. How do you then choose where to start helping first? What is the criteria for an organisation like each of yours to say, "Yes, we're going to work there and help there"?

ROBIN FLETCHER: That's kind of an easy question and a difficult question. It's easy in the sense that everywhere needs affordable housing and everywhere needs more social housing and, therefore, wherever we work we know we are going to be making an impact. But I take your point of, "Do we really have the lens to be able to say where we can make the most impact?" Sometimes we are guided by the land that is available and at what cost. For example, our existing key worker housing, we chose Westmead because we had a partner who was willing to work with us there, there was land available, and we also knew we had the largest health precinct in the Southern Hemisphere to help us deliver that housing for key workers, which we felt was going to be the most impactful. I think it's key to ensure you are layering on those economic, social and wellbeing lenses to make sure you're hitting the site that is going to give you the most impact for customers and for the organisation to be able to deliver more.

I remembered my other point. It was around data. Michael's point around spatial planning is really important. One of the things I think we struggle with is that we know where all of social housing is because it's really clear and it's delineated. We know where all of that broader housing is. But we don't really have a solid system of affordable housing and where it's located. If you don't have an understanding of where it's being supplied, you're going to struggle a little bit more with the demand for where next or where more.

MICHAEL CARNUCCIO: If I could add to Robin's point, I think that's why strategic planning is so important. That is the time when you consider priorities and needs and you are then able to set out, "This is our

strategy for our area, based on our specifics." If you're in an area that has a lot of employment that generates low-income jobs, then you might say, "Our priority here is housing for those particular workers." In other areas there might be other drivers. That's why we need those strategies to help focus action.

Mr STEPHEN BALI: My first question is to Mr Carnuccio, which you may want to take on notice. We're trying to get a grasp on—you're a community housing association representative—whether there is any data out there for affordable housing and the three types of income bands. When we approach different housing groups et cetera, it's hard to get a feel of what percentage of affordable housing is for the lowest, mid or highest. Is there any data that identifies that? I can see from an economic point of view, for the social providers, you want to put it all in the highest band—people earning up to 120 per cent of the average wage—because they can afford the rent et cetera. But at the same time, there is no legislation that says how much is required for the three bands. Do you have any data on that?

MICHAEL CARNUCCIO: I will need to take that on notice in terms of what is publicly available. We know from work that Homes NSW commissioned, because they regularly review their ministerial guidance, that there was some work done recently that did engage with community housing providers. It got a sense of what the distribution is. It was fairly even across those categories in totality. The driver is going to be the particular program. One of the complexities with affordable housing is that it's delivered through a whole range of different programs—local government, state government, the private sector. All of those will determine who the product is targeted at. If there is a lot of government subsidy, then you're able to house more lower-income households. In the City of Sydney, their scheme was specifically to get a broad mix of households, whereas if it's a product delivered in partnership with private sector and private funding, then the finances of that scheme may necessitate more upper income households. I think that's why there is difficulty in getting a categorical answer, because there's just so many inputs into the equation.

Mr STEPHEN BALI: And people's wages change over time. The second question—and I'll maybe apologise to Mr Fletcher in advance, because you're here based on previous presentations. It was an interesting presentation we heard where people were identifying the profit and loss, income statements and assets of community housing providers. I love financial analysis. To me it's usually a storybook with annual reports and stuff, but I've got to say that your one is very complicated. You've come up with all sorts of interesting explanations on your numbers, but I do note the headline number of \$74 million profit in the last financial year. You've got \$165 million sitting in your bank account and total assets of \$1.4 billion.

I also saw in your annual report that you are doing a massive investment program, so a lot of that money could potentially be being held for the future. Over time, it seems that your organisation has had more than \$170 million per year, on average, for the last five years. Can you see why some people say—and this is for both of you to potentially think about—social enterprises and not-for-profit enterprises may be becoming too big? I do realise there's importance for scale, but at what point do you move from a social enterprise to being a corporation and acting like a typical corporation when you have so much arguably idle money sitting on your balance sheet?

ROBIN FLETCHER: Rest assured that our CFO would vehemently disagree that there is any idle money within SGCH. Not to comment specifically on our annual report, but we don't have profit—

Mr STEPHEN BALI: I could define it as something else other than idle.

ROBIN FLETCHER: Indeed. I'm mindful of how it has to be stated in the annual report. We don't have profit; we just have surplus. Rest assured, we are reinvesting all of that surplus. It's the current environment and our opportunity to enable us to use, I would imagine, the additional surplus to deliver more housing. I think if you looked at most of the tier 1 CHPs, we all have a pipeline that's going to deliver—and I think Michael touched on it—at a macro level. If you look at the largest tier 1 CHPs, we are all in the process of having a pipeline that will take us from where we are now—from 7,000 properties, for St George, to 10,000 properties. That's all hopefully in the next five years. That's what our pipeline, I would hope, would deliver.

Mr STEPHEN BALI: The public perception is that they want it delivered yesterday. You have all this money sitting there. When I look at your expenses, your employee expenses almost pass your property expenses. We had a presentation with people saying that there was a movement from moving social houses to the private sector and the social enterprise sector. Is it better for it to go back to the government, because the nimbleness of your industry may have changed, and you've become a public service generating—

MICHAEL CARNUCCIO: Can I—

ROBIN FLETCHER: I'll defer to you, Michael.

MICHAEL CARNUCCIO: There are about 180 or so registered community housing providers. All range in size. There is a lot of small providers who focus very specifically on the community. As a non-profit, they don't

make profit to distribute to shareholders. Everything is reinvested. I think it's hard to look at one year and then extrapolate from that. We add a lot of value to the government. There may be a lot of employees, as you have pointed out, but they're providing a lot of support to a lot of people who have very complex needs. It's not just about providing housing, as I said in my opening statement; it is also providing that support and services. Regardless of who is providing it, I'd like to think that that support need would still need to be addressed. As not-for-profit charities, they have a lot of financial advantages over the government. They are GST exempt, for example. They don't have to pay stamp duty. They are able to attract Commonwealth Rent Assistance into the system. As a result of that, they actually are saving the government money. They are able to deliver more homes with the same amount of money than the government could.

Mr STEPHEN BALI: Finally, you were talking about local government having a better role. I know the state government is doing an audit into all its land. I note that the earlier presentation of Blacktown Council identified where Council's changed the operational zoning from a park to the surrounding high-rise density and then sold it for \$2 million. Do you see the potential of councils doing a land audit? I know they've got a listing of all their properties. Should we be looking at, potentially, a recommendation here that councils do a land audit? Where they own operational land close to CBDs, that they should be working with you—and councils would argue the same thing; that they've got no money even though they may have \$900 million sitting in their bank account—in partnership with your sector to actually deliver the housing strategy or the units to allow essential workers to have property? Would you see an advantage in councils doing a land audit and actually having justification in how they use that land or whether they sell it?

ROBIN FLETCHER: Yes, for sure. You'll see most local councils, when they're doing an update of their local housing strategy, LEP, housing sounding boards or anything like that, you generally will see representatives from the community housing sector working with council there to see if there are any opportunities for partnership. The range of community housing providers already work with local councils to deliver—albeit quite small—affordable housing portfolios. We work with Randwick Council to deliver their affordable housing portfolio. If they have aspirations to increase that, we'll certainly be happy to work with them and any other councils to do that. It's a great idea.

Ms LIZA BUTLER: Mr Bali just mentioned your balance sheet. Do you provide any shared equity opportunities to people in the community, or do you recommend or know of others that do that?

ROBIN FLETCHER: At the moment we don't offer any shared equity home ownership options, and I'm not aware that any of the—

Ms LIZA BUTLER: Is it something you've considered?

ROBIN FLETCHER: Not as yet, I don't think. Again, being mindful of the comment around scale, we're still actually a very small sector. Social housing, for example, in New South Wales, comprises around 4.7 per cent of total property portfolio, or maybe a bit less. Affordable is obviously a much smaller component of that. When you look at other countries and regions, that's minuscule. Until you get to the larger scale, the risk, potentially, of shared ownership and shared equity products would be nothing. There are some small providers—Head Start Homes, off the top of my head—that provide some kind of home ownership.

MICHAEL CARNUCCIO: Yes. I think one of your previous witnesses was a CHP—I can't remember, but I think from the South Coast. I think they mentioned that they were looking at that sort of model. I'm not aware that it's something that a lot of providers are looking at at this time.

Ms LIZA BUTLER: Is it because there's legislation and policy that needs changing? Or is it something that you just don't want to take the risk on?

MICHAEL CARNUCCIO: That would need to be a question directed to those CHPs. Their history is as not-for-profit organisations created to provide rental accommodation. That's possibly what is driving it, but there may be other barriers. A lot of them are registered charities, so they have to obviously meet ACNC requirements. That might be another factor, or it could just be what government programs are in existence.

Ms LIZA BUTLER: There's been a lot of talk about housing stock that's available for a time period or in perpetuity. Could you talk to us about what the benefits and challenges of offering affordable housing stock that's available for 10 to 15 years versus forever?

MICHAEL CARNUCCIO: We would preference in-perpetuity delivery, because otherwise you're relying on that constant churn just to tread water, and you're not building the supply over time. I get that the response can be that there are financial barriers to in-perpetuity delivery, but it comes back to how you design those programs. Maybe you can't get 15 per cent homes in this current environment in perpetuity. But if you get 3 per cent over time, that's going to amount to something. Whereas 15 per cent that is only kept for 15 years is

going to be lost from the system. So we'll definitely preference in perpetuity. The trick with any of those planning schemes is to provide sufficient notice to the market so it can start to be embedded into the price paid for the land. Of course, if you introduce it overnight, it's going to have problems. You need to give sufficient notice.

Mr JAMES GRIFFIN: In the St George submission, I want to congratulate you because you've actually delivered the key worker housing program which was the collaboration between yourselves and Lighthouse Infrastructure where you've done 85 units in the Highline and 76 in the Lennox in Parramatta. It's great to see something actually being delivered. This inquiry's gone down south and we've gone over to the Northern Beaches. There's a lot of theory and a lot of discussion about what needs to be done in the future, but here is a real and ready delivery. I'm interested in some of the lessons that were learned from that particular project, if there were one or two that you said, look, as a result of doing this, this is what we would change—maybe it's answered in your recommendations. But how do we essentially do that at scale? That's really fundamentally what I'm interested in knowing.

ROBIN FLETCHER: It's a great question, and thanks for commentary on those projects, because we're very proud of them. I think it would be a big stress on Michael's point there, the need for nuance and context if we want to be able to provide essential worker housing for those on very low, low, and moderate incomes. Those projects were provided without any government subsidy and so, as a result, they are probably more inclined to provide housing for those on slightly higher incomes, towards the moderate income band. I think if we want to provide subsidised housing, it requires a subsidy. So if we want to be able to provide more comprehensive essential worker housing then we need to be able to work with and include government in those discussions to be able to deliver something that we need in the place that it's needed, to be able to help the breadth of essential workers that we have in the community.

Mr JAMES GRIFFIN: Was the intent of that project all along key worker, or did it evolve over time?

ROBIN FLETCHER: I think there was always a frame of essential worker, key worker, in that project because of its location in Westmead, with so many of the education and health opportunities for people who are working in those locations to then live closer to where they work, and create a big part of that community more broadly. For example, when we did some initial research post the full lease-up of that, we saw the extent to which people were commuting quite long distances, and the difference that made to their everyday life—not to do with their finance and economics in the pocket but to do with their ability to be part of a community on a larger basis.

Mr JAMES GRIFFIN: Were Lighthouse Infrastructure the builder and, I guess, co-investor?

ROBIN FLETCHER: They were the main investor. I can't remember. The main developer may have been Deicorp.

Mr JAMES GRIFFIN: Do you think, to deliver a similar style project in other parts of the state—is it something you'd do again?

ROBIN FLETCHER: We are doing it again. We're probably using some of the capital that's on our balance sheet that was mentioned earlier. We're doing a similar project right across the road that is half affordable, half built-to-rent. We have quite a significant pipeline where some of that is looking at affordable/key worker housing for sure.

The CHAIR: If I could just follow on from the questions about 15 years versus perpetuity but also, more broadly, about the existing stock which CHPs have. Whether it is in ensuring we've got more affordable housing in perpetuity, or whether you are best able to utilise the stock you have, what are the policy or planning changes that would be most helpful to facilitate that?

MICHAEL CARNUCCIO: In perpetuity?

The CHAIR: Yes, so two things. One, there is obviously that question of for a limited period of time versus perpetuity. Subsequent to that, what could be done with existing stock you have to help increase the supply that's there, whether it be that limited period of time or in perpetuity?

MICHAEL CARNUCCIO: If it's stock that CHPs own, then they will hold on to that. If it's stock that they're managing on behalf of a private developer—because it might be an NRAS, National Rental Affordability Scheme property, or it may be delivered under the housing SEPP that's only required to be retained for a small period of time. If there was to be funding made available, then the CHP could potentially purchase that property off the private owner. That would be a way of retaining that in the system, in terms of the existing stock. Going forward, I think being able to embed some sort of broader requirement for affordable housing—rather than just taking this piecemeal, precinct by precinct approach—and introducing gradually a fairly modest requirement for residential accommodation to contribute to affordable housing, will deliver more into the system and require that

to be retained in perpetuity. It doesn't have to be provided onsite. It could be monetary contributions that then can get pooled and used to deliver purpose-built accommodation.

The CHAIR: Do you think there is benefit in government having a targeted strategic policy on working with CHPs to deliver essential worker housing in addition to the housing that you're currently providing?

MICHAEL CARNUCCIO: I can't see any drawbacks to that.

Ms LIZA BUTLER: Just expanding on what the Chair has asked around the existing housing stock. I think we meant the ageing stock that a lot of community housing providers got handed over. The traditional fibro house on a quarter acre block that is really costing CHPs lots of money in maintenance—I think that is the opportunity that we would like to explore.

MICHAEL CARNUCCIO: Thanks for that clarification. A lot of the affordable homes—I think there can be some confusion between affordable and social. A lot of the affordable homes—that is, more focused at low- and moderate-income houses—have been delivered relatively recently. The issue you describe is probably less of an issue for that stock. The older social housing properties that CHPs are managing, most of those, if not all, are owned by the New South Wales Government and they're managed by community housing providers on behalf of the New South Wales Government.

Yes, we have heard concerns that that stock is ageing. A lot of it is 40 years plus. It's not just the age. It's also the profile of needs has changed in terms of how the government decides on eligibility. It is now more smaller households. A lot of the old stock is larger households, so I think there definitely needs to be a strategic look at that portfolio to identify what is the best use for it, and whether or not it's better to renew it, redevelop it. If you redevelop the site, you might be able to put more homes in its place. They may be smaller, but they may better fit the profile of needs. We need to take a strategic approach to that so we know that the decision being made is the right one.

Ms LIZA BUTLER: How would you see the government's role in that, and in helping change the profiles of those houses?

MICHAEL CARNUCCIO: I know Homes NSW are doing a lot of strategic portfolio analysis about that. We are encouraging them to work very closely with the community housing sector in developing that plan and sharing their plans with the CHP, particularly if the CHP is managing that stock. If they're trying to make strategic decisions about what they do to a property, it's really hard to do that if they don't know what the government's long-term plan is for those properties.

ROBIN FLETCHER: Policy certainty is so important to help us to be able to deliver, moving forward. We have really good relationships with Homes NSW, for example, and they're always open to having a discussion if we, for example, identify a site that we think could be a good opportunity to bring some uplift and deliver both social and affordable. Yes, that works well.

Mrs SALLY QUINNELL: Something that occurred to me as I was moving through my notes here is that one of our other contributors we are hearing from later today has stated that they believe that essential worker or key worker housing is something everyone has an opinion about, but no one has ultimate jurisdiction over. Is that something you've found? If so, who would you like to see having jurisdiction over what is a kind of halfway house, I suppose, between social housing and the private rental system?

