

REPORT ON PROCEEDINGS BEFORE

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

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

At Macquarie Room, Parliament House, Sydney on Friday 7 February 2025

The Committee met at 8:35 am

PRESENT

Mr Alex Greenwich (Chair)

Mr Stephen Bali

Ms Liza Butler

Mr James Griffin

Mrs Sally Quinnell (Deputy Chair)

The CHAIR: Good morning, everyone. Before we start, I acknowledge the Gadigal people, who are the traditional custodians of the land on which we meet here at Parliament. I also pay respects to Elders of the Eora nation, past and present, and extend that respect to Aboriginal and Torres Strait Islander people who are either present here or viewing the proceedings online. Welcome to this public hearing of the Select Committee on Essential Worker Housing. My name is Alex Greenwich, the Committee Chair, and I am joined by my colleagues Mrs Sally Quinnell, the Deputy Chair and Member for Camden; Mr Stephen Bali, the Member for Blacktown; and Ms Liza Butler, the Member for South Coast. Mr James Griffin, the Member for Manly, will be joining us shortly. We thank the witnesses who are appearing before the Committee today and the many stakeholders who have made submissions. We appreciate your input into the inquiry. I declare the hearing open.

Mr JAMES FARRINGTON, Director, Planning and Compliance, Hornsby Shire Council, affirmed and examined

Ms KATHERINE VICKERY, Manager, Strategic Land Use Planning, Hornsby Shire Council, affirmed and examined

Councillor ZOË BAKER, Mayor, North Sydney Council, affirmed and examined

Mr MARCELO OCCHIUZZI, Director, Planning and Environment, North Sydney Council, affirmed and examined

Ms BETH MORRIS, Acting Manager, Strategic Planning, Sutherland Shire Council, affirmed and examined

Ms HOLLY MAYO, Strategic Planner, Sutherland Shire Council, affirmed and examined

The CHAIR: I welcome our witnesses, being representatives from Hornsby Shire Council, North Sydney Council and Sutherland Shire Council. We 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's social media pages, websites and public communication materials. Please inform Committee staff if you object to having photos or videos taken. Can everybody 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?

KATHERINE VICKERY: Yes.

ZOË BAKER: Yes.

BETH MORRIS: Yes.

The CHAIR: Does anyone have any questions before we get started? No? Excellent.

JAMES FARRINGTON: Can I mention that Steven Head, our general manager, was due to appear today, but he sends his apologies. Unfortunately he was called to another urgent meeting.

The CHAIR: That's no problem at all. Could I ask if anyone would like to make any brief opening statements?

ZOË BAKER: Yes, I would like to make a short opening statement. Chair, Deputy Chair and honourable members, I acknowledge that we are here today on Gadigal land and pay my respects to Elders past, present and emerging. I thank you for the invitation to give evidence. I thought some context would be good for you to understand North Sydney's submission. The North Sydney local government area is 10.49 square kilometres and one of the three most densely populated local government areas in New South Wales. Eighty-nine per cent of dwellings are medium and high density. North Sydney is also part of the Eastern Economic Corridor. It is the most dense education precinct in the country, with 21 primary and secondary schools and two universities within the 10.5 square kilometres. There is a large private hospital, the Mater Hospital, within our LGA, as well as Royal North Shore Hospital merely metres over the local government area boundary. Many of these education and health services workers who work in North Sydney cannot afford to live in or even near North Sydney.

According to the 2021 census, the North Sydney local government area has a population of 80,564 workers, and 87.6 per cent of those workers live outside of the local government area, including the vast majority of North Sydney Council staff. You also may not know that North Sydney Council was and continues to be a pioneer of affordable housing in local government in this State. In 1984 council started the affordable housing program with the aim of protecting existing affordable housing and replacing affordable housing stock that had been lost. Yet, since the program began, at least 2,400 affordable bed spaces have been lost. Over the course of the past four decades, through contribution of land, collection of affordable housing levies and partnerships with the state government and community housing providers, council owns or partly owns 131 affordable housing dwellings.

In addition, council is currently preparing an affordable housing contributions scheme. On Monday night, we will consider a draft housing strategy supplement with an objective to provide 140 additional affordable housing dwellings by 2035. Our council has prioritised affordable housing, including a resolution to undertake an audit of council properties, provision of funding models and to enter into an MOU with Homes NSW to investigate mutual opportunities. Even with the best will in the world, no single council can make a dent in the overwhelming need for affordable housing more generally and for key workers in particular. More than 80 per cent of workers in construction, manufacturing, utility services, retail, accommodation and food services, transport, postal and warehousing, public administration, education and training, health care and social assistance live outside the local government area and come from as far as Blacktown, Parramatta and the Central Coast to work in North Sydney.

The median house price in North Sydney is over \$3 million and the median unit price is \$1.3 million. Both are about the Sydney average. The fact is that the vast number of people in New South Wales are automatically priced out of the North Sydney market and are therefore not represented in our local government area housing statistics. The most recent statistics tell a really grim tale. As at June 2024, 48.6 per cent of people who live in the North Sydney LGA rent in the private market, compared to 30.4 per cent in Greater Sydney, and 1.6 per cent rent social housing. That's terrible, because that's compared to 4.1 per cent in Greater Sydney. Some 14.5 per cent of all rentals were affordable to low-income households, of which 0.2 per cent were affordable to very low-income households, and only 2.8 per cent of all sales in the local government area were affordable to low-income households.

In our submission, it is vital that the following be urgently addressed: we urge you to adopt a broad and inclusive definition for essential worker housing that provides a core list of key worker occupations to articulate eligibility and prioritisation. For example, the approach in the London Plan and the housing policy practice note includes occupations that are essential to the functioning of London during normal times, with employees anchored to a physical workplace to carry out their role, whether that's education, child care, food and necessary goods, health and social care, key public services, national and local government workers, public safety and national security, transport and utilities. I would urge you also to give consideration to include creative industry workers as essential workers. They are vital to a vibrant city and innovation economy.

We ask that you ensure that any policy approach considers the need to create sustainable and well-connected communities to ensure that growth is well designed and supported from a physical and social infrastructure perspective and that it respects or enhances the character of the locality in which it is placed. You can have both at the same time: well-designed affordable housing with the social infrastructure to meet community needs. It doesn't have to be either/or. Mandate the provision of affordable housing, in perpetuity, consistently across the state into all new residential developments.

If development incentives and bonuses are provided, approvals must be strictly time limited to minimise land banking. That's something that we have a great deal of experience of in North Sydney. We insist that the state government lead by example, with a minimum of 30 per cent affordable housing on all state government-owned sites. On that last point, it is laudable that the state government has committed to 30 per cent in State government projects, yet in our experience that is just not happening in practice. For example, there is a current planning proposal to permit 24 storeys and eight storeys on the Victoria Cross metro site at 52 McLaren Street, North Sydney, that only includes an offer of 5 per cent affordable housing units for 10 years. That's on a state-owned site by a state authority.