MICHAEL CARNUCCIO: When you say jurisdiction, or when that submitter said jurisdiction, are they referring to decisions over investment or some sort of regulatory—

Mrs SALLY QUINNELL: I think planning, investment, and watching it—keeping an eye on it.

MICHAEL CARNUCCIO: I don't know if it should be one particular organisation, because there's going to be different drivers. If it's about government employees, then those agencies might want to develop strategies. I know there have been strategies over the years for police and medical workers, for example. But it goes back to what I said earlier on. There are layers of strategic planning. Local councils do local housing strategies. That's a good opportunity to look at those needs. State government does regional planning. That's another opportunity to look at regional drivers and develop it through that, rather than it just being one particular organisation.

ROBIN FLETCHER: To follow that through, when you're talking about legislative policy and guidelines, it would be making sure that all of those levels of government are aware what their particular role might be and then the sector that might be delivering them in construction or managing them in CHP or other. They all have an alignment. Apologies for repeating myself, but it's that policy certainty that enables us to be able to move forward and plan strategically, to make sure that we can deliver and hopefully meet the need, rather than

doing it in that piecemeal way in which the project seems right for here, but you've got an attendant consequence over here.

MICHAEL CARNUCCIO: Yes. If it's about the regulatory and the operation. Maybe Homes NSW can develop guidelines like they already have for affordable housing.

Mr STEPHEN BALI: Briefly re-exploring perpetual versus time limit, with that other evidence, people were saying we're actually in a better position to go for a time-limited option because that simply means that you have to sell those properties and that generates your income to invest in new properties. If you just had the perpetual idea, then a lot of the smaller funds et cetera would just be hanging on to old stock for them to become tomorrow's fibro houses, so to speak. The debate over perpetual versus time-limited is not simply clear-cut. It is if you're saying that you're losing the property. If you're not losing the property but you're forced to, after 10 or 15 years, sell that property and then repurchase new property or build new property, would that be a better option?

MICHAEL CARNUCCIO: Under the current arrangement, it's a private owner who owns that property, the community housing provider will not benefit from that sale. They won't get any of the proceeds. Their role is just to manage it. Under that scenario there will be no reinvestment in new affordable housing. If a community housing provider owns the property, then they will do a life-cycle analysis and they will make a decision like, "It has come to the end of its useful life. We're going to sell the property and the proceeds will be reinvested in a new supply." Under a perpetuity model, there is nothing that will stop that recycling of stock and the reinvestment, as long as the money remains in the system. But under the current time-limited system, it exits the system and it's the private owner who will benefit.

Mr STEPHEN BALI: But if you go from a private developer—and people have this debate about how 10 per cent, 20 per cent or 30 per cent should be made affordable—and you're moving from 10 years to perpetual, that's basically a developer giving away 10 per cent to 20 per cent. Areas like Blacktown which barely produce more than 8 per cent to 10 per cent return for a developer if everything goes perfectly according to plan, everything gets approved and electricity gets connected, versus the northern suburbs where they can actually—the one in Crows Nest was, I think, close to 25 per cent being given away, because they still make a profit. So you can't have one rule that fits all right across not only Sydney but even the regions.

ROBIN FLETCHER: True.

MICHAEL CARNUCCIO: A trade-off.

ROBIN FLETCHER: But I would add the lens that I mentioned before. The notion that they're giving away—in a financial sense, I understand how that has been put across. But the whole focus of essential workers is that we need them for a really well-functioning society. If you're adding in a community and a social lens to that, those properties aren't "given away"; they're really important to stitch together the fabric or you would just have market housing and then you would have the example of cleaners—

Mr STEPHEN BALI: Someone has to pay for it up-front.

ROBIN FLETCHER: Indeed. Exactly. Subsidised housing requires a subsidy and someone has come up with the subsidy.

The CHAIR: Wonderful. Thank you both for appearing before us today. Feel free to, as I said, provide further information to questions which you received. I imagine your CFO may want to provide further information to one of the questions from Mr Bali.

ROBIN FLETCHER: Yes, I'll give him a call.

The CHAIR: You'll each be provided with a copy of the transcript of today's proceedings for any corrections. The Committee staff will also email any questions that were taken on notice from today and any supplementary questions from the Committee. We ask that you return these within 14 days. Thank you both very much for your information and your submissions to the inquiry.

(The witnesses withdrew.)

Professor SCOTT EACOTT, Housing Affordability and the Teacher Shortage Research Program, UNSW Sydney, affirmed and examined

Professor NICKY MORRISON, Co-Director, Urban Transformations Research Centre, Western Sydney University, affirmed and examined

Dr CATHERINE GILBERT, Planning and Housing Researcher, University of Sydney, before the Committee via videoconference, affirmed and examined

The CHAIR: I welcome our next witnesses. Thank you all for being here today and for the work that you have been doing. Please note that Committee staff will be taking photos and videos during the hearing. The photos and videos may be used for social media and public engagement purposes on the Legislative Assembly social media pages, websites and public communication materials. Please inform the Committee staff if you object to having photos and videos taken. Before we begin, could I ask if you have all been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

SCOTT EACOTT: Yes.

NICKY MORRISON: Yes.

CATHERINE GILBERT: Yes.

The CHAIR: Do any of you have any questions?

SCOTT EACOTT: No.

NICKY MORRISON: No.

CATHERINE GILBERT: No.

The CHAIR: Before we get to questions, would any of you like to make any opening statements?

NICKY MORRISON: Thank you for this opportunity to address this inquiry on essential worker housing. I'm Professor of Planning at Western Sydney University and co-director of the Urban Transformations Research Centre, which is in fact the largest strategic research centre of our university. Before I joined Western Sydney University in 2019, I spent my career at the University of Cambridge advising the UK government and local authorities on key worker housing policy. My focus has always been on applying research to practical, real-world solutions. My submission is supported by decades of published work, which I'm happy to supply on notice, as well as my team's at the research centre. I know that we're going to delve into a lot of specifics during the Q and A, but to set the scene, I'd like to highlight a few key points. I've been listening to other people's submissions and evidence, but I think it's really important to define essential worker housing very critically.

Based on my research and international experience, I think the definition is predominantly public sector roles—health, education and community safety—where it's the recruitment but also retention that are particularly challenging. Eligibility should not just be the frontline staff, but also those in support roles. If you exclude groups—and this is from my UK research—it can actually affect morale but also workforce stability. So defining both affordability and eligibility criteria—that's the key to the success of your housing initiative. As we've all been hearing, essential worker housing can be rental or owner-occupied, but I'm also very aware of the government's build-to-rent program, delivered by Landcom—I was talking to them yesterday, even—and the statewide land audit identifying underutilised land for essential worker housing. These are all steps in the right direction but, as we've been hearing in the previous session, the community housing sector has a real role in this, as well private investors.

The community housing sector can target essential workers because those workers contribute to housing costs. We can talk more about that but, from what we're hearing, we must make sure that resources are not diverted away from high-priority need. As for private investors, they'll face challenges with build-to-rent for essential workers because it will mean lower, subsidised rents, which may not align with their return expectations. Again, we can discuss that. I also just want to stress that build-to-rent and intermediate renting is only for short-term needs. A lot of my research in the UK and internationally shows that essential workers actually want owner-occupied options, and they tend to be popular. So we need a continuum of housing types, sizes and tenures to address not just recruitment but also retention, and the long-term sustainability of communities that we're trying to create. I can say more on that.

In terms of shared equity loans, they offer flexibility, but we don't want to just unintentionally inflate demand without addressing underlying supply issues. I can say more in the Q and A, but I do think on the supply side, the planning reforms play a critical role. I can say more about our section 106s in the UK, which mandate

affordable housing in perpetuity. I would say that the model in New South Wales is partially mirroring this mandatory requirement, particularly in transport-oriented developments, which is absolutely the right focus. But I will say the reforms probably haven't gone far enough. The targets are too low and feasibility tests mean that the developers will dilute their commitments. While we have private sector incentives like height bonuses under the new SEPP, those reforms must be more meaningful. That's when I'm going to stress again, and I've been hearing it in the previous debate, about perpetuity.

Finally, the other issue I want to say is we do need to focus on supply and speeding up housing delivery. That's vital. The government's Modern Methods of Construction Taskforce is absolutely pivotal in all this, resolving the regulatory concerns but also getting the financial institutions on board as well. We're having some successes in that area. I can supply on notice a lot of my team's work in this area about modern methods of construction—it's absolutely vital—and demystify the fact that it provides affordable, sustainable and high-quality solutions. We need to focus on that as well. That's my opening statement to address the essential worker housing inquiry. It needs very much a multi-faceted approach: clear definitions, eligibility criteria needs to be resolved, but also I've been hearing in previous sessions you probably need public-private partnership joint ventures with all different actors to speed up delivery. I look forward to discussing these issues further during the Q and A.

SCOTT EACOTT: Obviously, I see essential worker housing as really crucial for the efficient delivery of legislative government services. I think that's a key role of government to be involved in this process. Of course, I come from an education background and therefore a lot of the work that I've done has been based on teachers. Of course, I see teachers as an ideal cohort to pilot a lot of potential initiatives in this space partially because, of all the essential workers, they are paid relatively well and therefore that actually makes the path to home ownership much shorter and truncated than it is for other essential worker cohorts—not to dismiss other essential worker cohorts, but to give that opportunity that teachers actually represent to pilot lots of different initiatives in targeted geo-locations around the state.

The cost if we don't engage in this space—there's a number of schools, particularly in traditionally desirable locations such as the Eastern Suburbs and the Northern Beaches, for example, that will just become inaccessible to staff. Unless you already live there and have access to intergenerational wealth, it will become very difficult, particularly with travel pathways in and out of some of those locations, to get new staff to meet the demands of teaching to get to that place. We could do the many follow-on effects of what happens if schools don't have teachers. There's learning loss, there's welfare problems for teachers, there's composition of equality and all that. To address these issues arguably requires a mixed portfolio and I think that's what we've heard whether it's from Nicky or other colleagues this morning across other sessions. Rental pathways and home ownership pathways—I think it's important for essential workers to have diversity in choice in the provision of how we look at essential worker housing.

I think one of the key things, though, is to best meet the needs of both the developers—the providers—as well of those who are actually, for lack of a better word, consuming the essential worker housing, and also contextually sensitive solutions to the government services. You need to have teacher housing where teachers are needed, for example. I think a key goal here in my understanding of where government policy—and you know it far better than I – home ownership should be a goal here. Rental pathways are important, but ultimately home ownership is something we should be looking to do, so that we ultimately are creating wealth for citizens of our state, we're meeting our legislative requirements of schools where they go and, ultimately, we've actually reduced government welfare costs in the long run because we're generating home ownership options for our essential workers. That's hopefully the basis on which we can start to interrogate more in the Q and A.

CATHERINE GILBERT: Of course, going last, I have to say that I agree with so much of what's been said but I think it's helpful if I can just give you a little bit about my background and just a couple of key points from the submission that we may want to talk through more. I also very much welcome the opportunity to speak to this Committee. I want to acknowledge that I'm dialling in from Dharawal country—land, of course, that was never ceded. I want to acknowledge and pay respect to Elders past and present. I'm an urban planner by background. I teach courses on planning systems, land use policy, statutory planning and particularly how we can use the planning system to deliver more inclusionary housing across our cities. I'm from Canada originally, but I did actually work in the UK for three years before I came to Sydney. I worked with local governments across the country in developing their affordable housing contributions policies under section 106, so have also seen how that particular policy works, and I agree with a lot of what Nicky said.

I'm sure you've heard a lot of statistics or seen maps and things in all the submissions and people's statements, but what I really want to say is that colleagues and I have been tracking this issue for the last seven years, focusing specifically on Sydney. I can say definitively that it's a worsening problem. It's absolutely not related to market cycles. I also want to point out that this has occurred over a time when we've seen a significant boom in development, particularly in the provision of smaller units and apartments. We've seen a lot of planning

reform over this period. I want to emphasise that this is not an issue that's going to be addressed solely by speeding up permissions or allocating more land for housing. This is something that's going to need deeper interventions.

I think we can talk about how to define an essential worker. I'm sure that's something we'll discuss, but what I want to emphasise is this potentially is quite a diverse cohort. You might have people, for example, who are cleaning hospitals who you could argue are essential workers through to, as Scott mentioned, teachers who are on above-moderate incomes. So any government response really has to look at that full continuum of need and the corresponding products that are needed to address it. We actually need a strategy that's looking at how we increase the supply of social housing through to new and innovative products at the above-moderate income level. That's the cohort who currently might not even be eligible for affordable housing, so we really need intervention across the continuum. It's also really important to recognise that there are significant geographical variations, of course, in housing need and the challenges in accessing housing for the essential workforce. Absolutely, a strategy needs to think that the inner ring of Sydney is going to have a different response, say, to a regional location.

The CHAIR: I know members will have a number of questions for you now, and feel free to take any questions on notice.

Mr JAMES GRIFFIN: Thanks for being here and for your wonderful submissions. Professor Eacott, your submission links to some earlier evidence we heard from the Teachers Federation in a really neat way. If you could—and if you can't because you've articulated it quite well already—expand on the concept of modernising the Teacher Housing Authority. I'm quite embarrassed to say that, after eight years of being in Parliament, this is the first time I have actually come to learn of the Teacher Housing Authority and its role. As I commented before, the fact that it has been around since 1975 demonstrates that teacher housing has obviously been an issue for a very long time but, as we just heard, the circumstances are getting more challenging. Did you have a view on what the expansion of that may look like and how it might practically work? I think it's a great opportunity because it already exists. It is a statutory body and there seems to be great opportunity for some low-hanging fruit there.

SCOTT EACOTT: It does seem a wonderful time to celebrate the Teacher Housing Authority, given it's their 50th anniversary, and to do all of that. I should declare, earlier in my career as a teacher I lived in Teacher Housing Authority properties, so I feel as though I personally benefited from the wonderful work that they've done. They're in quite a tricky space, though—the Teacher Housing Authority. Given the nature of its inception—you don't need to hear the long history of teacher housing in New South Wales—but it has had a focus on regional, rural and remote locations as part of an incentive scheme to make it more attractive for people to move into those school locations, and that makes a lot of sense. Arguably, it hasn't had sufficient funding to expand its portfolio at any time. And if you read their annual reports, it hasn't had enough funding to actually have ongoing maintenance, and there are a lot of enduring issues with maintenance, which is possibly where the Teachers Federation may have come up with that one there.

One of the, I suppose, risks we've found when we've been looking at the affordability of housing for teachers across the entire state is that the greatest risk areas are in metropolitan or, dare I say, almost the eastern seaboard, in which there are no existing Teacher Housing Authority properties. There is a bit of a space there around can the Teacher Housing Authority, going back to its mandate and its charter, actually address the housing needs of the teaching profession where the private rental market cannot? I think there's actually a gap there. As for how we could expand it—beyond just giving them more money—there are arguably a number of government assets that exist in that eastern seaboard or at least in the major cities which could potentially be repurposed into the Teacher Housing Authority portfolio and beefing up its portfolio there. There is a prioritisation issue then around how you actually start to prioritise which teachers do and don't get access to it.

As we have increasing housing unaffordability for early career teachers, if we look at the teacher shortage in collaboration with this, we arguably need to start to think about where we need Teacher Housing Authority properties that we don't currently have—eastern seaboard and major cities—so that we can get the new teachers to where they need to be to teach. To some extent, it just requires more investment, which is challenging. It's a challenging fiscal time for the state, so that investment is going to come from somewhere else. But if we were able to repurpose some existing properties in those areas or looked at other models, possibly around Defence Force housing or other similar schemes, where we may be able to incentivise developers to help build up that stock of teacher housing properties there. Because I think we're trying to address the teacher shortage and beef up the existing teacher housing portfolio. I'm not sure if I quite answered your question.

Mr JAMES GRIFFIN: No, that's really useful.