The CHAIR: Sorry, Councillor Baker, we might have to begin with questions, unfortunately. We only allow three minutes for opening statements, but we would ask that you table the rest of it.

ZOË BAKER: I will.

The CHAIR: We just have limited time left. I apologise for cutting you off there.

ZOË BAKER: That's okay.

The CHAIR: We will now start with questions. If anyone would like to take questions on notice, or provide us with further information following today, you are obviously more than welcome to do so. We'll begin with the Deputy Chair, the Member for Camden.

Mrs SALLY QUINNELL: I suppose my first question is: is it currently legislated or necessary for councils to have an affordable housing policy?

BETH MORRIS: No, it's not necessary to have one. The district plans do require councils to plan for their housing supplies. My council, Sutherland Shire Council, as yet does not have an affordable housing contribution scheme. They will be considering one on Monday, but it's very high level. It relies on place plans being developed for our town centres. In reality, they will take years to develop. We probably won't see any affordable housing actually on the ground for at least five years.

Mrs SALLY QUINNELL: One of the things that's come up in these hearings is that a lot of the issues—and coming with definitions, I suppose—are site specific. It's geographically specific. While we might be short on nurses in one area, somewhere else we're short on teachers, and somewhere else we're short on police officers. In that case, is this something that councils would want to have a say on? What are the key workers that are essential for your areas? Is that something that councils would feel confident pinpointing? For example, "These are our top three."

MARCELO OCCHIUZZI: Gosh.

Mrs SALLY QUINNELL: Yes, sorry.

MARCELO OCCHIUZZI: I think that's a really nuanced question. From North Sydney Council's perspective, we're a small local government area. Some people that perhaps travel from outside of our local government area might be travelling 15 minutes or 20 minutes. I think the much broader question is to raise affordability levels right across the board to make this city as inclusive as possible and to ensure that people have a choice, across the board. I'm not sure that we're at that stage where we can get to that level of sophistication, quite frankly. The bedrock of this question, I think, is affordability across the board.

JAMES FARRINGTON: Can I just support those comments by my colleague? I think it's less about the nuances about the employment areas. I would agree it's about providing the housing because, irrespective of their employment, it's about providing that additional affordable housing and opportunity for them to live and work within an area, which is important irrespective of which particular sector. I would agree that that is probably the key issue for us that we need to address.

ZOË BAKER: If I may, I think you have to have maximum flexibility, because, while there might be a shortage of teachers in any one-, five- or 10-year period, this is a much longer-term issue. There will be fluctuations in availability of essential workers in one geographical place or another. If there's a provision—and a generous provision—of affordable housing across the State, that then shouldn't be an issue longer term.

Mrs SALLY QUINNELL: Thank you. That's it from me, Chair.

The CHAIR: Thank you. Member for South Coast?

Ms LIZA BUTLER: My question is to North Sydney Council, just on your opening statement. I'm really interested about your affordable housing program and your projections. Who currently manages your social housing, and how do you assess and prioritise the eligibility? Is it 30 per cent of market rate or 30 per cent of someone's income? It's a big question.

MARCELO OCCHIUZZI: I'll take that one. The target of increasing our affordable housing stock is really opportunistic. We have a policy in place, and we negotiate provision of affordable housing units through voluntary planning agreements. That's been more possible in the past than it is at the moment, given the introduction of new levies and contribution schemes by the state government—most recently, the Housing and Productivity Contribution. In the past, where rezonings were occurring and increased value was being created, Council was able to step in and ask for a contribution. That gap has now narrowed with the other contributions that have been levied. What we ask for is 30 per cent of total income as the capacity to pay.

ZOË BAKER: On the current management of those 131 affordable housing units, the vast majority of those are managed by community housing providers. Our council has had a 40-year partnership with Link Wentworth housing. One of the things that council then has the capacity to do is to specify priorities. For example, there is, under construction as we speak, an upgrade to what was five council affordable housing units on Miller Street at Cammeray. That is now going to 12 in partnership with Link Wentworth. Council's specification for future tenants of that property is to prioritise family and domestic violence, transitional and permanent housing.

Ms LIZA BUTLER: My next question is for everyone. Many of your submissions indicated a lack of support for developer incentives and bonuses for including more social or affordable housing. How should the New South Wales Government incentivise delivery of affordable housing on private land?

ZOË BAKER: I might start. As an elected person, I think you need to mandate higher requirements for the provision of affordable housing. I'll give you an example where there's a real lost opportunity. In November, the state government gazetted the Crows Nest TOD [Transport Oriented Development] precinct. What's proposed there is between 3 per cent and up to 16 per cent affordable housing. That was an opportunity that is lost, I say, because there had already been an urban activation precinct in Crows Nest with significant uplift in yield. The TOD builds on that. To have only gone for between 3 per cent and, in a small number of sites, 16 per cent, in a housing crisis—I think it's really disappointing. I would urge you to make recommendations around much more robust affordable housing delivery and provision in circumstances, particularly on planning proposals, where there is a significant uplift in yield and very little public benefit being seen in return.

JAMES FARRINGTON: Can I just comment on that from a Hornsby perspective? In relation to bonuses, I think our position would be that it needs to be dealt with at the strategic planning stage. Whether it's through rezoning or master planning, that's where there should be requirements to incorporate that provision of affordable housing in preparing those plans. The concerns for council are where bonuses are applied after that strategic work has been done, and then how you accommodate it. For instance, we looked at it for the Hornsby town centre. As

part of the recent work we did on the TOD for the Hornsby town centre, we incorporated affordable housing components.

Our concern with applying bonuses on top of that for the mooted 30 per cent would be that that changes the urban design outcomes. It changes the traffic. It changes the requirements for community infrastructure which aren't incorporated into your strategic planning. What we did was incorporate it in that planning work up-front. I think all councils would agree it needs to be addressed. I think at all levels of government it needs to be addressed, but it needs to be done proactively rather than reactionary at the DA stage. It's too late by then, so it needs to be done up-front. There needs to be a commitment by the state government as well about those percentages on its land where it has greater opportunity to provide additional percentages.

That's certainly what we pushed for in the Hornsby town centre—a higher rate on the government land, and even council land, because we've got the greater opportunity with the land ownership to deal with those as some of the financial constraints that the private industry can't deal with. Unfortunately we haven't been successful pushing that point at Cherrybrook. We're very disappointed that the commitment of the government there is only 5 per cent. For the Hornsby town centre, we've been able to push for 10 per cent. That's a long answer to your question, but we would say it needs to be done at the strategic planning level rather than at the DA stage.

BETH MORRIS: Yes, I would agree. The strategic planning level is the place to do it, but I also think that the percentage that we're requiring is quite low. Council is currently negotiating a voluntary planning agreement with a development in Miranda. It's proposing a 175 per cent uplift in the site, and they are proposing 2.65 per cent in affordable housing. When we've asked for more, they've basically said it's not feasible to do any more.

Mr STEPHEN BALI: Just a couple of things I suppose. There's like 10 million things floating around my mind. We've had a few great presentations from local government. What you guys are talking about is completely opposite to the story in Western Sydney. Coming back to the Mayor's original point, it's really difficult to come with a standard policy where you guys are saying, "Oh, 5 per cent or 10 per cent, how low is that?" If you applied that in Western Sydney, in Blacktown, you'd just kill the unit development market completely. I like the idea where you're talking during the strategic planning process, because every council is different.

But coming back to definitions, firstly everyone talks about "Don't make it too strict, don't make it too broad et cetera". I'm just thinking, to throw it out there and pull it apart, my perspective is that you take the affordable housing levels—there's three levels, as you're probably well aware of—and maybe add an extra element in there that reflects worker housing. I have severe concerns about the words "essential" or "frontline" et cetera. From my perspective, anyone who works in your LGA—so now how do you define "worker"? Because we don't want to define a worker in 20 years time. We don't know who they are and things could change.

As some of you have already said, who's going to monitor exactly what you need on that day? Would it be better just to have anyone that works in your LGA? But given that there's a lot of smaller LGAs than Blacktown where I come from, maybe 20-plus half-hour cities that we always talk about, if you live within half an hour of your city and you have a job—and I think you guys use the terminology that you're anchored or you've got physical location in the area—is that a better way of defining it rather than specific jobs, to make it broad, as long as there's a job that you have that is anchored and requires at least 60 per cent to 70 per cent of your time to be at the workplace? And then looking at the financial incomes—because, obviously, in your area, having 120 per cent of the median wage probably doesn't mean you can get into your electorate to buy a house. Is it better to look at LGA plus within a half an hour travel time of the job rather than defining the job?

KATHERINE VICKERY: If I can speak from Hornsby's perspective, I guess our submission does talk about, I think, what you're getting at, which is that a definition around—I don't have the answer—"essential worker housing" could be problematic, because our housing strategy says there are examples of what we call key workers, which might be emergency services, and we talk a lot about those and we do want them to be able to live in the communities where they work, and they are essential. But, similarly, teachers are essential. Similarly, anybody who works in our society—what you're getting at—is essential.

So our strategy definitely focuses on the income level rather than the specific occupation. I think that's important. I guess on the flip side where you're talking about where jobs are in your LGA, I guess what we see is important as part of this is making sure those jobs do stay. The State Government has released an Industrial Lands Action Plan, which talks about categorising land. But what we're worried about is the local employment services, that they are also protected, because if you don't have the jobs in your LGA, then you've got the same problem. I don't have an answer, but I think it's important to look at it from the employment side of things as well, definitely in employment lands that are there.

BETH MORRIS: Yes, that's a concern. The industrial review that they're undertaking at the moment, it says that if you're only locally significant, that land could be considered for alternate uses. That's scary because those local employment bases are very much important, just as the regional and state ones are.

ZOË BAKER: I'd just repeat what I said in the opening statement. We think you should have a broad definition and it should be anchored to the location, with some means testing as to the provision of the housing.

Mr STEPHEN BALI: Perfect. So we should have a broad definition. The Mayor of North Sydney was saying there are 131 houses that you guys actually own and operate. How many councils would own property for affordable housing, and is that an option? I know there are no elected representatives here, but as far as the current policy of council—

BETH MORRIS: Sutherland council doesn't own any. We've only really had affordable housing since 2009 when that state policy came in. We probably have about 200 to 300 dwellings. They're all managed by community housing providers. We do periodic audits and ask owners to provide the names of the community housing provider that's managing it. We have found anomalies and glitches where properties are being sold to and occupied by people not needing affordable housing, so it is a problem.

JAMES FARRINGTON: We're pleased to advise that at the end of last year council adopted its first affordable housing strategy. We've actually got Hornsby council to come on board and acknowledge a strategic approach to dealing with it. We don't have a portfolio to date. We've just negotiated our first planning agreement, similar to the experience from North Sydney, as a community benefit for an upzoning. We negotiated the provision of affordable housing as part of that. We're waiting for that development to happen, which will be our first affordable housing units coming to our council. We're pleased that we're moving into that space. Our strategy talks about how we'll manage it and, coming up with a process, that we work with community housing providers to manage those. We don't have a portfolio. We're pleased that we've got the planning underway now, the strategic framework. We've got a live proposal which will deliver our first units. We're moving into that space.

Mr STEPHEN BALI: Finally, I know this one's close to the heart. The Chair has raised it a few times previously, and I'd totally concur with him. With the audit of affordable housing, you've just raised the perfect thing, because we find that (a) there's nothing—the government is now trying to look at a central agency to monitor where all these things are, once they go through council approval. But it was great to hear that you've just done an audit recently. The question really from there is: Do you need any extra powers? You might want to take this on notice. How do you go out and conduct these audits where you get the information that is required, or have you seen any obstacles? And, secondly, if they aren't being used, do you need any further strengthening of the regulations or whatever to be able to work with the providers? I wouldn't want to kick the person out the next day, but how do you manage the process of turning it over, back to affordable housing?

BETH MORRIS: With our audit, when we found that they were occupied by just normal people not receiving affordable housing, we then explained to them what the rules are. The dwellings have restrictive covenants on them, and so we explained that they can't be living there and it has to be managed by a community housing provider. We do usually give them a year's grace to relocate, because this is their home. It's very difficult to make them leave. Like I said, now we're a little bit more strict in terms of when we grant development consent, we require them before they get their occupation certificate to provide evidence that they have an agreement with the community housing provider to manage that housing. We periodically write to all of the owners and the community housing providers who were nominated at that time to make sure that they actually are still managing that resource.

Mr STEPHEN BALI: So you keep a register at the council?

BETH MORRIS: Well, it's a spreadsheet.

Mr STEPHEN BALI: It's something. What about the other two councils?

MARCELO OCCHIUZZI: From North Sydney Council's perspective, the 131 units that we own or jointly own with community housing providers are historical, so we don't really have that problem. I might just have to take on notice whether we have taken ownership or part ownership of any arising from voluntary planning agreements. I don't think we have, but they're all in the pipeline. There's quite a few in the pipeline. But one sort of side comment that I would make around those contributions is that the great challenge—and the CHPs can speak to this themselves—is that councils are receiving in dribs and drabs here and there a couple of units, generally of lower amenity, as another side issue. But that raises great challenges for the management of those units. Again, they can speak to this. Their preference would be to manage and own an entire block of units—six units, 12 units or whatever it is—rather than three or four in a 30-storey building, with all its associated strata fees and so on.

Mr STEPHEN BALI: But those are managed—nothing to do with North Sydney Council but approved within the North Sydney Council, the affordable housing units. Have you got a spreadsheet or whatever that identifies where they all are? And do you ever do an audit on it?

MARCELO OCCHIUZZI: We do. That's why I say I'll take that on notice, because they're all theoretical, to be delivered through VPAs. As far as I know none have been delivered yet but some are on the cusp of.

JAMES FARRINGTON: We'd have to take that on notice.

Mr STEPHEN BALI: Most councils and the state do not actually—they approve it, tick it, and we now found out we don't know where they are.