NICKY MORRISON: Can I just say that we need a Health housing authority? I think it's important to talk about the teachers and the lessons learnt there, but a lot of the work I did in the UK and in Cambridge was with the health sector and, when we were hearing earlier submissions, you need that joined-up thinking. You need to have joint partnerships here. We worked very closely, when I was in Cambridge, with Addenbrooke's. You

need to make this debate—it's a housing debate, but very much linked to labour shortages. You need to talk to HR. You need to talk about why the staff shortages are happening and why the hard-to-fill posts are happening. Why are you using agency staff? Why are you having to have overseas recruitments? How is it affecting community of care? How is it affecting the whole services?

I think it's important that we actually do that joined-up thinking. So the Health housing authority are important too and joined-up thinking about the land they have as well. Also, it justifies this policy. It's all interrelated government policy because you're thinking about competitiveness, international competitiveness and you're thinking about sustainability. It's a very complex, nuanced policy area. It's interesting you started with teachers, but we can roll this across all the public sector and really nut this out properly with evidence-based research, which we would obviously say.

Mr JAMES GRIFFIN: Professor Morrison, you have also touched on something that we have heard not much of on our journey, and that is around modern methods of construction. I am particularly interested in the extent to which it would slash construction times. Just unpack that a little bit more, if you will.

NICKY MORRISON: I will say, this is a lot of my team in the Urban Transformations Research Centre, and there are specialists in there. I actually was liaising with them yesterday saying that I could take things on notice on this. But we actually had a whole international conference last November, and I was the planner on that panel, about modern methods of construction. Yes, there are a lot of barriers at the moment—regulatory barriers but also financial barriers. It was exciting to hear even the Commonwealth Bank saying they're going to step into this void and try to help people build their own individual homes. But I think we can roll it out even more to other financial institutions as well.

There is a lot of myth-busting about modern methods of construction—a lot of supply constraints. But, also, I think the consumers think they're not getting the same quality. I think there's a lot of education. I think the importance of having that taskforce is actually critical to unlock some of those barriers and hurdles, and there are. I know the National Construction Code are working closely with all these different agencies to somehow deal with this and speed up housing delivery as well, in terms of speeding up planning approval processes too. My specialisation is not so much in that area, but I really want to flag it. But I very much, on notice, can give some of my colleagues work.

Ms LIZA BUTLER: My first question is to Professor Eacott. I live on the South Coast, and we have a big defence town and Defence Housing. In your submission, you talk about the Defence Housing model. Can you elaborate on that and explain to the Committee how they do it and how beneficial it is?

SCOTT EACOTT: It's not entirely my area of expertise, so it's a bounded one. One of the issues, obviously, with expanding the Teacher Housing Authority or any other one is the large level of capital investment that is required to develop new properties and all of that. My understanding of the Defence Force housing is that it often uses private-owned and already existing properties, then making them available as rental properties to those people who work in the Defence Force. One of the benefits of Defence Force housing is that—churn feels like a terrible word—you have turnover. You have a constant supply of rental tenants, so any potential loss—and I heard other panellists talking about potential rental loss for the owners of properties.

The benefit of having a Defence Force house is that you always have tenants because when one family gets transferred off another family moves in, so you have the constant tenancy. You have that nice arrangement that goes on there. You sign up for an extended period of time, say 50 years, where you are going to rent your property out or whatever it is you own it for. It doesn't require the government to have the necessary up-front costs of building the necessary infrastructure. It could possibly fit under what maybe could sometimes be called a public-private partnership because private property is being used for public service. I think there is an opportunity in trying to develop a choice and diversity portfolio to address all essential workers where we could extend the amount of stock for essential workers by adopting a similar model to Defence Force housing, be it for nurses, police or teachers. I think it's a fiscally responsible approach to doing that.

There are certain regulations you probably have to set in at the backend to make sure that it's not—I can't think of the right word, other than – colonised by large corporate conglomerates who buy up a whole bunch of properties and then use it that way. So you possibly do some sort of not-for-profit oversight or just individual arrangements rather than large corporate ownership in that way. But I think the Defence Force housing model gives an opportunity to reduce the up-front capital investment that is required by government. That enables you to build up stock relatively quickly compared to other options for essential workers across a wide range—and not just teachers—Defence Force, nurses and police. Hopefully that answers your question.

Ms LIZA BUTLER: My other question is to Professor Morrison. You spoke in your opening statement about owner-occupier options and how they help address retention, and you also referred to that in your

submission. Can you elaborate on examples of shared equity schemes from overseas that have been effective? How does that help retain employees in the long term?

NICKY MORRISON: I heard you mention it to the St George Community Housing sector as well, and they said they don't do shared equity. But it's quite common in the UK; we call it shared ownership, where you part-buy-part rent. Our housing association sector in the UK is much larger, but there is that opportunity to do that. They would probably have a mortgage of 75 per cent and then have 25 per cent renting, and then they can staircase up to 100 per cent when they're ready. But also, if they get financially in difficulties, they can staircase back down.

It's just that sort of assistance to people who can't necessarily—and the rental side is very much subsidised, as well, relative to income, relative to house prices as well, so 30 per cent is the issue there. It's just a model which gives that little bit more flexibility, rather than going straight into the market and buying a full mortgage. It's been very popular in the UK and a lot of our housing associations do that model, so it was interesting they said they haven't considered it. But it can be something we can replicate and have international lessons.

It's always the way when you're being asked questions. The modern method of construction—I was going to say, when I spoke to Landcom, they're very much looking at that, because I know that's a build-to-rent model they're looking at, and then there are schemes through the essential workers program. But I think it is the way forward, as well, to speed up delivery, and then shared ownership is the mechanism so you can then afford it with the essential workers.

Ms LIZA BUTLER: Is there data on how that helps the retention in the workforce, especially in regional areas?

NICKY MORRISON: I think so because, although I said that build-to-rent is good and that I can see Landcom doing it, when I spoke with them yesterday, they absolutely agree the continuum. You need to have a whole range of sizes, tenures and a whole mix in a new community. You mustn't create a ghetto of just rental properties on the outskirts near a hospital. I know that from the work I did in Cambridge, again in Addenbrooke's. It's also important evidence-based research. We did a lot of housing needs surveys with the staff and we worked closely with the HR. The popularity was on ownership, and they also wanted to have the opportunity to scale up and trade up. They don't want to have to relocate elsewhere when they want to have a family.

When you look at rental—it could be just a one- to two-bed property—you've got to think about the community you're trying to create. You're trying to create a sustainable community with different tenures as well as different sizes of property, and that's why that mix works. I know we're going to have a bit about market housing, but you ought to have a whole mix as well. You're trying to create a mixed-tenure community here—a normal community, an organic community—rather than just sort of shoving it off in one corner, and also not just looking at new recruits. You're trying to think of the retention and stop the turnover and the churn. You're trying to create something really effective here in these communities, and I know Landcom is very receptive to this.

Mr STEPHEN BALI: I have just a couple of issues. One is the definition of "essential worker", and I noticed that both the UNSW and the WSU submissions are fairly similar where you talk about an essential worker that is basically a government employee, or an ancillary service that supports them which ought to be delivered by the government or basically the functioning of the state. To me, at this stage—we haven't come up with a formal definition of an essential worker—if we're here to worry about workers, the person that works here at the Workers Club doesn't meet your definition.

To me, instead of picking winners and which are the professions coming out into the future, shouldn't we simply say that an essential worker is anyone who's got a job within a local government area or within a 20-minute drive of the job? For instance, it's probably not a great example anymore, knowing what's happening with Crown casinos, but a croupier is probably an essential job in Sydney but probably not here in Blacktown, given it's an hour away to get there. We want workers to work close to the workplace, so shouldn't that be the driver of our definition, as opposed to picking who is the most important person and therefore who we should support?

NICKY MORRISON: I can answer, but I'm also very conscious we have someone online. I can definitely answer that. Would you like to, Catherine, first?

CATHERINE GILBERT: Sure. I've been trying to catch up, but one thing I just wanted to say was one of the critiques of shared equity or shared ownership models is the potential inflationary impact that can have on the market. I think you mentioned this, Nicky, in your opening. But I think the key is linking that to new supply, like a program of new housing supply, and applying those shared equity arrangements to new supply. That can really help to manage the risk that it might have in terms of opening it up to the broader housing market. I just wanted to say that.

You're absolutely right that defining an essential worker for policy or program purposes is politically challenging because of the vast scale of need, and I guess one of the jobs of the Committee will be to work out: is this really about addressing the housing crisis, which affects a broad range of people in a range of occupations, or is the aim really to address the jobs-housing mismatch or the labour market challenges that are arising from the housing affordability crisis? I think you'd land on different program eligibility criteria depending on which path you go down. I would say one thing that I would encourage the Committee to think about is that, if you're going to initially create some new policies and programs that target essential workers, more narrowly defined, the goal should be to roll that out more broadly over time. You could almost use it as a pilot to look at ways to address the broader affordability crisis.

What I've said in the submission and what my colleagues and I have said is that it is risky defining very specific occupations, but what you can do is create a definition that has some work characteristics. I would say one of those is that the work that's performed has a definitive public benefit, so it's providing a critical public service. The other thing is there's a need for proximity to work. I would say you need to encapsulate workers who cannot work remotely, who need to be on site to perform their work, and particularly workers who need to be proximate to be on call or to respond quickly to emergency situations. They need to be workers where that nexus between work and home is critically important. And then, of course, finally, the other layer would be income.

NICKY MORRISON: And household income as well.

CATHERINE GILBERT: Yes, household income.

NICKY MORRISON: That's also important, because you could be an essential worker but living with someone who's a banker, so you've got to be careful what the definition is there. I must admit the UK, when they did their key workers, focused on the fact that they had national pay scales for our key workers in the public sector, hence why they focused it on there. But I do hear your argument that if you narrow it—and I noticed it when we did even just our public sector—it can create real divisiveness. It affects morale and, as I said, even the workforce stability.

When we tried to widen the definition in our research, it wasn't that well received. But I will say that even in their own key worker evaluation report that the government did in the UK, they acknowledged that they had some empty units. It wasn't popular housing; it was in the wrong location. Most people wanted to live in the community, not be reserved in a particular place. They actually said it's inappropriate to reserve housing for a particular group. So you don't want that problem to face you.

When I read the other submissions—you're right—I saw the broader definition in rural and remote areas and focusing on particular sectors. Construction workers aren't able to be housed in particular areas, and temporary housing may be needed. The only problem is, if you have too broad a definition, you're just going to be muddled. You've got to have quite a clear clarity and focus, I think; otherwise, it's difficult to get this policy up and running. A lot of my research has focused on the growth areas, as well, and linked it very much to labour shortages. I think it's a housing market issue but, as Catherine rightly said and as I said earlier, link it back to the labour issue as well, and the competitiveness and sustainability of areas. International competitiveness is critical too.

Mr STEPHEN BALI: My next question leads into teaching anyway, and we can beg to differ. Geographic is great and income is great, but I just think anyone who's got a job in a particular area wants to live close to it. I think they're all essential workers. But picking up on your teaching point, there seems to be a lot of people just focusing on teachers and nurses as the essential workers. Looking at 1975 versus today, when I look at some of the data—and, obviously, I just googled it two seconds ago—

Mrs SALLY QUINNELL: Deep analysis.

Mr STEPHEN BALI: Deep analysis, but it's amazing what you can find in 1975, and especially talking about '72 and '74. Bowman Hall, around the corner, is the birthplace of modern Australia—too bad the local council wants to bulldoze it, but hopefully we can have it heritage listed. Essentially, a teacher earned \$8,195 per year in 1975, when the average wage was \$7,600, so an average teacher's wage was 7 per cent above the average wage.

Today, the average wage—and there are lots of different statistics and things—it wouldn't be too far wrong to say, is about \$80,000. An average teacher earn \$95,000, so almost 20 per cent more. Arguably, as far as the economy is concerned, obviously people have recognised that teaching is an important profession. This comes back to maybe instead of us picking winners, whether you are a Defence Force worker, a teacher, or a nurse—who used to have accommodation—I really think that we need to come from a generalist background, instead of saying, "With teachers, we had this great program in 1975", when they only got 7 per cent more than the average wage. You're now getting close to 20 per cent more, if not more, above the average wage. Should we be focusing

on teachers or should we be more broader based to give everyone an opportunity to get into the mad Sydney housing market?

SCOTT EACOTT: There's a lot to unpack there in that response. I think if you actually look at housing prices over time, you will see that they've shot up far greater than what income has over that period time. Even though teachers are getting paid better than—

Mr STEPHEN BALI: Sure, but everyone else's wages haven't shot up that much.

SCOTT EACOTT: We could debate that with a far greater analysis than what we've done here. If you look at LGA-level housing, the level of unaffordability has shot up substantially since the 1970s for teachers, in addition to everyone else, right? We need to be thinking about how we deliver this. I agree, it's very difficult to have a too general version of what is an essential worker. For me, it actually coincides and goes hand in hand with how you prioritise who gets access to these in addition to just that. I think there is also a role around regulated wages. Teachers have regulated wages. The market cannot respond. If I tried to, for a lack of a better term, defend teachers for a moment, for a tradie who is working in the Eastern Suburbs, the market can respond and pay them more to get the tradie to come to the Eastern Suburbs to do up a house in Clovelly or something like that. Whereas, a teacher gets paid the same there as what they do at Clare Public School out in the west. There are regulated wages and the market can't respond. That's something to consider as housing markets have shot up.

It's similar to what Nicky and Catherine talked about around how the housing market itself has shot up ridiculously. We don't want to do anything that inflates that. As for picking limits, it's difficult. There is only a limited amount of government funds that you have. You can't splash them around for everyone. Having too broad of a definition means that you potentially dilute any reforms that you do and have a minimal affect on everyone. You ideally do have to make some choices. For me, I will admit, I liked my definition. I thought it gave it enough scope for policy and reform but also focused on what is the legislative requirement of government in the state. What are you actually legislatively required to deliver and then how do you set up the conditions to make sure you have the staff to deliver those government services?

Mr STEPHEN BALI: I am looking at Figure 1—which is a very nice red table—in Dr Gilbert's submission. Given what we've just heard, especially about the regulated wage system, which I can understand, when you are looking at Woollahra, Waverley and North Sydney—it has a 0.53 per cent concentration of key workers in that local government area. Then you come out to the wonderful Blacktown, which has 1.16 per cent. Obviously people are living closer to where they work. All three of you talked about not just the world of theory, but wanting to make a real difference from what you've learned. How can we get more teachers or cleaners or whoever? Let's park the definition of an essential worker. Obviously in Woollahra and Mosman it's way below 0.5 per cent. I am now helping the Member for Manly here. Essentially, how do we get bus drivers in there, or other low-paid workers? What are some practical potentials that we could do in those areas?

NICKY MORRISON: More affordable housing being built for low- to moderate-income earners.

Mr STEPHEN BALI: Well, that's great, but I'm not reading the Telegraph. What's the real answer?

The CHAIR: I will ask all of three of you to give a brief answer, and then we will move on to the Member for Camden. We will give you each one minute. I know this is a hard question to answer. You can provide further information on notice.

CATHERINE GILBERT: I do want to extend on Scott's point. The thing is, we can talk about need, but when we're trying to incentivise people to stay in an area where they can't afford housing, we actually have to think about their aspirations too. I think that's why it's not just about meeting their needs; it's about having a tenure and a housing product that is appealing. We're talking about a group of people whose jobs are very geographically dispersed. If you're a teacher, you don't have to work in Mosman; you can go and work somewhere more affordable. We have to think about incentivising workers to stay as well. I just wanted to make that point. I'm a planner so I'm going to answer this question more from a planning point of view. I think we absolutely need to make better use of our planning mechanisms for more widespread inclusionary zoning. We're not going to get market housing in those locations that is going to be affordable to this cohort, so it actually has to be mandated as part of a development of a certain scale, it absolutely needs to be included.