BETH MORRIS: This is a burden that's been placed on councils to administer.

Mr STEPHEN BALI: I'm waiting for North Sydney to say, "And this is why we need to increase council rates."

ZOË BAKER: I think, genuinely—and I know that some of you have been in local government—where there is a requirement for council to undertake compliance of these bigger sorts of issues, it would be great if you were to recommend that there was some funding for that to local government, because, all jokes aside about North Sydney financial sustainability, you've had another Upper House inquiry into that, with 17 excellent recommendations. So I'd ask that you put that lens on any of the recommendations you make that may require local government to be the deliverer of the service or the compliance.

Mr STEPHEN BALI: At the same time, you might want to read my submission. You may not be so happy.

The CHAIR: Thank you, Member for Blacktown. Following on from the Member for Blacktown's questions, it's become clear to us that there is no state register of affordable housing. We don't know how much we have in New South Wales. We don't know how much is allocated for key workers or essential workers. And we don't know how long that is for, whether it is in perpetuity or for 15 years or so. And there's probably a reason: because it's a very small number. But that transparency, I think, is critical. We also will try to grapple with the definition of "essential worker" or "essential worker housing". And I'm very sympathetic to the definition provided by Councillor Baker.

Essentially, the cohort we are talking about was described yesterday as the "missing middle", which is those workers who are needed to allow your LGAs to function but who cannot access affordable or social housing and for whom the private market is too expensive. That's really the cohort we're looking for. And I guess it's concerning to us that there is no way that this is currently addressed in a mandated way within the planning system in New South Wales. And I know you all touch on this in your submissions. We do focus a lot on talking about affordable housing, and then that will provide for key worker housing. But there's a variety of different forms of key worker housing, whether it could be build-to-rent projects, shared equity projects, even co-living projects, working with CHPs. What planning instruments would be most useful to your councils to be able to provide for an uplift in the provision of key worker housing?

BETH MORRIS: We've already got an inclusionary zoning type instrument at the moment, which is the affordable housing contribution schemes. We already have bonus provisions, which are State bonuses through the State policy. I think they are two good tools, from a planning book, that we have in the framework at the moment. I just think the percentages need to be higher.

The CHAIR: Indeed. And do you think that there is an argument, within that cohort, for increasing the percentage and carving out some of that for worker housing?

BETH MORRIS: Yes. I agree, yes.

JAMES FARRINGTON: Can I just comment that I would agree that the instruments are there. You've got the LEPs. You've got the SEPPs. You've got the contribution schemes. The framework is there to require it. I would agree—everyone's in agreement about the need to address the issue. The only caution I'd put on there about percentage is we want the percentage to be as high as possible but still get the development to provide it. The risk you've got in mandating percentages is that you make development non-feasible. You would've heard from the industry that if you make the percentage too high, we won't get development. Then we get no housing. So, whatever the figure is, it needs to be one which doesn't sterilise the development opportunities which will provide any housing. "Some is better than none" would be the comment.

The CHAIR: And, of course, there are other mechanisms that the state could do, in terms of stamp duty exemptions for key worker housing et cetera, to make these projects more viable.

JAMES FARRINGTON: Correct. And, Chair, my point is that there's a danger that we just make this a planning solution. There's other constraints, in terms of the market, the labour shortages, the cost of providing housing, which all contribute to this as an issue. The danger we have is we just say that we can solve it through a planning solution. But I would agree with your comment there. There are other financial mechanisms, and we would also say that the state government and councils and levels of government have an opportunity to make it a priority, in terms of looking at their property assets, their disposal strategies and what they deliver to the market.

We're aware that the state government was looking at its land ownership. Where is that up to? What land is being delivered to housing providers to increase that opportunity and talk to them about how you can deliver that, to get housing projects up and running? So, in answer to your question, we've got the mechanisms. The question is, "Is that delivering it?" Why not? Is it just because of the planning controls? Or are there other factors? I'd say there's other factors at play.

Mr STEPHEN BALI: I have a question for all three councils. That was a fabulous answer. Have you done an audit of your own lands? And have you identified any lands in your council area that you could look for a partner to strategic—

The CHAIR: We'll go to North Sydney to answer my first question and that question if you can.

Mr STEPHEN BALI: At the same time.

ZOË BAKER: I'd endorse what Hornsby has said. I think that the danger currently is there is a housing crisis. And so far the response has been rezonings, and you can have the most perfect planning instruments, but councils cannot force developers to commence work, nor should they at a time when the market isn't dictating that it's their best. That's why we think that the role of state and federal government in delivering housing on the ground, in the same way that they did between 1947 and 1954 in response to that housing crisis, is really vital to address the current crisis. That's my answer to your question.

Yes, we have actively resolved that we are undertaking an audit of all of our council land through the lens of affordable housing. We currently have at least one site—that's a car park in Cremorne—where, unfortunately, because of the storms at the elected level, there is now a lapsed development consent that was to provide essential worker housing, with an early childhood centre, a pocket park and some parking. And that work is happening across the whole of our LGA. And one of the reasons that we resolved to enter into an MOU with Homes NSW is that it's the seventieth anniversary of the Greenway housing estate, and I think that's an opportunity for the state government to do something equally visionary in celebration. But Homes NSW have a lot, like the council, of small holdings across North Sydney, in four-unit and six-unit historical public housing. And we think that together we should be doing that audit to see what are the opportunities on both the state government's sites and ours.

The CHAIR: Thank you. I have one final question. Obviously the councils own some land in your LGAs, but a lot of churches own a lot of land in all of your LGAs. Faith Housing has been arguing for changes to SP2 planning restrictions to allow for residential development on church-owned land. We could be making recommendations from this Committee to allow that specifically for affordable housing for key workers. Do your councils have a position on the ability to access SP2 land, which currently you can't, for residential development?

MARCELO OCCHIUZZI: Yes, North Sydney Council doesn't have a formal position on that. Personally I would have no issue considering that as an option. The only caution there would be that some of our churches are heritage listed, so we just need to take a little bit of care with that.

The CHAIR: I don't think we're talking about the physical church. I think we're talking about excess, unused, underutilised land.

Mrs SALLY QUINNELL: Church-adjacent land.

The CHAIR: Church-adjacent land, yes. Other councils?

BETH MORRIS: In Sutherland the churches are not zoned SP2. They are zoned as per the surrounding land. But the biggest landowner in Sutherland Shire would be the state. There is so much state land. There are huge landholdings associated with schools, with hospitals and associated with a freeway reserve which will not be built for many years and for which part of it will be underground, we know for sure. Why aren't we looking at that land?

ZOË BAKER: I'd add to that about state-owned school land. There's an addressing of backlog of maintenance and expansion of schools across the state. I would urge you to recommend that the state government—if they're building onto schools, why aren't they doing teacher accommodation wherever they can accommodate that? We've had the old teachers' schoolhouses in rural and regional that have been long abandoned.

Similarly on hospital sites, maybe we need to be looking at returning to the state government providing their key worker housing alongside the buildings that they're upgrading.

The CHAIR: Hornsby, you did say you need a number of instruments to provide this and planning can't be the sole one. But land access and allowing land access through the planning system surely is a way to help unlock.

JAMES FARRINGTON: One hundred per cent. That's why I say that's another component in relation to the process before you. In relation to church, we're similar to the other two councils. Heritage is an issue. We don't have a formal position. The churches pick up the zoning adjacent—they're not zoned at special uses. They pick up their adjacent zoning. I've commented previously we need to look at the land ownership of the state government. In relation to Council's position, as I mentioned earlier, Council adopted its affordable housing strategy at the end of last year. One of the actions from that is that we will be looking at our lands to see if there are opportunities. We had the TOD for Hornsby finalised recently and that now gives us the opportunity. We've got significant landholdings within the town centre that we'll be looking at, including affordable housing opportunities within the town centre.

ZOË BAKER: The last thing I would say is the 2009 affordable rental housing SEPP set this idea that that time-limiting affordable housing was acceptable. I would urge you that, where there is a provision for affordable housing, it always be in perpetuity.

The CHAIR: Thank you all for appearing before us today. I apologise for shortening your opening remarks, Councillor Baker. We will take it as tabled. I know that there were other opening remarks that were hoped to be made. We'll also accept those as tabled documents for the review of Committee staff. You will each be provided with the transcript of today's proceedings for corrections. The Committee staff will also email any questions taken on notice today—indeed, there were some, I believe, from Mr Bali—and any additional supplementary questions from the Committee. We ask that you return these within 14 days of receiving those questions.

(The witnesses withdrew.)

Councillor DYLAN PARKER, Mayor, Randwick City Council, affirmed and examined

Ms MERYL BISHOP, Director, City Planning, Randwick City Council, affirmed and examined

Ms STELLA AGAGIOTIS, Manager, Strategic Planning, Randwick City Council, affirmed and examined

Mr BENJAMIN PECHEY, Executive Manager, Strategic Planning and Urban Design, City of Sydney Council, affirmed and examined

Mr MARK NUTTING, Strategic Planning Manager, Southern Sydney Regional Organisation of Councils, affirmed and examined

The CHAIR: I welcome our next witnesses. 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 Committee staff if you object to having photos and videos taken. Could I ask that everybody confirm that you have been issued with the Committee's terms of reference and information about the standing orders for examination of witnesses?

DYLAN PARKER: Yes.

MERYL BISHOP: Yes.

STELLA AGAGIOTIS: Yes.

BENJAMIN PECHEY: Yes.

MARK NUTTING: Yes.

The CHAIR: Does anyone have any questions before we begin? No? Excellent. Before we begin with questions, would anyone like to make any brief opening remarks?

DYLAN PARKER: I'm happy, for the benefit of time, not to.

The CHAIR: Anybody else? No? Excellent. We'll jump right into questions then. We'll start with the Member for Blacktown.

Mr STEPHEN BALI: Following on—I don't know if you listened to the last exchange with the city councils there. I think three key issues that I was picking out amongst thousands of others to do with this topic—one is: have your respective councils done a land audit of your own property? Would there be any of those that—because everyone always puts it onto the state, for us to give up our land for these things. What about councils? Have you done a land audit? I'll go to the other two questions after.

The CHAIR: Before you answer, could I also make it clear that you can take any question on notice and come back to us with further information after today.

DYLAN PARKER: I'm happy to answer that one, at least initially—and, Stella or Meryl, if you want to jump in. Randwick council—we have tasked up staff for identifying any surplus council-held land. We have done an initial identification. We have shortlisted a range of sites. Do you know how many or is that confidential currently still?

STELLA AGAGIOTIS: There were at least 10.

DYLAN PARKER: Yes, there are at least 10 identified sites and we're currently working through a potential model for the development of affordable housing on those sites. There hasn't been a formal designation of the sites which Council will proceed with at this particular time, but councillors have been briefed in relation to that. Obviously, the finalisation of a model, whether it's something which Council continues to hold or is developed by a community housing provider, where they actually take ownership of the land, is yet to be confirmed.

Mr STEPHEN BALI: Does council own any at the moment?

DYLAN PARKER: Affordable housing?

Mr STEPHEN BALI: Do you own your own affordable housing?

MERYL BISHOP: Yes, 27 units.

MARK NUTTING: I was just going to say that SSROC has been working with Resilient Sydney to advocate for greater provision of affordable rental housing, working with councils across the 33 councils in

metropolitan Sydney, and has held a number of summits and meetings with those councils suggesting that they look to their land as one of the ways in which they could be doing that. That's happened over a number of years and councils have been responding to doing that. But SSROC doesn't own any land. We're just encouraging that.

BENJAMIN PECHEY: The City of Sydney has been selling its land at a discount to community housing providers for over 10 years now. We have provided discounts to the value of almost \$32 million to community housing providers across about eight sites or so, ranging from very small existing properties to large sites for development in urban renewal areas. So we have a track record of identifying these sites and selling them to community housing providers. The council doesn't own affordable housing in its area. Where we provide a contribution or some support for affordable housing, that affordable housing is run by tier 1 community housing providers and secured in perpetuity.

The CHAIR: Mr Pechey, how much affordable housing has that delivered?

BENJAMIN PECHEY: Just by a quick scan of the numbers, I'd say between 500 and 600 units have been supported through those discounted sales. We have 1,447 affordable housing units in total in the City of Sydney council area plus another 556 in the development pipeline. They come from a number of sources, both our development levies as well as selling our land, as I mentioned. Then we also have an affordable and diverse housing fund where we offer grants to housing providers.

Mr STEPHEN BALI: The other thing I'm trying to get a gauge on from local government is auditing. Once you've approved an affordable housing, they seem to get just lost in the pipeline somewhere, whether it's the state or councils. Not many councils have, so don't worry if the answer is no, but have you done an audit and what have you found? Do you need any additional regulations from the government to allow you to? Sometimes people will just say no to you if you don't have the right to ask people just voluntary stuff. If you've done the audit and you know where all your affordable pre-approvals have been and they've been built, how do you monitor that they're still used for that purpose?

STELLA AGAGIOTIS: I can answer that. All of our affordable housing units are managed by community housing providers. We do have an audit of all of the sites that we own. The community housing providers work with us through a model for selection of tenant, and then they're maintained and managed by the housing providers.

Mr STEPHEN BALI: So you know every single one of the ones that you've approved over the years? You'd be one of the only councils that do that.

STELLA AGAGIOTIS: Yes.

Mr STEPHEN BALI: And you know that they're all being used. Great.

DYLAN PARKER: Mr Bali, just on the topic of land audits, it's an important policy space. But from a scale perspective, when it relates to councils, it won't go nearly where is required in relation to it. Just to give you an idea, we've identified 10 sites. It's not a zoning constraint; you're just not going to be able to get the capacity to just meet the need which is particularly there. To give you an idea, from 2016 to 2021 the community and personal service workers declined by 903 workers, from 6,600 to 5,700, within the Randwick LGA. Government landholdings are nowhere near going to be able to meet that; it has to be private. That's what I would suggest in that relation as a key component of that, having at least on private land as well.