NICKY MORRISON: I am an urban planner too. I will quote the UK experience, but I do think it does become a supply issue—it really does—in speeding up the housing delivery. We can spend the session talking about definitions, but I will say that from the UK experience, there is a lot you can draw on in how you set up those eligibility criteria as well as the zoning agents and the waiting lists. We have waiting lists in the social housing sector, so there is a lot you can draw on. It's a bureaucratic exercise in how you allocate a very limited resource. The answer is to widen that resource and get it bigger. That goes back to the supply side.

I do think, as I said in the opening statement and in detail in the submission, the planning reforms have made a really good start. I think they're excellent, especially around the TODs. It's a natural place for essential workers to be located and using public transport. As I said before and in the submission in more detail, they haven't gone far enough. I know you've asked previous people about in perpetuity, but I think it has to be in perpetuity, because it's a lost stock. We've got to make ways to increase the stock. It will entail that public subsidy. As you rightly said, the affordability crisis is happening right across the board. We can spend a lot of time talking about definitions, but I think we have got to really nail it around the supply side and the planning reforms. Finding land, as well as speeding it up in terms of housing construction, is essential.

Mrs SALLY QUINNELL: Thank you all for your submissions. It could be because I really love reading research papers, but I really enjoyed them. In terms of Scott's point earlier, the point of the housing commission for teachers was about incentivising people out of Sydney. It was a way of saying, "If you go to Brewarrina Public School, we will put you up." As a former teacher myself, I didn't use that system, but I would have loved to. I want to talk about how a few of you have mentioned joint ventures on surplus government-owned land and using land attached to schools, attached to hospitals and attached to fire stations and utilising that. Could you give me a brief response about how available that is, how much there is and how easy or not that would be?

NICKY MORRISON: You're doing the audit at the moment. I think it's excellent to be doing that. You're absolutely right that some of that land will have a lot of complex, brownfield contamination issues. It also goes back to location, location, location. I was a land economist back at Cambridge. It's not always, like you said, land availability. You've got to make sure it's right. But I do think the joint ventures, special purpose vehicles, limited liability companies —there are so many models you can adopt from other countries. It's not just the UK. I was doing work in Europe as well in this space. There is a lot we can learn from that. It was interesting, with the previous submission, you were asking about whether the community housing sector can work with the councils—yes. Then they can share equity. It's a way forward. There are so many more innovative ways we can do this. We can bring in private equity. That's a massive debate that is happening at the moment about how private equity could get into this space. And they will, with shared equity and the special purpose vehicles. I know there are some people behind me who are finance people. I have asked them to come today. There are so many ways we can do this properly. It is a supply issue. That's how we deal with this correctly. We've got to get moving on it.

SCOTT EACOTT: Also, understanding some of the spaces. Not all teachers want to basically live on campus, because you want a wellbeing break.

NICKY MORRISON: No, and nor do nurses.

Mrs SALLY QUINNELL: Yes. As a former high school teacher, I would like to say that I couldn't think of anything worse.

NICKY MORRISON: Agreed. That goes back to that continuum. You need to create a community so you will have market housing on it. That's not been deniable. You're not creating a ghetto or something. You're actually creating this place people want to live. It also goes back to the TODs as well. You've got to make sure that the infrastructure is well financed. With the height bonuses in those low- to mid-rise reforms, you've got to make sure the infrastructure has been followed too. Otherwise there will be a strain on public services, and you're not creating long-term sustainable communities or the long-lasting durable commodities we're trying to build.

CATHERINE GILBERT: Can I just add one point to that? What I would say is that once you rezone land to residential, the land value shoots up. My suggestion in the submission is, if you've got a special-purpose zone or a zone for commercial or industrial, you could create an exception to the zoning. You could say, "Yes, you can build residential in that zone, but only if it's affordable housing in perpetuity for the local workforce." You're making sure that you don't have that substantial land value uplift, but you're still allowing some residential development. I would encourage thinking creatively about how we define zoning rules as well.

Mrs SALLY QUINNELL: My last question, if I may, is regarding the situation with the NHS in the UK and what has been created there. I also lived in education housing and worked in the UK. Does it make it more challenging that our health systems here run on a regional approach? If you were, for example, South-West Sydney Health, you might be working Monday and Tuesday at Camden Hospital, but Wednesday and Thursday you are at Campbelltown Hospital, and Friday and Saturday you are at Liverpool. There can be, between those three hospitals, a 45-minute drive on any given day. How do we rectify the need for health workers, especially in rural and regional areas, when it's a regional approach?

NICKY MORRISON: We get a lot of anecdotal stuff here. When I did a lot of the work on the health sector in the UK, we did staff housing need surveys. We talked to HR. We did a lot of in-depth research to support what you're saying. I do think what you're saying, people commuting, it creates a lot of inefficiencies. It also

affects productivity, it affects lifestyle. It is everything. I think you need to nut that out a bit more. I do see the complexities of a person that's having had to relocate. Their life quality is probably horrendous.

Mrs SALLY QUINNELL: Yes, it's a challenge. As the Member for Camden, I realise what you've meant with the lack of infrastructure to support housing can cause an issue. The idea that people in Camden can get public transport to their work—it doesn't exist.

The CHAIR: I just have two questions, and feel free if you need to provide an answer on notice. Professor Morrison, you spoke about the need for the housing continuum, and obviously you spoke about how we really need to be increasing the supply. My concern is that just increasing supply won't deliver a housing continuum without proper policy and planning interventions. That's the part we need to get right for this cohort that this Committee is dealing with.

NICKY MORRISON: Catherine would say the same—we're both urban planners. You're absolutely right. It's quality housing as well, and you've got to have a proper—the planning policies need to be put in place too. You're right.

SCOTT EACOTT: I was just going to say that, factoring in and thinking in the long term, if we were able to utilise Teacher Housing Authority, just to keep running with that as an example, to make housing affordable for teachers in a particular site, if we can get the right levels of rent below market share, you can actually enable them to save for a home deposit much faster. You're actually facilitating home ownership for the essential worker through the reform that's actually based on teacher housing or something like that. We've been playing around with it. If we can try to make sure that the rents stay under 30 per cent for household income—you could have a new teacher, it would take them 11 years. With a median income housemate, it would take them seven years. For two teachers, it would take them six years. If we could get the rents through the Teacher Housing Authority, or similar type models, to make it 20 per cent of their weekly income, you can truncate those down to four, five and eight years respectively. Actually getting essential workers into home ownership much quicker by having a reform that's based on giving them accessible rental properties in an area.

The CHAIR: The other question I have goes to one of the wicked problems we have in increasing the housing supply at a fairly slow rate in this state, for various reasons. Professor Morrison, you mentioned the importance of not diverting housing supply away from high-priority groups or vulnerable groups, but we also can't have a caseworker sleeping in a car and looking after a vulnerable person. I guess the question goes to prioritising key workers over other groups, including some of those highly vulnerable groups. There are many areas, particularly in the inner city, where a lower-paid cohort look after some of the most vulnerable who are housed in the city currently but can't afford to live anywhere near it. Are there any policy interventions that you feel could be appropriate to help prioritise key workers? I get that it is a wicked problem.

NICKY MORRISON: It goes back to the divisiveness of how you prioritise. It goes back to that we've got to tackle the housing supply issue, but like you rightly say, it's a planning issue too. We can't just build for building's sake. It's got to be quality. You're trying to create neighbourhoods and communities. It will need government intervention. I know I'm very pro-affordable housing. I know when I've spoken at big housing debates and took what we do in the UK with our section 106s—developers just accept 40 per cent affordable housing. It's a statutory requirement since decades ago. Then they can negotiate down when the bar is so much higher. I think that TODs is the right direction. I think that's a very good example where it can then be allocated to essential workers because they're working next to public transport. I am more concerned about the low- to mid-rise where it's just building for building's sake. With high densities you've got to go back to thinking about the community you're trying to create. That goes back to precinct planning and building communities.

The CHAIR: I recently visited Elephant Park in London. You get to see a whole variety of different housing types all looking very similar in a really good integrated community.

NICKY MORRISON: Absolutely. That is a very good example. That developer did push—they were at 40 per cent and then they pushed it down—but it's absolutely integrated in. I'll take you to Cambridge. If I show you the sites there—I often say I'll give you a bottle of wine to say where is the affordable housing, and people never get that bottle of wine off me because they're very pepper potted and integrated in. I can speak to the UK, and I can speak to other European examples like the Netherlands as well. I think there's got to be a political will here too. I do think the developer lobby is very strong here to push back on those viability arguments, but it can happen.

The CHAIR: It can be done.

NICKY MORRISON: Yes.

CATHERINE GILBERT: I was going to say that social housing is hard. You cannot deliver social housing without some government subsidy. Actually, with housing for moderate income key workers in that affordable space, and even in that space between affordable and market, that is the kind of housing that can be delivered through inclusionary housing requirements through the planning system.

The CHAIR: Thank you all very much. Obviously we probably could keep going for much longer and I'm sure you all could as well. We may indeed come back to you with some further questions on notice, and we would ask that those or any questions that we've given you in today's proceedings be returned within 14 days, if possible. In terms of some of the research that was cited in your contributions, please feel free to submit that to the Committee. That would be hugely helpful in our deliberations.

I'd also like to acknowledge a group of community engagement stakeholders that are here today watching today's proceedings. Members of Parliament always love to have an audience, so we appreciate you all providing that. We are looking forward to joining you for lunch and answering any questions that you may have. The Committee will now take a break. We will return at 1.45 p.m.

(The witnesses withdrew.)

(Luncheon adjournment)

Mr SIMON MILLER, Chief Executive Officer, Anglicare Sydney, sworn and examined

Ms LEONIE KING, Chief Executive Officer, City West Housing, affirmed and examined

Ms EMMA MAIDEN, Director Advocacy and External Relations, Uniting NSW.ACT, affirmed and examined

Ms CHERI ERAI-COLLINS, Salvos Housing State Manager (NSW, QLD, ACT), the Salvation Army, affirmed and examined

Mr JEFFREY MILNE, Senior Policy and Advocacy Adviser, the Salvation Army, before the Committee via videoconference, affirmed and examined

The CHAIR: I welcome our next witnesses. Thank you all for appearing before us today to provide evidence. Committee staff will be taking photos and videos during the hearing. The photos and videos may be used for social media and public engagement purposes on the Legislative Assembly social media pages, website and public communication materials. Please inform the Committee staff if you object to having any photos or videos taken. Could you also please confirm that you have all been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

SIMON MILLER: Yes.

LEONIE KING: Yes.

EMMA MAIDEN: Yes.

CHERI ERAI-COLLINS: Yes.

JEFFREY MILNE: Yes.

The CHAIR: Does anyone have any questions before we get started?

SIMON MILLER: No.

LEONIE KING: No.

EMMA MAIDEN: No.

CHERI ERAI-COLLINS: No.

JEFFREY MILNE: No.

The CHAIR: I note that Mr Miller from Anglicare has provided us with a copy of his opening remarks, which we will provide to the Committee to include in our records. Would anyone else like to make any opening statements?

EMMA MAIDEN: Good afternoon. I really do appreciate the opportunity to address the Committee today. Uniting is one of the largest providers of aged-care and social services across New South Wales, and we support over 135,000 people through aged-care, disability services and early childhood education. Our workforce is large. We have over 11,000 staff and they are the backbone of the essential services that we deliver to communities across New South Wales. However, the escalating housing crisis is placing immense pressure on these essential workers, threatening the sustainability of the services we provide. We are here today to explicitly advocate for our staff and the people we serve in this Committee process. They are the aged-care workers, the disability support professionals and the early learning educators.

They might not have the same profile as police or firefighters, but they are just as vital to the social fabric of our communities. They ensure the wellbeing of vulnerable populations, they empower individuals and they disrupt entrenched disadvantage. Yet their modest wages and rising housing costs often force them to live far from their workplaces, affecting their work-life balance, job retention and the quality of care they deliver. As an organisation, this threatens our ability to attract and retain qualified staff for the provision of high-quality essential services across the State. This is a particularly acute issue in regional areas.

In our submission, we advocate for the inclusion of these sectors in the New South Wales Government's definition of essential workers, and we also support targeted mechanisms such as subsidised housing schemes, rental assistance programs and priority access to affordable housing developments for these professions. We are committed to collaborating with government, industry and other stakeholders to develop solutions that support essential workers and strengthen the services that underpin our state. I'm happy to answer any questions.

LEONIE KING: City West Housing is currently an inner-city not-for-profit housing provider. It owns and operates roughly 900 apartments, housing some 1,600 residents in the city. It was set up 30 years ago by the

state government at the time to be an affordable housing developer and operator. I want to advocate for the residents and applicants that we see day in, day out. Affordable housing is often very confusing terminology, as many of you will know. I appreciate the focus here is on essential worker housing but there are well-established ministerial guidelines and we also operate under City of Sydney funding guidelines. There is a definition in planning legislation under the Environmental Planning and Assessment Act which talks about affordable housing for people on very low, low and moderate incomes. Today, some 50 per cent of City West Housing's tenants would be on very low incomes. Then the next criteria is probably low income and then a smaller number is on moderate income. It's quite important to keep that breadth and not just focus on, perhaps, low-income workers.

One of the reasons I can point to is that we've got tenants that were original tenants of City West Housing that came in as low-income workers some 30 years ago and are now still living in our properties, effectively as retirees on an age pension. During that time they haven't accumulated wealth or the ability to go and secure ownership. They're still living there today and that's their home. They played a really, really important role in contributing to the economy when they were working and contributing to the productivity of the city. While I appreciate that these terms of reference started a bit more broadly, I'm advocating to keep a broad definition and to think about the life trajectory of people who might come into housing. With the key workers, I assume the view is that their income will improve and their circumstances will improve. But, in fact, my experience and City West Housing's experience is that more people fall down the ladder than go up. I ask you to understand that as well and take that into account.

JEFFREY MILNE: Thanks for the opportunity to appear before the Committee today. I would first like to acknowledge the Dharug people, the traditional custodians of the land on which we meet today. We pay our respects to Elders past and present, and extend this respect to all Aboriginal and Torres Strait Islander people who may be with us today. I'm also standing on the Wurundjeri country as I speak, so I acknowledge the Wurundjeri people. The Salvation Army is one of the largest providers of homelessness services across Australia. We're embedded in local communities across New South Wales, providing frontline support to adults, families and young people. Our services include accommodation, case management, assertive outreach support and financial assistance, together with connection and referral to other specialist services.

Every day we see firsthand the devastating impact of the housing crisis on our communities, low-income households and essential workers. We understand that access to adequate housing is a basic human need and a fundamental human right. It is about more than just having a roof over one's head and must be more than just a place to sleep between shifts. Due to a record rental and purchase crisis, crisis low rental vacancy rates and a critical lack of social and affording housing options, many essential workers and other members of the community live in significant housing stress. While we acknowledge the benefit of targeted housing solutions, we believe that the greatest impact in tackling the housing needs of essential workers in the long term is to address the broader housing crisis. A systemwide response which targets the structural drivers of housing unaffordability, homelessness and poverty and which increases the supply of housing across all tenures will relieve pressure across the entire housing continuum.

Housing security is critical to foster stability, allowing essential workers to fully engage in their communities and ensuring they can consistently deliver the essential services the public relies on. We believe that, in developing solutions, any definition of essential worker housing needs to consider the whole person and their whole life. It must recognise the broader needs of the person beyond their professional responsibilities, and initiatives must prioritise those on the lowest incomes. We are grateful that the Legislative Assembly and this Committee have provided us the opportunity to discuss essential worker housing. We look forward to being of assistance.

The CHAIR: Before we head to questions, I flag with all witnesses to always feel free to take questions on notice if we're asking you for information that you may not have at hand or if you want to provide further information following today.

Mrs SALLY QUINNELL: We've heard people talking today about some of the different creative ways to approach essential worker housing, key worker housing, affordable housing—the many names for the gap between social housing and the private market. What are some of the ideas that you have heard, seen or know of that you feel are not being explored at the moment by not-for-profit groups, government or private industry?