Mr STEPHEN BALI: We are looking at all of it, but I'm just looking at this part because this has come up a fair bit, that once we approve it, do we know where they are? Is it easier for the Department of Planning to deal with ROCs, whether it's WSROC or SSROC et cetera, that you guys coordinate with your own membership to work out how much affordable housing there is? Regardless of private industry—and that's where the heavy lifting will take place—we've got to make sure that just because it gets approved, they actually follow through and deliver what they ask for.

MARK NUTTING: SSROC, in a recent submission to Housing NSW and in other submissions—perhaps, I think, in this submission too—has been advocating for a central register of affordable housing from all different sources. Councils obviously have a direct interest in the housing which is generated through the planning system. But there's housing that comes in secondary ways, perhaps through community housing providers that have used the assets which have come from development contributions to leverage finance and things like that. From a planning perspective, it's good to know the amount of affordable housing that's in the system. Having a central register that's linked up to the planning portal seems to be a sensible way to go.

BENJAMIN PECHEY: I would say, for the City of Sydney, we're very confident the vast majority of our affordable housing is been used as affordable housing because, with our contributions and land sales, we secure it for that use and we've got a very good relationship with the affordable housing providers. The small

number of homes, which we don't have a lot of comparatively, that have come through over time through housing SEPP bonuses or NRAS funding, they're the ones that are at risk of not being rented affordably. Given the changes to the housing SEPP with the government's 30/30/15 bonuses—the 15 years in temporary affordable housing—there really is that need for a central register to understand whether those homes are actually being used as affordable housing. The SEPP only requires management; it doesn't require ownership. It is a significant resource for councils to follow up there.

The CHAIR: And, indeed, not only are they being used for affordable housing, but for how long?

BENJAMIN PECHEY: That's right.

The CHAIR: The amount of affordable housing, given what's in the pipeline, versus how much is expiring after 15 years could actually be in decline over that period of time, potentially.

Ms LIZA BUTLER: Mr Pechey, you've got 500 to 600 affordable units or housing and they're managed by a CHP. In your recommendation, you're recommending that registered providers must cap rent at 30 per cent of a person's income rather than 30 per cent of the current market price. Are you currently doing that through your CHPs?

BENJAMIN PECHEY: Yes, the CHPs do that. That's part of the condition when they receive our contributions from our affordable housing program, the developer contributions. They must use it to develop in perpetuity and rent at 30 per cent of household income rather than a market based rent. I might just point out that 500 to 600 is housing that has come from land that we've sold to community housing providers. The total currently built is closer to 1,500.

Ms LIZA BUTLER: It is 1,477, yes. And part of that recommendation was to spread a cross-section of households from extremely low to low, and a cross-section of essential workers. Are you able to achieve that?

BENJAMIN PECHEY: The policy is broad enough to allow for that, certainly. What we see is that—and perhaps you've heard this from community housing providers—they've got to make their projects work. The moderate income households will provide more funding, ongoing capital, towards projects than lower income households, so they need to find a balance there. But we want to make sure that the projects they deliver are not only moderate household incomes.

Ms LIZA BUTLER: How do you ensure that they're going to essential workers like in recommendation 3? Are you monitoring where there are shortages in essential workers, to talk to the CHP to say we need to focus on this employment area?

BENJAMIN PECHEY: No. Our policy and our recommendations are about housing being income tested rather than connected to occupations.

Ms LIZA BUTLER: How will that help when there's, say, a shortage of nurses in a particular area or a shortage of cleaners in a particular area, if it's only based on income?

BENJAMIN PECHEY: If they meet those income levels and are in need of housing, then they will have access to it. We think the focus should be on maximising affordable housing. That creates the opportunity for as many as possible, including essential workers, but also other people who have lived in the community for a long time, let's say, to remain in the City of Sydney and to live in the City of Sydney.

Mrs SALLY QUINNELL: Something that occurred to me after yesterday's hearing was: do you believe that the greater community actually understands the difference between affordable housing and social housing?

DYLAN PARKER: No.

BENJAMIN PECHEY: I think there's confusion.

Mrs SALLY QUINNELL: I was curious if that was just in my head or it's a perception.

DYLAN PARKER: There's significant confusion in the community.

Mrs SALLY QUINNELL: Yes, it's a thing. I would like to follow on from Ms Butler's point. To you, Mr Pechey, can you see that that definition based on income alone would make it difficult to extrapolate out to rural and regional areas, who maybe can't open the hospital because they don't have enough nurses, but the only nurses they could get under that definition would be first year nurses or second year nurses? They wouldn't be able to get highly qualified nurses. Can you see a little bit of a tension in that?

BENJAMIN PECHEY: Yes, possibly. I'm not familiar enough with the regional issues. For the City of Sydney, where we have a hugely diverse workforce—and it comes from even beyond the Sydney region each

day—we need to house and accommodate a lot of different types of people. I could see that issue playing out in regions. Yes, perhaps another approach needs to be—

Mrs SALLY QUINNELL: One of the points that's been made is that various councils believe we need to incorporate—as you said, Mayor—privately owned land to fix this problem. What do you see as the biggest stopping point at the moment to more private landowners developing affordable housing across the board?

BENJAMIN PECHEY: I might say that our successful approach—we've delivered more affordable housing or supported the delivery of more affordable housing than all other areas—that having a relatively low rate in a contribution scheme and then having trusted community housing providers able to develop has been the effective way to do it. We see issues with small amounts of affordable housing being salt-and-peppered across developments and town centres, regions and renewal areas, and the complexities and costs that will bring to community housing providers.

Mrs SALLY QUINNELL: So kind of having a critical mass—is that what you're saying?

BENJAMIN PECHEY: Yes, and building the capacity of the community housing providers to develop for-purpose affordable housing products and then, where we can, making land available for those projects. We've done that at the City. The New South Wales Government should be doing that as well. Their recent land audit identified two sites in the City of Sydney—not huge sites, but the degree of commitment about how much affordable housing is going to be on there is not known. We sell our sites for 100 per cent affordable. As well, government owns a lot of land which they're planning, or have already, rezoned for urban renewal, sites like Blackwattle Bay and Redfern North Eveleigh. There should be a much higher proportion of affordable housing being delivered on those sites. Those sites should actually be brought to market to bring more market housing as well. Many of them have been rezoned, but they're not starting the development cycle yet.

DYLAN PARKER: Just in relation to that, I think Randwick is quite an excellent example of what certain planning mechanisms do to the private market. What's unique about Randwick is we—well, there are other areas in Sydney, but what I think is directly relevant to this Committee is we've got a health and an education precinct that is well located on a light rail line. Council in its attempts to just broadly increase housing supply has undergone, over at least my term on council, a significant rezoning along the light rail line of the Kensington to Kingsford corridor, as well as into the Randwick hospital/UNSW precinct—from 20 storeys at the nodes in Kensington and Kingsford, and six to eight storeys around where the university is near the light rail.