CHERI ERAI-COLLINS: I don't have an answer for you straightaway because I think, in reality, especially the not-for-profit sector and the community housing sector are trying every innovative solution they can find to provide as much social and affordable housing as they can across the spectrum. I oversee three states, so I can speak to some of the things we've seen in other states. The Queensland State Government is purchasing a number of old motels and hotels, old aged-care facilities—independent living facilities—and then leasing them back to the sector to provide affordable housing and social housing as a really quick response to addressing the

need, because developments take a lot of time. Even if we agreed today that we were going to build 100 units, it would still be three or four years before we've got that up and running, so being able to access accommodation that has not been used by anybody else, or has a three- to five-year lifespan because it's at end of life—those are things we can do now to address some of the initial issues while we look at long-term solutions, because I think it's a two-pronged approach.

EMMA MAIDEN: I don't know whether the question is so much innovation as it's just a volume issue. I'm not sure that it's particularly new ideas that are needed. It's just a case of actually trying to get the quantity that we need. Certainly, when we are redeveloping some of our old retirement villages, the development process that you go through in terms of trying to get something constructed is incredibly slow. Of course, it's very important that there be checks and balances and community consultation, and we don't want to have shoddy developments going up left, right and centre that are a risk to people that live there and the public, but it does seem that there could surely be some streamlining of those kinds of processes that would make it quicker between an idea to people actually moving in.

The idea of old retirement villages is also something that we are grappling with as an organisation that has a number of them. One of the challenges to turning them over immediately into—we're actually converting about 60 of our older retirement villages into rental retirements, but that would be for retirees who need a less expensive rental property as they age. Of course, it can't be deregistered as a retirement village until the last person that has a retirement village contract has moved out so, as a bulk solution, that is just one of the challenges. But these kinds of properties do come up. Old nursing homes and other things do come up all the time, although there are community needs for people to run those services as well. That's kind of what our thinking is on the issue.

LEONIE KING: I'm not entirely sure where you'd start, to be honest, in answer to that question, having worked in this space for a very long time, including in government in policy around affordable housing. In terms of reflection on historically what's worked well in terms of getting projects and deliver on the ground—state government providing capital grants upfront to get projects going. Obviously access to land—everyone talks about access to land. One of the challenges historically at the state level—and presumably local government as well—is that typically state governments value the land at the highest and best use, so repurposing it for affordable housing means that somebody takes a hit. That's not a particularly comfortable place to be.

I note there's a site at Rydalmere at the moment that has been touted as surplus land potentially for affordable housing. That used to be a disability site. I was in disability at the time in Ageing, Disability and Home Care when that land was being tussled between Health and Disability. Then there was some proposal, I think with Walker Corporation, where there was going to be a minimal contribution to affordable housing. So sometimes these things take a really long time to find their way to the surface and then to actually be meaningful and work. Of course, the way governments are structured is that different agencies are treated, effectively, as separate entities. Who pays for the impact on their balance sheet when land is effectively tithed, for want of a better description—so navigating that.

As an affordable housing provider in the city that has benefited from inclusionary zoning schemes since 1996, I am astonished that that has not been picked up and run with and extended more broadly. I appreciate it won't work everywhere, but honestly it just seems like an obvious thing to do. I've been involved in a project for a number of years through places like Mission Australia and PwC to look at mandatory inclusionary zoning and "Could you create some sort of national scheme and how might that work?" Also, when I talk about grants or subsidies, we've got experience in history of, for example, national programs like the National Rental Affordability Scheme that provided a flat-rate subsidy that did not reflect the cost of doing business in different geographies and in different product types.

If you take the City of Sydney, which Alex is very familiar with, it's currently costing me around \$620,000 to construct one apartment. That's construction costs. That's not total development costs and that's not including land. When you look at subsidies that perhaps don't adequately reflect those variabilities in product type and in location, you're kind of—not quite set up to fail, but you're on the back foot. The only other thing I would say from a worker perspective is, again, we have a long history of housing a range of workers, including police, nurses and teachers. There are some complexities with some of those occupations—for example, often they're priced out of affordable housing. They're ineligible.

There are also questions around their tenure. If I take police, we've had many conversations with the local police command and the police academy in the past. Young constables emerging from the police academy would be eligible for affordable housing with City West Housing in the inner city. Their first posting might be to the inner city. It's a three-year posting. There is no obvious model whereby—and currently what we've heard in and have understood to happen is that they might travel long distances from home. They might still live with their

parents. They might be on the Central Coast. They're on shifts overnight, so they either have to find something very cheap that they can share with other colleagues or they're sleeping in their cars.

The model that we have for social and affordable housing and under the Residential Tenancies Act deals with the head tenant. It doesn't deal with a share house model. I appreciate there are many people sharing houses, but how do you distribute that responsibility, and how do you deal with a fluid workforce that might only be there episodically and for a period of time? If we could crack that nut and not put the risk back with the housing provider that might own that asset, or not expect one of those three young police cadets who might want to bunk down together but work very different hours and very different schedules, and you're asking someone to take responsibility and be on the hook for their housemates, that would be ideal.

SIMON MILLER: Let me actually just give a couple of builds on some of the things that the other witnesses have said. Let me give you an example. We've got an older nursing home on the Northern Beaches that we closed a couple of years ago. It's maybe a five- or 10-minute drive from Northern Beaches Hospital. I would love dearly to be able to make that building available for accommodation for nurses, orderlies and the other people who work at the hospital, and the planning advice I consistently get back is that it's not possible due to a bushfire protection zone, there are Crown land caveats on the land, and there are planning conditions on the land. I feel terrible, as the CEO of a large charity who employs 5½ thousand essential workers, not being able to actually have this perfectly suitable, 40-room accommodation and make it available. We'll continue to work through that, but I think, in terms of ideas, look at streamlining some of the planning arrangements, even if it's a temporary approach.

As Emma was talking about with retirement villages, we're in the same situation. We have a number of retirement villages that we are phasing out and closing. I've got at least 100 vacant rooms at the moment that I could put people in today if there was some kind of temporary allowance under the Retirement Villages Act that enabled me to do that. So I think they are two things that actually sit within the power of the New South Wales Government. Is that going to solve the whole problem? No, it's not. But does it actually bring some stock to the table immediately? Yes, it does. I think the broader question of how we solve this does, ultimately, land with supply, and I think the work that is going on with transport oriented development right at the moment is a perfect window for actually doing this and making sure that, as part of these TO developments, there are actually places that are set aside for essential worker housing, because what that does is, it means the land is then available at a price to community housing providers who can afford to buy it. Whereas, if it's just made available generally, residential developers will always beat us—every day of the week and twice on Sundays—in terms of being able to pay the highest price for that.

I think the last point is around the point that was made in terms of the sale of government land. Government used to have tremendous fights with agencies around, "You're not using this land. Why can't you sell it?" I think there's a role here for Treasury to actually look at the broader economic impact. Yes, it might be that we're going to sell this particular piece of land for 20, 30 or 40 per cent less than market value, but because of the way that it will reduce some of the other impacts on the economy in terms of the availability of nurses, pressures on salaries for public sector workers and pressures on the transportation system, there is a broader economic aspect to this. If you actually take all of those things into account, you actually find there might be a net benefit to the state by making some of that land available at a price that is lower than market.

Mrs SALLY QUINNELL: In my understanding of this inquiry so far, a summation that I can come up with is that there seem to be three separate geographic ideas around key worker housing. One is Eastern Sydney and the unaffordability of housing for workers who work in Eastern Sydney or the eastern seaboard, if you will. One is Western Sydney and the gap between people who probably work quite close to where they live but are struggling with the cost of housing. The third group is rural and regional, which is about encouraging people out to rural and regional areas to live and work, retain their jobs and become part of the community there. Am I reading that right, as someone who is not in the sector, as being three related but distinct issues? I am not going to pit them against each other as to which one is the priority, but which one at the moment has the greatest need or the biggest number of people that we could help quickly? We can do the same run again. I meant to say, and I know the Chair said this earlier—you were saying, Leonie, "Where do I start?" If you do think of anything else, feel free to email it to us as a supplementary.

CHERI ERAI-COLLINS: I think you're right: you can't really pick between the three. I think that you're right, in that those seem to be the broad brushstrokes of what it is the difference between the unaffordability of certain metropolitan areas, people living close but still being on that fringe of unaffordability because people are being moved further out in those metropolitan areas as well. Then regional is an interesting one because COVID created this environment where people could have a sea change or tree change and they've moved into regional areas because they can work from home. So they don't need to be close to the city anymore, and they've increased prices of housing and rentals there. So you've moved, and then people that were living there have been priced out

of those markets. So there is this knock-on effect of these things that we didn't really think through during COVID. Then we've got the push to bring people back into the cities. You've got push from government to bring people back to the offices in the city and Parramatta, so you've got people wanting to move back into those areas. I don't know where would be the biggest gain quickly.

Mrs SALLY QUINNELL: No, that's fine.

CHERI ERAI-COLLINS: I think all three of them have significant complexities to address.

Mrs SALLY QUINNELL: I'll be honest: I would not be advocating for us, at any point, to be going, "This is our priority and stuff everyone else." So I'm not surprised by that, but thanks.

EMMA MAIDEN: It certainly wouldn't be the greatest number of people but, in terms of the impact on services, the rural and regional issue is really big. We've had nurses who have agreed to go and move to a regional community to work for us and then, on trying to find housing, have decided that's just going to be too hard for them. Those services just can't operate without local staff, so you're in a situation where you're FIFOing, in effect, nurses or care workers into regional communities and putting them up in caravan parks or local motels and paying the most extraordinary kind of hourly rates, often to third parties and not the workers themselves, to do that work. There are just a whole lot of unintended negative consequences that come from that and, as an organisation that is working in a lot of these regional, remote and rural communities, it is one of the hardest things. We employ people within our People Experience team to help staff find properties. It probably isn't the largest number, but it is the one that feels the hardest.

Mrs SALLY QUINNELL: The deepest impact.

EMMA MAIDEN: Yes.

LEONIE KING: Again, I'm not sure there's an easy answer. I agree with my colleagues around it being possibly hardest to solve, but it is smaller numbers in rural and regional locations just because there isn't a market. There is no market and there is no incentive to deliver the housing that is needed. It is absolutely a role for government to step in, and I imagine that is why the Teachers Housing Authority, for example, was set up many years ago. There is a history that shows the state stepping in where no-one else is providing it. Similarly, in services like where they stepped in and used to provide statewide homecare services and things like that in locations where it was effectively unfeasible for the market to deliver, pre-NDIS and homecare packages reform.

In terms of your differentiation between eastern seaboard, Eastern Sydney and Western Sydney, I don't know that we have great data about who has elected to take a job in Western Sydney because it's closer to home but is still struggling to rent. The cost to deliver an apartment is still the cost to deliver an apartment. Land might be cheaper, but the costs are the costs, and you can generate far less rent, depending on your rent model, if you link it to market rent. We have seen a commoditisation of affordable housing delivery.

If you take the City West Housing model, we cap it at an income, so it kind of is irrelevant—technically not, but you know what I mean. It's not as variable in terms of market forces. But we get lots of people travelling in, and then I'm sure there are plenty of people who've—we have an extensive waitlist. There's a 10-year waitlist for social housing in the inner city as well. People have opted into jobs that perhaps aren't their ideal job or perhaps don't pay as much, just because of the cost of travel and the cost of housing. It's really hard to say it's an either/or—really, really hard. You'd almost need to start with—and you've possibly already done this—just looking at how easy it is to fill these essential worker jobs across different geographies, and that might give you some sort of proxy as to where the greatest need lies because, as I said, it's fundamental to providing services but also keeping the productivity of areas running.

SIMON MILLER: As a major employer of nurses and careworkers, I can shed some light on that. I think it's actually a statewide problem, and I think the nature of your question actually reveals it is a statewide problem. But it hits us in some areas that wouldn't necessarily first come to mind. For instance, in the Illawarra it has become enormously difficult to recruit nurses in particular. I have a nursing home in Dapto where all of the nurses live in South-Western Sydney and commute three hours a day because rents in the Illawarra have increased by over 20 per cent in the last two years. That's double the rate of inflation. These nurses do it because they love our residents and they love the work, but that's a significant impost on their lives and on their families. The Health Minister was actually talking about building more aged-care beds in the Illawarra on the weekend, but the challenge in the Illawarra is it's one of the hardest places, we find, to recruit people. The two areas that are the hotspots for us in terms of nurses and careworkers are the Northern Beaches and the Illawarra.

Mrs SALLY QUINNELL: That's also what I hear as the Member for Camden—large chunks of my community upping and commuting out.

The CHAIR: We are already going a bit overtime, so I will limit members to a five-minute maximum.

Mr STEPHEN BALI: I just have two questions. I know we need to get back to focusing on essential worker housing, but I'm curious that a couple of you mentioned converting nursing homes into homes. Whilst I can understand what you're trying to do, I don't understand why. Given that there's a lack of nursing homes or aged-care homes—I suppose we all use the old terminology—is it that your financial model or the financial model of operating aged care is now too expensive and you're converting it? Sorry, I'm whacking a whole heap of questions together at the same time because of my time limitation. If we do that and convert them, are we just kicking the can down the road for another time because eventually we will have to build more nursing homes?

SIMON MILLER: I think the answer is it's actually really the development cycle. This is not about moving out of nursing homes or out of retirement villages; it's a case of, as a development moves through its development cycle, it reaches a point where it doesn't function, necessarily, in the way that it should for delivering contemporary standards of aged care or retirement living. But there's nothing physically wrong with the building and it could be utilised in a different way for a period of time. There's still life left in the building, but it doesn't meet the contemporary standards. It's really about how we manage that from a capital life cycle perspective. I agree with you—I would hate to see people closing down nursing homes and turning them into essential worker housing, because that's just flipping one problem for another. But it's really just to do with how we manage our capital stock over time, over its life cycle.

EMMA MAIDEN: If I can give an example, in Orange, we built a new residential aged-care service, and an independent living and a respite as well on another property. That left us with the older stock of residential aged care that was vacant because everyone had moved into the new facility. It actually did sit vacant for longer than we would have liked because it would have required quite an investment to convert it into appropriate studio apartments or something else. We were actually hoping we might be able to convert it into a youth foyer for young people experiencing homelessness. That didn't eventuate, and so now it is being used as essential worker housing. The whole thing has been rented by another organisation for their employees locally, but it was vacant for a while. So, yes, a solution that can better make use of that kind of aged stock while you're going through that capital plan—we have used other properties for meanwhile use, in partnership with homelessness services and women's shelters, but it tends to be a little bit more ad hoc and difficult to find the right solution at the moment that it becomes vacant.

Mr STEPHEN BALI: My final question is more related to Ms King and City West. Looking at your annual report, and it also came up earlier today, someone identified cash that's sitting on a lot of—

LEONIE KING: I saw the PSA submission.

Mr STEPHEN BALI: Yes. Looking at yours, for instance, you have property values of about \$570 million. You've got cash of \$217 million. Everyone is quick to ask for the state government to throw money at everything for grants et cetera. You have \$217 million, as well as Evolve, and you name it. Probably within four organisations there would be \$1 billion of current assets of cash just sitting around. A billion dollars would go a long way to building lots of stock. Why?

LEONIE KING: Do you want me to respond to that?

Mr STEPHEN BALI: Yes.

LEONIE KING: If you take that money—I've got four projects, four development sites in the city, one under construction and the rest in various stages of planning, that will deliver over 700 apartments. So you only have to do the maths. It's currently \$620,000 on average to construct, plus development costs, plus whatever we paid for the land. In more recent years we've paid market value for land, so there haven't been any concessions. But I appreciate it was a few years ago, so we're not necessarily—although we have purchased land recently and paid a reasonable price. But it's all earmarked for those developments, and I still have two of those projects uncommitted because I don't have the funding and I don't have enough money. I'm out there looking for funding and I'm out there participating in government programs. Yes, I have a lot of money, but it costs a lot of money to deliver housing. It costs a lot of money to deliver apartment buildings, in particular class 2 residential apartment buildings.