That was intended for private housing, and there's a general understanding around the importance of supply. Under the existing affordable rental housing SEPP, a significant amount of the key sites have actually been earmarked for student accommodation, because the market incentive is there, because they don't have to comply with things like the Apartment Design Guide. That's a pathway for affordable key worker housing that is not available, which is there. Why I emphasise that is these are also the key geographically located sites where you would of course want to be having essential worker housing. There's a pathway which clearly works because the market incentive has been there. Are they actually affordable for students? No. But it is a recognition saying that, in pursuing one policy objective, there can be other unintended consequences at particular locations. These are key node sites which are right near the hospital, right in the heart of where our employment nexus is within the LGAs. It's just something to be aware of.

BENJAMIN PECHEY: Do you mind if I make another couple of points on barriers there? One is I mentioned that a successful approach to delivering affordable housing is our contribution scheme. A barrier to that is the potential impact on overall housing supply by increasing the costs of development. But if you either do it at the time of rezoning, when you're increasing the land values, and you capture some of that land value, or if you phase in a contribution over time—and our current draft changes to our affordable housing contribution has got some research to that and models the effect of that. If you phase it in over time—so ramp it up from no rates and give the development market, say, four years before the full levy comes in—that change to costs can then be accommodated into land prices and it doesn't get borne by the developer or the future homeowner.

Mr STEPHEN BALI: You said that you've got a report about that. Could you supply that to us?

BENJAMIN PECHEY: Yes.

MERYL BISHOP: I would just add to that as well. Of course land value, especially in these metropolitan areas, is a significant issue, so when we are adding incentives to get the delivery of affordable housing—which Randwick does—there's that balance of development viability, which is always under question but is also the context of the area that we're working in. If I talk about Randwick Junction, for example, we're in the process of having an affordable housing incentive within—to upzone, when that area will be upzoned, so the value is captured. But of course it's the context of, you're surrounded by a residential area, so how do you balance the

delivery of everything, from parking to open space to overshadowing, as well as ensuring that it's a viable development in the end? That is something that we're balancing as well.

Mr STEPHEN BALI: On that, can I ask a question? Sorry to cut across everyone. With developer contributions, as you say, trying to put it in the 7.11 schemes, how do you find IPART [Independent Pricing and Regulatory Tribunal]? Because, in the end, you've got to get them approved. IPART, I've heard from other councils, like cutting stuff out of your developer contribution schemes. It's a fairly new thing to ask for affordable housing contributions. How do you find IPART responding?

MERYL BISHOP: I might begin this answer, but then I'll pass to Stella or the Mayor. In that Kensington to Kingsford strip, we have an affordable housing contribution that operates outside the 7.11 and 7.12 scheme. I'm not sure if the department and that is done because of the value uplift. The Council to date has collected probably close to \$10 million, which will then go to purchase and redevelop our land for affordable housing. I'm not sure the department would allow that to continue now. I'm not sure because it's a scheme that probably came in eight years ago. A component of that uplift, it's either cash or apartments provided onsite, which then goes to the Council in perpetuity.

STELLA AGAGIOTIS: I'll just add to that. When we were looking at the Kingsford-Kensington corridor, we did feasibility modelling to ensure that both the 7.12 contribution—in our case it's 7.12, not 7.11—plus the affordable housing was viable given the scale of uplift. Then, when we did that analysis, we then worked with the floor space ratios that were appropriate for that corridor. They're actually the two schemes. The scheme that we developed for affordable housing went through an approval pathway. That was exhibited as a plan on its own. Then the 7.12 plan, which is for the Kingsford-Kensington corridor, is a new plan as well. It's outside our usual citywide 7.12 plan. That was also increased. It was approved by the Minister and the department for uplift in the percentage of contribution. They were all packaged up as part of the exhibition when we were preparing that strategy for the changes to that centre.

BENJAMIN PECHEY: Just quickly on that last question, we don't take our affordable housing contribution plans to IPART. We don't take our infrastructure contribution plans to IPART either. They're within the cap. If we lift either infrastructure or affordable housing contributions, we will analyse the total contributions that a developer will have to pay to understand the effect there. I might finish on the other barrier to the market delivering affordable housing. What happens in other jurisdictions, particularly international jurisdictions—London, Paris—where there is a lot of market-provided affordable housing, there are gap payments from federal and state governments. On the developers' balance sheet, that affordable dwelling looks the same in terms of return as any other dwelling. It's not affecting the developers' feasibility. Here in New South Wales, we just put a percentage on and the developer has to build that into their development model. That's a significant difference why places like London and Paris achieve much more affordable housing through private development.

Mrs SALLY QUINNELL: My next question should be a fairly easy one, hopefully. Mr. Pechey, I apologise if you said this earlier and I missed it, but how long have you been running this policy of selling off to the community housing providers? How long has that been going on for?

BENJAMIN PECHEY: We have sites that were sold back in 2010 or 2011. There have been about eight sites.

Mrs SALLY QUINNELL: So a while.

BENJAMIN PECHEY: Yes.

Mrs SALLY QUINNELL: Knowing that we do that, some councils don't have an affordable housing policy or plan. If that was then to become something that was required, as councils that have done it, what sort of resourcing would be required for those councils to make that happen?

BENJAMIN PECHEY: Can I clarify, are you talking about a program of land audits and sales, or are you talking about development of a contribution scheme?

The CHAIR: Are you talking about expanding the City of Sydney scheme across other local government areas and what would be required?

Mrs SALLY QUINNELL: I suppose there are two different parts to that question. Writing a policy would be one part, and then expanding something like what City of Sydney have done out—extrapolating it out. There are two different parts.

BENJAMIN PECHEY: I might actually throw to Mark in a second, because a lot of research has been done with Resilient Sydney and SSROC—and City and other councils were involved in this—about the barriers

to actually implementing those schemes. The City of Sydney helped develop a suite of templates and documents that can lead councils through implementation of an affordable housing scheme.

MARK NUTTING: Yes. You've done a good job in describing what we've done. I think the focus there is around helping councils develop affordable housing contribution schemes through the planning system, and having that approved through the planning system so that that perhaps sits separately to and is travelling side by side to the other question that you asked—they can be combined with the sale of land. I think there aren't obstacles for—or gifting of land by council to create affordable housing projects. That part, there aren't serious obstacles. That's probably a decision of council and opportunity.

But for contribution schemes, at the moment, it's incumbent on a council to propose a scheme that's compliant and then have the state government approve it and put it into your LEP. There are other planning mechanisms such as the affordable housing bonus and state planning policies, which sit alongside that but, for a local affordable housing contribution scheme, the council generally has to be involved in that. Though we have seen recently in the TOD program that, for tier 1 TODs, the government, which was leading the process, actually created the clauses which went into the LEPs. They have a scheme created for them on their behalf that they'll administer. That is kind of a new development that has meant that all of those tier 1 TODs now have affordable housing contribution schemes.