Believe me, planning controls just add more and more cost, and building regulation—really, really important – but it's added enormous costs. I've seen costs go up from about \$400,000 to deliver an apartment in 2020 to \$620,000, and then it just keeps ratcheting up. That's why you're not getting developers also delivering much product at the moment—because who's going to buy those things? When people look just at what might be accumulated reserves, they're not understanding they're commitments to future projects.

In terms of the balance sheet, I've had this conversation many, many times. Banks don't lend to community housing providers on the basis of your balance sheet—on the basis that if you go and borrow money for a home loan, you might be able to borrow 80 per cent of the value. They base it on cash flow. I have a massive balance

sheet, but I can only borrow based on rental income I collect. I'm averaging, at the moment, \$340 a week across the portfolio. It's about 50 per cent of market rent; actually, it's about 48 per cent of market rent, collectively, across the portfolio. If you multiplied that, that doesn't go very far in terms of servicing debt. The banks use that income to determine how much debt I can borrow. I've got a project under construction at the moment in Waterloo. It's a \$70 million project to deliver 74 apartments. Yes, I know that's horrifying—74 much-needed apartments. I could borrow money, and I have borrowed money, and I could only borrow \$15.9 million based on the cash. That's not very much relative to the cost of the project.

Ms LIZA BUTLER: Going back to the repurposing of nursing homes, that sounds like it might be a studio. I am really interested in the design features, especially around apartment sizes and where they're located and how you take that into account when developing essential worker housing.

LEONIE KING: I don't have nursing homes directly. I can talk new but I can't talk repurposed.

EMMA MAIDEN: Generally, because they're older stock, they often don't have a co-located bathroom or something like that. They have shared bathrooms. You're generally needing to combine a couple of rooms to create a living space and a bathroom together. There is a fair bit of redevelopment work that is needed to take that stock. You can't just rent them as is, because often they will not have bathrooms or anything like that. We haven't done it. We've looked at doing it. It's often quite a large capital investment to do that.

Ms LIZA BUTLER: Would that be just for single people or would it be for couples? It's not going to help you retain those workers, really. It just gives them something interim.

EMMA MAIDEN: Generally, yes. You are looking at providing a temporary solution. But most people don't want to live where they work.

LEONIE KING: We design based on the Apartment Design Guidelines. Generally, I get the intent, but we don't design in studios. Occasionally the planning rules require it. The current development that I mentioned has four studios, not because we wanted that but because the planners made us do that. The reason and thinking is that we're providing long-term tenure. It's basically a home for as long as someone is eligible and needs it. We don't see a lot of churn, to be frank. That's quite different, because you're then trying to design to say, "What would make this suitable through different phases of someone's life and also in terms of size and storage and amenity?"

The CHAIR: I have a few quick questions. I have a question about SP2 land. It's special purpose land, on which you cannot develop residential, affordable or key worker housing. This question is directed to Uniting, the Salvos, potentially Anglicare and also to you, City West. In terms of being able to work on this type of land to develop some targeted key worker housing, do you see opportunities there if there were changes to the planning controls?

CHERI ERAI-COLLINS: Yes.

EMMA MAIDEN: I'll take that question on notice.

LEONIE KING: I can't comment on SP2 land but I can comment that City West Housing has benefited from actions taken by the City of Sydney. For example, for a site we purchased last year, the only residential housing allowed was affordable housing. In recent years they have rezoned the Botany Road precinct in the city. Again, the only residential housing allowed was affordable housing. In that instance we already owned the sites, so that didn't particularly help us. But for those we purchased last year, it was absolutely—you know, we weren't competing with the private developers, which meant we secured a reasonable price for it.

CHERI ERAI-COLLINS: I can speak for Salvos for some work we have done recently around when the TOD piece came out. We looked at what land we had within those precincts, and 76 per cent of it is SP2, which means that we actually can't benefit from the TOD piece. There's a lot of church land out there that is SP2 zoned that we can do nothing with, other than church spaces. They are really well located. People like Uniting and Anglicare would have it as well, especially in metropolitan areas, where land is at a premium. People aren't able to go out and purchase land to do developments, but they've got land that they can't do anything with. There has been some work done on all church land across the State that is zoned SP2. We've got a map that was done through Faith Housing Australia to look into that. It was funded by DCJ as well to look at some of those pieces of work.

SIMON MILLER: I would have to take the specifics of SP2 on notice.

The CHAIR: In terms of the cost—the \$620,000 cost per apartment—how much of that is caused by delays that are baked into the planning system?

LEONIE KING: That's a very good question. It takes us, on average, pretty much four years from the purchase of land to get planning consent. I don't want to comment particularly on specifics. But I would say that

anything that can be done in the planning system to streamline and fast-track approvals for affordable housing is welcomed.

The CHAIR: Would that bring down that cost, do you believe?

LEONIE KING: Absolutely, because a key component is escalation, right? I just had a board meeting this morning and we have a future project—not in the city—and by the time we think we will be ready to put a shovel in the ground, we're looking at it being \$800,000-plus to build. That's just based on escalation. That escalation is currently sitting somewhere around 4 per cent, without anything else that might get thrown in, just in terms of regulation. It's quite significant. Certainly our discussion internally has been that the best thing we can do from an efficiency perspective and a cost perspective is to do things quickly. The challenge is, how do you fund things? As I said, we're land banking with a view to get the project shovel ready so that if a funding opportunity comes along, we can make it work. But there is a cost associated with that.

Mr JAMES GRIFFIN: Just to unpack the lending challenge around the cashflow, is anybody out there thinking more outside the box in terms of at least considering the asset base that you've got and understanding the output that you're delivering, which is a very important one, and to look at a different funding model?

LEONIE KING: No. If you think about the private market, the banks have their own thresholds and hurdle rates and things that they have to meet. Obviously they also want us to have assets, by the way, because they want security. I know because I was in state government when I first got the banks interested in lending to the sector. We had to kind of convince them that there were assets there to protect them. They didn't want to be seen to throw poor people out on the street, which is an admirable aspiration—to not throw people out on the street. I guess there is the HAFF program, which has looked at availability payments.

Before that, in the State, there were the SAHF programs—social and affordable housing—which Anglicare participated in. That did provide what was effectively an annual subsidy. There was also the NRAS, which I mentioned earlier, which was like a top-up to your income, which means you can borrow more. However—and I will declare that we are in contract negotiations around some of that stuff—the model was also kind of envisaging that you get private investors in and you get institutional investors in. Their return expectations, which are baked into legislation, are very high. It this kind of swings-and-roundabouts thing about who gets to capture the benefit of that additional subsidy. And then it's really used to service more debt.

SIMON MILLER: I am aware that there are, for instance, European life insurers and Asian pension funds that actually find the social and affordable housing sector in Australia quite attractive. They see nice long-term cashflows out over 30 years that are effectively government backed. The big challenge for them is essentially that the ticket sizes are too small. Because of the way that the sector was constructed, there are lots of very small players and the government tends to fund these individual small projects. We need to be thinking about how we aggregate projects so that you can get it to \$100 million, \$200 million or \$300 million, because the amount of effort you need to put in to finance a \$300 million project is probably not much more than you need to put in to fund a \$30 million project. They just find it's not worth the cost and time for a small amount of money. They are looking for large ticket sizes. Actually, anything that we can do to bundle projects and go for larger tickets will attract quite interesting sources of finance outside of Australia.

LEONIE KING: I think that's a very good point, and scale means you can probably get cheaper finance, to be honest, or cheaper capital. Originally, Housing Australia—when it was NHFIC—we thought they were going to come out with a bond aggregator role or function as part of the program, but they didn't.

CHERI ERAI-COLLINS: The balance sheet piece as well, the thing that needs to be remembered is that, as an asset, it's not going to be sold by a community housing provider. Having \$500 million worth of assets on your balance sheet when you're not going to sell them, partly because anything you do sell has to be reinvested back in more social and affordable housing. Having a really big balance sheet isn't actually a good thing for a social housing provider, which is why it's all focused on the actual rental returns. So things like increases to Commonwealth Rent Assistance, which obviously you guys can't do, helps in advocating for things like that to increase the rental income coming in from those social tenants.

The CHAIR: Thank you all very much for appearing before the Committee today. You will each be provided with a copy of the transcript of today's proceedings for corrections. The committee staff will also email any questions taken on notice. I know that Mr Bali did have a question he wanted to ask, and I cut him off, so he can ask that on notice. We ask that you return those within 14 days. Thank you all very much for your time today, for appearing before us and for the work you do.

(The witnesses withdrew.)

Mr THOMAS MORRISON, Senior Manager, Investment Enablement, Aware Super, affirmed and examined

Mr ALEK MISEV, Head of Property, Aware Super, affirmed and examined

Ms MELINA MORRISON, Chief Executive Officer, Business Council of Co-operatives and Mutuals, affirmed and examined

Mr PETER JOHNSTON, Managing Director, Lighthouse Infrastructure, sworn and examined

The CHAIR: I welcome our next witnesses. I apologise for running a bit over time. Thank you all for appearing before the Committee today to give evidence. Please note that committee staff will be taking photos and videos during the hearing. The photos and videos will be used for social media and public engagement purposes on the Legislative Assembly social media pages, websites and public communication materials. Please inform the committee staff if you object to having photos and videos taken. At the outset, could you please confirm that you have been issued with the Committee's terms of reference and information about standing orders that relate to the examination of witnesses?

PETER JOHNSTON: Yes.

MELINA MORRISON: Yes.

ALEK MISEV: Yes.

THOMAS MORRISON: Yes.

The CHAIR: Wonderful. Does anyone have any questions before we get started?

PETER JOHNSTON: No.

MELINA MORRISON: No.

ALEK MISEV: No.

THOMAS MORRISON: No.

The CHAIR: Does anyone have any opening statements that they would like to make?

MELINA MORRISON: I'd like to thank the Committee for this invitation to appear at the hearing today. I represent the Business Council of Co-operatives and Mutuals—the national peak body for member owned businesses. It includes more than 750 co-ops and mutuals in New South Wales. Our members include mutual banks, like Police Bank; but also motoring clubs, like NRMA; health funds, like HCF; housing co-operatives including the New South Wales peak body for rental cooperative housing, Common Equity NSW; and agricultural cooperatives like Norco. Co-ops and mutuals contribute \$15.7 billion in revenue in their turnover to the New South Wales economy and employ more than 28,000 people.

They are heavily invested in their members' needs and their communities. That's why they are so important to address wicked problems like the housing for our state's essential workers. What I'd like to share today is how logical and vital it is to partner with the mutual sector to find sustainable solutions to this and other housing issues. We've made a submission supporting our member, Police Bank, and their funding partner, HOPE Housing, for their shared equity home scheme. Police Bank is a member owned bank, which means it exists to serve its member interests and not make a profit for shareholders because it doesn't have any. It is owned by its members.

That puts the bank in a wonderful position to respond to its members' needs with new solutions. Police Bank, as you probably know from their testimony to this Committee, was originally formed to help people in the police force to access mortgage lending. That was the housing issue back then. Today, it is the housing crisis, and the solution is different. They've arrived at a contemporary solution. Governments urge the private sector to partner with government to address societal challenges and community needs, and this is an example. Police Bank has no other agenda other than to help its members who are essential services workers. It doesn't need to profiteer from the enterprise. It just needs to be sustainable to provide the debt in the shared equity scheme that has been explained.

Police Bank and HOPE Housing have requested an emblematic investment of \$300 million to fully realise the potential of this scheme and attract larger funders, especially from our sister mutual movement, Industry SuperFunds. I'm very pleased to be here with its representatives. In closing, this is an investment. It is not a grant, and therefore, it does not cost the state anything. At the same time, it will help a scheme that is already demonstrating huge success in addressing the issue we're here to discuss. I hope that we can get on with solutions,

many and varied, and see more essential workers able to sleep soundly between the long shifts in caring for us. Thank you for your time.

ALEK MISEV: First of all, I would like to thank the Committee for inviting us to be here today. We believe it's a great opportunity to discuss a very important topic, essential worker housing, which is very close to our heart. We are one of the largest super funds in the country. Our members are essential workers, so everything we do, we do for them. We are a profit-for-member fund. We are a sophisticated investor. We invest globally across equities, bonds and other classes, including property. When it comes to property, we have about \$11 billion invested locally and globally. About 70 per cent of that portfolio is invested locally, and we're keen to keep on investing locally because we do realise our essential workers obviously live here, and we are very keen to support them.

This brings me to essential worker housing. We have quite a longstanding program we set up in 2018. We started with one project in Miranda, in South Sydney, and over time we have developed this into quite a large program. We now have about \$1 billion invested in build-to-rent. We have about 1,500 apartments either in the pipeline, being developed or fully operational. Of the 1,500, we have 500 already fully operational, and half of them are in Sydney. New South Wales is a big part of our program. It is national; however, we are very focused on providing affordable housing here locally. We welcome being here today. We think working together with either the Government or other parties will really benefit essential workers.

PETER JOHNSTON: My organisation, Lighthouse Infrastructure, specialises in what many people would call impact investment. We focus on green- and planet-related issues, but also on people-related issues as well. We've become specialists in funding the for-purpose sector and what they are trying to achieve. We have substantial positions and investments in disability housing. We commenced investing in key worker housing in about 2020. We are also looking at funding the for-purpose aged care and also hospital sector and, potentially, the education sector.

We don't have in-house money. We're a fund manager, which means we interact with super funds and others that are looking for investment ideas. There's not always a presumption that, when you're looking at an essential worker housing solution, as government, you will want the private sector to fund that. But if you do, when we engage with investors around these sorts of issues, the first question they ask is, "What is my return?" If you do decide that you would like to have the next changes associated with essential worker housing to involve private sector capital, return will be absolutely paramount.

The second issue that we're asked about, specifically around these sorts of solutions or challenges that we have with essential worker housing is, "Is this a Government program or is it a systematic investment opportunity?" You won't hear this regularly in public comment but, by and large, institutional investors do not like government programs. Initiatives like SAHF 1 and SAHF 2 are interesting, but they're not solutions. Institutional investors have intergenerational investment challenges, which means they actually have to think about what they're going to be doing with their capital for the next 20 to 40 years. So the capacity to continue doing what they start doing is really important. A two-year program, a five-year program or a three-year program is not of any interest to these guys because they do have a lot of money that they need to deploy. Systematic solutions are absolutely a significant challenge for them.

Beyond that, they have a lot of flexibility. But that is, in itself, when you're looking at solutions, what you need to be thinking about. You'll hear bias in my evidence, and what I'm trying to achieve and give you a translation of is their need, which is, "How do we actually make sustainable solutions, considering the issues that we mentioned before? How do we create yield that sustains banks and their debt levels to be able to invest in that, without a Government program?" That's what we've tried to achieve with our work.

The CHAIR: Thank you very much. We will now begin with questions. Feel free to take any question on notice or provide us with further information following today. We'll start with the Member for Manly.

Mr JAMES GRIFFIN: Thanks to all of you for appearing today and for your submissions. I declare I'm a customer—a very happy one. I also want to thank you for your, in my observation, solutions mindset, from all of your contributions now and your submissions, which I think is where we, as a Committee, are heading. To you, Mr Johnston, with the Lighthouse Infrastructure project, I called out earlier today the work you've done with St George. My question to you and to Aware is, based on the work you have already done to date, we've heard from councils this morning about the need for planning reforms to provide certainty to reduce times and to drive supply. In addition to your submissions, are there any glaring, obvious things that you think we could do or make as recommendations to deliver what you've done at Westmead at scale? What we really need to do is turbocharge the efforts that you've put in to date. What do you need to have that happen, if you use that one as a model?

PETER JOHNSTON: Some of my answers might sound simplistic. The first one is more product. More money will not make more houses necessarily, when cost of construction is as high as it is. We could throw as much money as we like at this problem and all we'll actually do is just make it more expensive. Try to think long term and, in doing that, there might be some challenges in the near term that might need programs to have a bit of a push. I'd call it crowding in. It's a term that's often used in public policy circles, which means to help capital into these outcomes.

The first thing we need to be able to generate our solution is new homes. If they're not being built—we are a financing instrument, by and large. There's nothing construction related about what we do. We're a financing solution. One, we need new homes. Two, the best application of our sort of solution is what I would call inclusionary zoning, and there's a whole lot of other buzzwords that go around with it. That is the co-creation of affordable housing with market housing, usually through a planning-based outcome. The present government's policy has hallmarks of what we would think is a good solution. The reason that that is effective is because it doesn't create excess demand. If you think about, "I'd like to have essential worker housing and I'd also like to have bright, shiny new condos and all these other things." There's a number of build-to-rent operators that exist today. They're all the other forms of developers that exist today. If essential worker housing has to compete with those, all we're doing is increasing demand, and we'll increase price. If every solution on that land has to produce essential worker housing, we're not actually creating any more demand. A planning-based solution will mute the pricing impact and the cost impact of delivery. We advocate heavily for that sort of inclusionary zoning solution.

The second element is legislative certainty. Our model relies on the cohabitation of our capital with the community sector and their charitable status. Their charitable status exempts them from a range of different taxes including goods and services tax, which is obviously an indirect state-based contribution but it does come from the Feds. Generally, it will exempt us from state land taxes as well. It also provides, in some cases, some lower rate-based outcomes. All of those contributions enable institutional investors to be able to accept a lower rent because those taxes don't exist. Our model and our solution is simply a trade-off. Do those taxes represent more gain than the loss in rent? Make no mistake: this is not a charitable endeavour. As I said at the outset, the first question we're always asked is, "Where is my return? If you pass through gate number one, we'll start talking about the rest of your solution." Return will always be there.

The only other way that you can advantage our sort of model is to create an environment where we can economically justify what we do. At the moment, to give you an example, we can justify operating the properties that we've acquired at Westmead and Parramatta for 10 years and justify making that sacrifice of letting the community housing sector rent them at a 25 per cent discount for 10 years. That's because the existing taxes that we're avoiding give us enough contribution for a 10-year period.

The only other way of doing that is actually getting the developer to make a greater contribution, and that can come through that planning-based solution. Are there things that can be done? There is legislative certainty. At the moment one of our bigger issues—and we had this discussion last time when we were talking in private sessions—is that there is ambiguity today in our transfer duty or stamp duty Act. Every government in Australia has had a play over the past five years, and keeps playing and keeps playing. We spend a disgraceful amount of money on lawyers trying to interpret new legislation and deal with this issue. Where New South Wales has got to with their legislation, it would be preferable to invest into Queensland, Western Australia and South Australia than into New South Wales.

No institutional investor has to invest in New South Wales. Making a decision, if you want to have exemptions associated with transfer duties and stamp duties for essential worker housing in the state of New South Wales, make it explicit. It's actually really easy to draft. You just put one exemption for that, and we would suggest that that should relate to the financing and funding of the activities of the community housing sector and/or charities within the essential worker area. That would give us certainty. That would give our investors certainty around those outcomes and give us confidence to invest. But, at the moment, planning is probably the biggest.

ALEK MISEV: For Aware Super, if I can give you some context, we set up our program in 2018 and that has now grown to quite a large portfolio. We started off with essential worker affordable housing, and that went well when the market was favourable. This was before rates started going up, inflation started picking up and construction costs started going up. We then had to pivot towards private market BTR because we could not make the target returns work. Because our fiduciary duty is to provide a financially certain future for members—so target returns are number one.

Where we get stuck at the moment is that essential workers are kind of the missing middle, really. They can't access housing that fits their financial characteristics close to where they work, so they kind of fall in between the cracks. We were delivering that until the market changed. Where we are now is that we are close to affordable housing, but it doesn't really meet the definition. So, for us, the number one is really expanding the definition of

affordable housing, where groups like us can get the incentives and the benefits that CHPs get, for example, where we can actually build more and deliver those target returns for our members. That's really the key thing for us. We've included some other things—supply of land, for example, and a few other solutions—but this is, in our view, probably the easiest one to implement quickly.

MELINA MORRISON: Just to add to the approaches of my colleagues on either side, if we just centre the conversation and discussion on what essential workers need in terms of choice, agency, control and preference, it's incredibly important to get the supply side going. That has, I'm sure, been brought before the Committee's attention in many different ways. Many key workers aspire to own their own homes rather than long-term rent, for example. Surveys and studies have shown that home ownership is a strong preference amongst essential workers, providing them a sense of permanence and community involvement.

But, really importantly—and given that I've got my colleagues from the retirement savings industry here—shared equity, as an example of not an either-or but another approach, allows key workers to build equity over time, creating financial security and intergenerational wealth, and building those important retirement savings that keep our essential workers as people in a category. We've just heard that they often fall through the middle. They don't qualify for affordable housing but they're not able, aspirationally, to step up into home owning close to where they're living. I'm sure you've heard many, many examples of how important it is that a police officer who goes to a 3.00 a.m. domestic violence call-out needs to be living closer to work. An intensive care nurse finishing a 14-hour shift needs to be living close to where she or he is working.

Given that many key worker households do not qualify for affordable rental housing, we do need to think of criteria and eligibility, but we also need to think about what will motivate developers to create new infill affordable housing especially aimed at key workers who are seeking home ownership. I just want to finish on this idea: the traditional home financing models, being deposit plus mortgage, has reached the end of its effectiveness, given housing crises, in supporting home ownership for many middle-income earners—and we're talking about teachers and nurses and police officers and the many essential workers you've been hearing the stories of. To address this, we have to evolve a finance model to incorporate other forms of equity investment and home ownership including, we propose, shared equity.

Ms LIZA BUTLER: Melina, just following on from that, to encourage community housing providers—we heard earlier that some carry over a balance of some \$170 million a year. What do we as a government need to do to get more cooperatives and more organisations such as HOPE Housing and Police Bank to offer those shared equity models?

MELINA MORRISON: There was a proposal on the table. There's a proof-of-concept shared equity model that's working in partnership between the mutual movement, which provides the debt together with the prospective home owner's deposit and the equity component, which is funded through, in this case, a not-for-profit organisation called HOPE Housing that has the financial services licence. What we need to do through governments and our work with industry capital partners is to incentivise investment in these.

And, as we've heard at the beginning, it's very important that the critical issue, which is return on investment, is attractive enough to invite in either super funds or other types of capital investors to make that investment. In the case of Police Bank and HOPE Housing, the shared equity scheme where they've already put 28 essential workers into their own homes—close to where they work, most importantly—allowed them to step up into that aspirational model and actually relieved some of the rental housing pressure because many essential workers are in rental housing and on that treadmill. Moving out of rental housing frees that up for someone else.

We need, in this case, an emblematic investment, which it is proposed would be best given through a state government investment of \$300 million, really to prove the concept and create enough scale for this new model to be attractive enough then to the billions and trillions of dollars, which are potentially sitting particularly in our retirement funds for investment in affordable housing. It's in a chicken or egg stage at the moment. There is a proof of concept there, but with anything that looks exotic at the beginning it needs scale and time to create a self-sustaining market. It is an investment. When I said it was at no cost to the state, the investment is going to repay the state's investment through the return on the investment that's offered.

PETER JOHNSTON: That's completely consistent with the initiatives that we're referring to. It's what I call crowding in. Creating an environment to de-risk the outcome for an institution or investor for a proof of concept for the likes of HOPE Housing—potentially for what we're doing as well, but scale is a critical issue. You'd have to be on an island not to notice that superannuation is continuing to consolidate. This is not just a domestic issue. Capital is consolidating at a rapid rate around the world. Increasingly, there is more capital in less hands and less decision-makers. What does that mean? Any investment solution, to be relevant to them, just keeps going up in size.

In Alek's career—and he can tell me if I'm lying—but what was the smallest investment that they could do when Aware Super was starting out on their journey? It would have been this much. That number and that hurdle before they could actually consider an investment opportunity has magnified, probably not logarithmically, but it could be 10 times. Being able to get a platform like HOPE Housing or some of these platforms off the ground, a commitment—it is an investment. I'd call it underwriting, which the likes of the CEFC has done in some of the green energy programs. They are real investments, but stimulating activity and then recycling the State's capital. The taxpayer here is utilising their strength to be able to create the investment platform. They will release their capital and get it back as well. Is that fair, Melina?

MELINA MORRISON: Absolutely, and not to mention the benefits back to the State's coffers through relieving the tensions around workforce attrition, the occupational health and safety issues that occur from people being overtired and not being able to live close to where they work, all of those other costs—mental health issues et cetera—that flow back to the state from getting people housed appropriately. With my colleagues here from the super funds, I'm sure we can hear firsthand how difficult it is with their fiduciary duties, as Peter was saying, to get money out the door into different housing investments unless it's—you can't get out of bed for less than \$500 million or something in terms of the investment. It means we just need to get up to that level in order to then attract in.

The CHAIR: Could we maybe ask Aware Super to go into that in a bit more detail? Because you do describe this cohort as the "missing middle", which is a really accurate description. They're also essential workers, so they're workers so they've got a regular income. They need housing. There are people who are willing to invest in the provision of that housing. There are people who are willing to develop that housing. But I am really interested to know where are those grey areas that need clarity and those regulatory changes that are needed to help unlock this funding?

ALEK MISEV: It's a great question, and I think it's a great discussion. We see what we are offering to essential workers as a stepping stone for them to own their own house in the future. It could be a shared equity model; it could be any other model. We actually welcome any other model because the housing crisis is so big that it can't be just one solution. We are just part of the solution, but there are many more. In terms of changes that need to happen, I think what we mentioned earlier—because we have already set up a whole business around this in 2018, so we've hired the people. We know we can deliver. We know how to develop, we know how to asset-manage, and we know how to partner with people. So we are really ready to do more.

How can we unlock more? We think the low-hanging fruit is really expanding that definition of affordable housing because then we can go really quickly. We can then ignite the machine that is already there to go: How do we do more? How can we partner with other people? Probably Peter and Melina may be one of those groups—and other groups. Once one thing starts to roll, I think others come into play and, again, it's like a stepping stone. Then we can offer something to our members so they can save money. And we've evidence of this. Members that are in our units can actually save quicker for their house deposit, and they can then move into either shared equity or anything else so they can actually own their home in the future. That is really the ultimate goal of what we're doing. We want them to step up and we want them to own their home.

Mr STEPHEN BALI: Part of the funding model, we heard previously, was that there are restrictions from the federal government, I think, on super funds investing into this space. Can you further elaborate on that?

ALEK MISEV: I'm not aware of any—

Mr STEPHEN BALI: I think it's not part of an index or something, when you work out where you can invest.

PETER JOHNSTON: There are impediments. I can probably handle that one if you want?

ALEK MISEV: There are probably more financial impediments because of: can you achieve your target returns? I think that's probably where a lot of people get stuck at the moment because they want to do something. However, the returns are probably under their benchmark for what they believe they should deliver for their members.

Mr STEPHEN BALI: So that benchmark needs to be changed to incorporate—

PETER JOHNSTON: The benchmark probably needs to be more specific. How we've chosen to regulate superannuation funds at a Federal level is to test their performance. That means how did you do against a—think of it like the CPI, or like a basket of goods. How did you compare to a standard investment strategy? When we look at property, we are comparing a property index to affordable housing. They are very different risk profiles. What sits in the property basket in Australia is, by and large, office buildings, some industrial sheds and retail, and that's it. There is no residential. For an investor such as a superannuation fund to invest in affordable housing

today, they're going to be benchmarked against an office building, and they're investing in something completely different. If that trade goes the wrong way and they lose because, on one day, offices do better than residential housing, it doesn't matter how hard they invested and how well they invested in their segment, they will be challenged from a regulatory perspective. It's quite technical. I'm trying to do the best job of simplistically explaining it, but they face a systematic risk.

To give you a translation of that, which I know Alek might be able to do as well, if you fail this test as a superannuation fund, you cease to exist. I'm not saying that flippantly. Aware Super is an amalgamation of a number of very successful funds and one or two that flew too close to the sun and failed this test. That's the sort of lens that a superannuation fund needs to look through. Walking off the path and investing in something that isn't being measured here creates an existential risk for me. This is an issue. At a federal level, this is not something that you can control, but it is something you definitely should be considering if you want to see institutional investment from superannuation funds and not offshore pension funds—we spend more time talking to offshore pension funds who don't have this problem than we do talking to domestic super funds for this issue. Talk to the finance Minister. Talk to them about Your Future, Your Super regulation and say, "We would like to see you produce an affordable housing or a residential index that can be utilised so we can unlock institutional investment." That's probably the biggest impediment that they were probably talking about in other ones.

Mr STEPHEN BALI: But if that doesn't happen, then everything you just talked about for the last half-hour about the \$300 million project et cetera—what's the use of doing that if super funds can't invest?

ALEK MISEV: For us, we can actually invest at the right return because every investment has a different risk-return characteristic. Some are higher risk, higher return, some are lower risk, lower return. But, if you combine them, that's what gives you the portfolio, and you need to be mindful to diversify well. We're very happy to take some lower risk, lower return investments with higher risk, higher return. It's all about the mix. Yes, there is the benchmark, but we also want to make sure that we beat that benchmark for our members. We also want to over-deliver. We can make it work. What we are saying is, we can actually do more into this space at an adequate return for members for the risk we're taking if we are allowed to do more based on those affordable housing definitions. I think that's probably, for us, the low-hanging fruit.

The CHAIR: The link here with what we're talking about between federal superannuation regulation and the state-based tax incentives is that the projects become more viable and the risk is lower if you are able to access the State-based stamp duty incentives.

PETER JOHNSTON: Absolutely.

The CHAIR: Therefore, it makes it, from the way in which super is regulated, federally, a more viable investment and, therefore, you're more likely to invest in it.

ALEK MISEV: Yes.

PETER JOHNSTON: True, but you'll still face this challenge. Despite Aware Super's commitment—and I'm not talking for you Alek; I'm talking about a more broad industry—there are three or four superannuation funds in Australia who have chosen to invest in this sector, and there are a dozen or more who have actively chosen not to. But, primarily—and I'm not speaking out of school—they don't have to invest in it. It creates benchmark risk, and that's what I was referring to there. I will make one last point, Stephen. I could hear some of the testimony beforehand. One of the issues associated with what's happening federally—the Housing Australia Future Fund program. That, as a procurement process for institutional investors, is an absolute nightmare.

Think about how we're trying to invest at scale, and we've got a federal government that's choosing, project by project, success outcomes, with some of those projects comprising 30 apartments. The process for bidding is that you submit your proposal, you wait six months. After six months, you find out if you're preferred and then you wait another six months. This doesn't work for the private sector. It's not an outcome that works for the private sector. They have to find another procurement program that doesn't pick every single apartment. It should be trying to pick partners, it should be trying to pick platforms, and it should be trying to do things absolutely at scale, but not down to individual units. The cost is just astronomical.

Mr STEPHEN BALI: This is more a question on notice: for that \$300 million investment program—I don't think I noticed in the presentations—is there an actual case study of that? Can you supply that?

MELINA MORRISON: Yes.

Mr STEPHEN BALI: Secondly, instead of the government stumping up the \$300 million cash, is there a way to use another financial instrument in underwriting it. We do that for banks so they don't collapse. We pay and cover them. Couldn't we allow the finance sector to jump in there knowing that they're guaranteed a certain

return or not losing a return. That may not cost the State Government \$300 million up-front. We don't have the money, I suppose.

PETER JOHNSTON: We've done something like that with the CEFC, but I'm sure they'd prefer the cash.

Mr STEPHEN BALI: Everyone wants the cash.

MELINA MORRISON: Thank you for that question. I will take that on notice because I'm not representing HOPE Housing and I'm sure the different types of approaches could be explored. Certainly, the pre-budget submission of Police Bank and HOPE Housing has the full case study and explanation of the HOPE Housing shared equity model. What I would say is just to advocate for the bird in the hand at the moment, because I know that with inquiries like this it's quite depressing to hear how many barriers there are when the gravity of the problem is there. We have a solution that addresses part of the issue right now, which is essential workers who have done a very good job of saving deposits and can almost get into the market where they need to live, close to where they work. They have able to do that in partnership with the mutual sector, which they own and govern as well, which is the unique alignment of purpose and mission of a mutually owned business.

Some of the issues which have been raised today, such as the affordability definition, are not constricted by this model because the HOPE Housing shared equity model has no income cap. Provided the valuation and the whole due diligence around the purchase passes, it allows the shared equity relationship to be constructed around the deposit, the debt and the equity share ownership according to what the essential worker can service in terms of their mortgage repayments, which are set at a sustainable 30 per cent of their income. We know that that's ongoing. That's sustainable to not only service the mortgage but allow them to save and to start to buy back—buy in and take more equity in their property over time. Nothing stops that project. There are 3½ thousand essential workers on the waitlist, with no advertising of that program right now in New South Wales. A modest investment to encourage a super fund to match it or to come in as early as possible and scale this up can happen now, with some type of underwriting or investment.

Mrs SALLY QUINNELL: And that's what we've asked for additional information on.

The CHAIR: I believe it's already been provided to the Committee.

The CHAIR: Thank you all so much for your time this afternoon and for providing the Committee with such important information. We ask that you respond to any questions on notice within 14 days. The Committee will send you a transcript of today's proceedings and any additional questions that Committee members may have.

(The witnesses withdrew.)

(Short adjournment.)

Mr ADAM LETO, Chief Executive Officer, Western Sydney Leadership Dialogue, sworn and examined

The CHAIR: We welcome our final witness for today. Thank you for appearing before the Committee to give evidence. Please note that Committee staff will be taking photos and videos during the hearing. The photos and videos may be used for social media and public engagement purposes on the Legislative Assembly social media pages, websites and public communication materials. Please inform the Committee staff if you object to having photos and videos taken. Could you also confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

ADAM LETO: I have.

The CHAIR: Do you have any questions before we get started?

ADAM LETO: I'm fine, thank you.

The CHAIR: Do you have any opening remarks that you would like to make?

ADAM LETO: Just a very brief statement. Thank you, Chair and Committee members, for the opportunity today. As a background, the Western Sydney Leadership Dialogue represents a wide range of stakeholders with a shared interest in the advancement of the region. Our membership base is not sector specific, but it does include major universities; local councils; infrastructure, transport and development sector stakeholders; and tier 1 community housing providers. Our focus has always been on practical solutions that enhance the future of greater Western Sydney, and we have long advocated for sensible, equitable and transformative policies that strengthen communities across the region.

Our submission today, which has been pulled together in partnership and collaboration with our members, outlines our broad support for addressing housing need for essential workers. We note that essential worker housing plays a vital role for the individuals and families who live in it, but it also delivers for the economy by supporting those workers that we rely on to keep our communities functioning. Improving access to housing for essential workers is a complex issue that will require a coordinated, agile, and multilayered approach to improve it. Our region has taken on a fair chunk of the city's growth in recent years. Over the 10 years between 2011 and 2021, population growth in Western Sydney compared to the rest of Sydney has been more than double—that's 545,000 new residents compared to 260,000 in the rest of Sydney. We know this comparative trend is continuing. If we take out the City of Sydney, there are some really stark disparities in growth rates between the west and the east, and particularly so when we factor in the relative access to public transport, jobs and services.

As our region grows, so do the pressures on housing affordability, making it increasingly difficult for essential workers—those who keep our hospitals, schools, and emergency services running—to live in the communities they serve. Western Sydney is home to thousands of key workers, including over 150,000 in health care and social assistance. It is increasingly difficult, if not impossible, for your average nurse, based on current median income and based on current median housing prices, to afford a home in Western Sydney. These issues are not unique to the region, as you guys know. But if we want the future of Western Sydney to be a dynamic, diverse place where young people are getting ahead and where our workers can stay close to their families and their communities, we need to be delivering sustainable, affordable housing in the right places.

The CHAIR: We'll now begin with questions, and if you want to take any questions on notice or provide further information following today, you're more than welcome to do so.

Ms LIZA BUTLER: Thank you for your time today. What factors have contributed to the growing cost and the scarcity of housing in the Western Sydney region? I'm from the South Coast so I don't know. What are your pressure points.

ADAM LETO: I think population growth has brought a lot of opportunities and value to the region. It's also brought some challenges, and housing is one of them. A fair percentage of our partners operate in the community housing and development property space. One of the things that we often hear is the commercial viability around providing new homes for people in Western Sydney. We often hear that it's a lot easier and a lot more profitable—commercial—for developers to build east of Sydney Olympic Park. There are more margins there building affordable housing, despite numerous attempts and some positive reform attempts by the State Government over the past 12 months.

The landscape is just not fertile enough for the property sector to actually make any money off some of the developments that are needed in some of those infill areas in Western Sydney. I understand that. If you're looking at the median incomes for a lot of families in Western Sydney, they're a lot lower than the rest of the Sydney average. Even at an affordable housing rate of 30 per cent less than a standard apartment, it is still out of reach for a lot of people and a lot of workers in Western Sydney.

Mr STEPHEN BALI: Thanks for the presentation. I'm still trying to grapple with what would be the key things or practical solutions. You talk about the perverse situation of local government in championing the next local area et cetera. Your argument here is to actually lower council rates. Council rates in Western Sydney are lower than in the Eastern Suburbs and you have got to provide services, so how does that benefit anyone?

ADAM LETO: Some of the feedback that we received as part of this process with councils was with community housing providers and affordable housing. A lot of those rateable properties are exempt under the current Act, so councils are still seeing the need to have to service some of these properties without actually getting a rate in return. It's something that has been raised with us by a number of the councils. I think while they, in principle, support the need for more affordable housing, the current situation—one thing I know that the councils are taking up with the State Government is around how the State Government can help subsidise some of those costs that are being borne at the moment through local government.

One of the things in terms of solutions—you talk about practical solutions—one of the considerations that we'd like to see play out, particularly given that there are billions of dollars that are being budgeted through the state over the next 12 months and beyond, are around investment in schools and hospitals. Maybe looking at things a little bit more creatively or innovatively and looking at where are the opportunities within those development parcels where those footprints actually apply a housing mix within. I think in the last state budget \$3 billion worth of schools are happening across the state over the next 12 months with more probably beyond that. We've got Rouse Hill, Blacktown, Fairfield and Bankstown hospital redevelopments that are occurring.

Having a housing component as part of those developments I think makes some sense. It's not always going to be practical; it's not always going to be affordable. But if we can start to build some of those considerations in, given the current context and the crisis that we're going through, it might be a different way of looking at some of those developments. There's form in the past. We've got Westmead and the nurses' quarters that have been there for over 50 years. Some of the footprints won't allow for housing, but I think if we can at least start the conversation by looking at it through a lens of housing and not just bricks and mortar, schools and hospitals, that might be a solution that is worth considering.

Mr STEPHEN BALI: I'm just trying to work out, through the Western Sydney Leadership Dialogue representing us, on the one hand you're saying reduce council rates for essential worker housing and on the other hand you're saying your members, the councils, are worried about reduced rates. You just talked about using new school sites. If you look at Rouse Hill hospital, it's only a very small footprint. If you look at any of the new schools, unfortunately they have the excess grounds for football fields et cetera, so it's not really a solution for what you're suggesting anywhere in Western Sydney. They're just too small of a footprint.

ADAM LETO: I don't think it's going to apply to everything, but I think if it can be part of—

Mr STEPHEN BALI: It doesn't apply to any. Can you give me one example?

ADAM LETO: Bankstown redevelopment, there's a new \$1.6 billion hospital that's being built out there.

Mr STEPHEN BALI: How much spare land is there?

ADAM LETO: I don't know that.

Mr STEPHEN BALI: So it's not—

ADAM LETO: I think there's a master plan that's going to be released hopefully this year.

The CHAIR: Mr Bali, could you please let the witness answer the question before you interrupt him.

Mr STEPHEN BALI: He's not answering it.

ADAM LETO: We're not saying it's the silver bullet, but I do think there's some merit in at least considering where, when and how some housing could be applied to some of these developments.

Mr STEPHEN BALI: Finally, you argue about first home owner grants again, but at the same time it also leads to increases in prices, which doesn't help essential workers if we're going to add to the price of real estate. It makes it more unaffordable.

ADAM LETO: All these government schemes that are applied for at the moment, from my understanding, for a lot of essential workers it is still unrealistic. I think that scheme, in particular—people that I know and people that I've spoken to that have applied for it haven't found it particularly easy. I don't think that's one solution. I think there's probably going to be a need for a combination of either government subsidies. We talk in our report about apprenticeships. At the moment there isn't enough attention given to the skills shortages, to how our housing mix responds to the needs of apprentices. We have student accommodation. Universities are doing a great job in trying

to apply some housing mixes to their sites. I don't know if that same consideration is being applied to vocational education. I think that's probably a bit of a miss. That's been one that has been raised from our partners.

Mrs SALLY QUINNELL: As you raised the amount of development and the population increase we've had in Western Sydney, and noting that we have Blacktown and Camden who regularly do argue who has had the most growth—

ADEM LETO: Us.

Mrs SALLY QUINNELL: Us. What has stopped? We've had all this investment in housing in the last 10 years in these two areas. What has been the stopping point to investment in affordable housing in all these developments? What has been missing to incentivise affordable housing being included?

ADEM LETO: I think a lot of it is market driven. I wouldn't say that there has been a shortage of attempts by the state government, particularly in the last 18 months, to try to stimulate activity. But I think a combination of factors, from increased growth, cost-of-living pressures, borderline recession. All of those factors have combined at a moment in time. Despite numerous reforms that are happening at a policy and planning level, they still haven't been enough to stimulate supply, not even factoring in some of the work that's happening at a federal level. I think there's a little bit of optimism that the market might pick back up, but I don't think that's a reason for the state government or federal government to take the pressure off in the work that it's doing to try to continue to look at opportunities, incentives, reforms to ensure that there's more market activity and it's a more fertile place for developers and industry to actually invest.

Mrs SALLY QUINNELL: Keeping in mind, for example, that my electorate has gone from a population of 40,000 to 220,000 in 10 years, and the average house price in my electorate is \$1.2 million, we can't say that we've done any work in affordable housing in that growth. I suppose I'm trying to ask what has been the stopping point to that? What has not made that happen, or is it a multitude of things that have not happened?

ADEM LETO: There is a range of things that have happened, some that have been driven by the market and some that are a consequence of perhaps being a little bit too complacent. I think most people would have been talking about Western Sydney and the growth that was happening in Western Sydney for a long time, so it's no surprise in terms of the trajectory and the growth that's occurred. One of the key things for us, and I think it's an issue that's almost universal, is that it's not so much just about the housing; it's also about what sits around it and the connectivity that applies to it. I think when we're having a conversation, we can't also talk about the access that's required in terms of transport and also for jobs. I don't have a complete answer on that for you, but I just think that these are all the things that need to be considered. It's not just about the fact that housing has stopped or prices have gone up. I think there is a range of things that have contributed to it.

The CHAIR: Member for Manly?

Mr JAMES GRIFFIN: No questions from me.

The CHAIR: In looking at the housing needs for essential workers within Western Sydney, what is the structured worker interaction that the Dialogue has with the New South Wales Government, and particularly the housing agencies? Is there any structured engagement?

ADEM LETO: We regularly talk to the departments and agencies involved in Homes NSW. I'd say that the engagement is really strong and it has been for a while. I think there's been a really concerted effort to engage with a range of stakeholders. I think it's worth acknowledging the role that Homes NSW has played. Our community housing providers that are with us actively talk to us about the issues, actively talk to us about what we can do to drive advocacy around the issue. I think one of the issues that is fundamental to why we're pushing the essential worker agenda is that a lot of the essential workers, particularly in the care sector in Sydney, are housed in Western Sydney at the moment.

These are workers that aren't earning a lot of money. They're working in important roles and they're often doing it in places outside of Western Sydney, so they're having to commute, they're having to pay tolls, they're having to juggle their own private lives as well as having long commutes. We want to rectify that. I think part of the point I was making earlier is around how do we ensure that those workers have jobs close to their homes. That's been a big point for the Dialogue over a number of years now.

The CHAIR: Obviously we have TOD accelerated precincts within Western Sydney. In engagement with Homes NSW or other government agencies, is it at all clear whether there will be dedicated essential worker housing as part of those developments?

ADEM LETO: Not specifically. I think housing, as a general concept and message, has been affordable housing and social housing is part of that. I don't know; it may have been. I've not been privy to the specifics

around essential worker housing, but one of the things that I thought was really important as part of this process was an actual defined point on essential workers, what that meant and who it applied to. I think that's an important first step.

The CHAIR: Are you aware of any mapping or other work that is being done either at a local government or state government level with the Dialogue or other entities to actually identify who are the key workers who are in housing stress in areas close to their work?

ADAM LETO: I'm not aware, no.

The CHAIR: Do you think it would be useful for a process of identifying what those professions and workers are?

ADAM LETO: I think it would be a great exercise and an insightful one. We've gone through the data and just tried to look at industry demography and the types of workers, what they're doing and where they're based. There is some information. We're probably not resourced to go and dig into that, but we'd certainly love to be able to understand it in a little bit more depth than what we currently do.

Mr STEPHEN BALI: In your submission—I'm still trying to work out what is a practical thing that you can hang your hat on—you refer to the incentives for developments on privately owned land. You talk about the principles of turning commercial facilities within central business districts into housing. You said that this is a new, post-pandemic phenomenon. I'm happy to say that when I was Mayor 10 years ago I raised this. You know that there are challenges to convert a commercial building, so rather than do another cliché media release, how do you propose to do this, because it's extremely expensive? You need to put more bathrooms in and there is no fire regulation.

ADAM LETO: The general principle that we've applied to this submission—we haven't put out any media releases on it—essentially is that a crisis requires a little bit of creativity. It requires us to look at things a little bit differently.

Mr STEPHEN BALI: Also need real solutions.

ADAM LETO: We know that there are some remits to commercial buildings. I think in the submission we talk about adaptive reuse. It might be some light industrial sites that it might apply to. I think the whole rezoning thing is something that the state government is already looking at. Whether it's commercial or any other use, I think if we just start to have a conversation and at least look into things a little deeper with a view to, "We've got a housing crisis. How do we get more homes?" If there's stuff that's on private land or public land then let's at least examine it.

Mr STEPHEN BALI: What would you say would be the top two or three potential things you want us to look at?

ADAM LETO: I think that the one I pointed to earlier was. I understand the reservations around it, but I think there are only so many levers you can apply to try to activate industry in the market. It can control what it controls and for me it is the land. The land audit was a great start, but TOD again is another start. But if it can start to now move in to deliver and look at the things that it's got ownership and control of, like hospitals, like schools, like any other public site that exists, how can we then leverage those assets in a way that's going to generate more supply. That would probably be the key and big message that you'd take from this. I think also around transport, we talk in the submission around making sure, as I mentioned earlier, that these essential workers—it's one thing to have supply, but if the supply is not where these people are working, then it's going to create other issues. I think that's another important consideration.

The CHAIR: Thank you very much. Thank you for appearing before the Committee today. You'll be provided with a copy of today's transcript for any corrections you'd like to make. The Committee staff will also email any questions taken on notice from today and any supplementary questions from the Committee. We kindly ask that you return these answers within 14 days of receiving those questions. That concludes the public hearing for today. I place on the record our thanks to all of the witnesses who appeared today. In addition I'd like to thank my fellow Committee members, the Committee staff, Hansard, DPS and the Streaming Guys for their assistance in the conduct of the hearing. I also thank Mr Bali for welcoming us to his electorate and also organising for the community engagement activities to occur today.

(The witness withdrew.)

The Committee adjourned at 16:00.