BENJAMIN PECHEY: The research before it went into preparing guidance for councils identified—the first stage of that research was to identify what the barriers were to councils implementing those schemes. The issue was certainly the knowledge and experience. Very few councils have been through this process, so there's a bit of learning. That's what we tried to share. But, critically, the Department of Planning's current guidelines for affordable housing schemes make it very difficult to implement the schemes if you follow their process and the considerations. So one of our recommendations you'll see is that that review needs to happen to make these schemes—or enable these schemes to get up. Mark, were there any other critical barriers?

MARK NUTTING: I think it's when you—

MERYL BISHOP: Political will.

Mrs SALLY QUINNELL: That big elephant in the room.

MARK NUTTING: I was just going to say viability is one of the issues which the department assesses as, "How realistic is that contribution that's going to be applied?" Fundamental to making that work is that, when the rezoning's happening, the contribution's applied. So that—before, you may have a much lower FSR, and then the rezoning increases that FSR. That's when the value adding occurs. If you make the announcement that a contribution's going to apply, it means that the developer can then factor that in when they're purchasing that parcel of land. Therefore the cost of that actually is passed on to the landowner rather than to the developer and to the end users. So the timing of when you'd put in a contribution scheme—tying that to the rezoning or even having it applying prior to the rezoning. The TOD program actually announced, when the program was in draft form, that there would be a contribution scheme so that before anyone knew that there was an opportunity, or just when there was that opportunity, they knew that this would apply.

Mrs SALLY QUINNELL: As part of the package.

MARK NUTTING: And that was then factored into people's equations for viable projects.

DYLAN PARKER: The one other thing I would say, from a practical experience of having an affordable housing contribution scheme is that, at least in our experience, there is a clear preference for financial contributions as opposed to in-kind contributions, and the investigation around the effectiveness of us being able to collect contributions, then to actually be able to purchase land and construct an equivalent, as opposed to them just being required in kind. That's definitely been the experience—that there is a clear preference for the contribution. I think there are good reasons as to why you would have a financial one, depending on the certain development, but that's definitely been an experience of ours.

The CHAIR: I just wanted to follow up on Councillor Parker's comment about the student accommodation. There have also been similar arguments made about using the co-living SEPP—that it's easier, faster and more affordable for developers to provide this type of housing than other types of housing. If we're talking about the provision of affordable housing for workers, what can we learn from the student accommodation planning process or the co-living SEPP?

DYLAN PARKER: Please jump in if there's additional things that you want to say. In our lived experience, there's clearly a driver which is there, which is attractive for developers. We've undergone a significant rezoning of a corridor, and it's the co-living ones which are being built and are going up right now. To give you an idea, we've got 3,000 student accommodation places in the pipeline, which are happening right now. The key

thing to look at is—and this is just to reiterate my point—these are in exactly the locations where, if you were going to have essential worker housing, you would want to put it. It's got the geographical nexus which we've put, which is right there. They're well located on transport nodes, and I think it's something which is worth consideration. But, equally—and I think if you guys want to jump in—the reason why developers want to do it is because they don't have to abide by apartment design guidelines. They're much smaller and pokier. From a planning outcome, I would say, I don't think it is nearly as preferable, but clearly the incentive is there.

MERYL BISHOP: I think probably the lessons learnt would be, if we were going to move that model into essential worker, is the diversity of the typology, because they're all either studios or small one-bedrooms. I think that what we could do is start to work with those providers, whether it's Escape or Iglu or Toga—they're the main operators within the Randwick area—and talking to them to say what typology could be diversified. Is it small two-bedroom dwellings or a different style that could go in under that co-living design? Affordability is the other thing—ranging from \$700 to \$1,000 a week for a 20 or 15 square metre dwelling. That's a heavy load. So maybe if we were to move into this space and if we were to deliver stuff for essential workers, there's a diversity in affordability to top end.

The CHAIR: Mr Pechey, anything on the co-living SEPP?

BENJAMIN PECHEY: I would say that co-living, student housing and the like, plays an important role in the spectrum of housing that we need for our community. Like Randwick, we have a huge number of young people, students and also essential workers, people kind of starting their careers in, say, the health sector or something like that as well. It could certainly play a role in that. It is not affordable—co-living development or student housing—but it does play an important role in the market. The Housing SEPP currently does provide bonuses for boarding houses, which are essentially the same. They look the same as co-living housing but, if they're developed by a community housing provider, then they get additional floor space. So there is opportunity and incentive there for community housing providers to move into that space if they want to.

The CHAIR: I guess the risk is then, to Councillor Parker's point, that we're fast-tracking or facilitating the use of what could be really important land for affordable housing development for this type of housing, which is an important part of the mix.

DYLAN PARKER: Yes. I think it's worthy of investigation, but what I would say is—and this is clearly with an elected representative hat on, who has made difficult decisions in terms of increasing housing supply—one of the things which is an intention, is always being able to provide to your community a certainty as to what kind of product that they will end up with. Council went through—what I'm still very proud of—a very extensive piece and, I think, an excellent piece of planning work. But the operation of these state policies is that, ultimately, you're not ending up with the product which was intended. It's just something to be aware of, and a consideration. The demand is there, as it relates to co-living for private housing. I totally understand that. But, when looking at that mechanism, it's just something to be conscious of.

The CHAIR: I just have two other questions. One, obviously, just as the City of Sydney has given its land to community housing providers or other councils have worked with community housing providers, we've heard from Faith Housing that a number of churches want to be able to rezone part of their land. We're not talking, necessarily, about the church hall but, as you would know, Mr Pechey, the Salvation Army, for example, owns a great deal of land within the City of Sydney that they can't do residential development on. Do any councils have any policies or positions on the ability of changing the rules around SP2 land to facilitate for the development of affordable housing for key workers?

BENJAMIN PECHEY: I'd say we don't have a current policy on it. Many of our churches are zoned SP2, but we're open to exploring that, yes.

MERYL BISHOP: As would Randwick.

The CHAIR: My final question is that the cohort that we're really dealing with here is the workers that help your LGAs run but who cannot access the private market in an affordable way and for whom affordable or social housing—they don't qualify for. Is there anywhere in the New South Wales—not your own planning policies—state planning system that facilitates or has a strategic focus on housing for that cohort?

BENJAMIN PECHEY: Not that I can think of, no.

STELLA AGAGIOTIS: No.

MERYL BISHOP: No.

Ms LIZA BUTLER: Going back to the co-living, you said that they're not affordable. Is there any way or is there any legislation that could be put in so that co-living buildings are made so that they are based on somebody's income rather than just the developer setting a price?

BENJAMIN PECHEY: The Housing SEPP says a building that looks the same as a co-living building is called a boarding house, and that's run by a CHP or owned by a CHP—a community housing provider—and, therefore, it will be affordable. So you could get the same kind of housing product but affordable, and that's incentivised by additional floor space—20 per cent, I believe. That's how that type becomes affordable.

STELLA AGAGIOTIS: I'd add that perhaps consideration needs to be given to a new definition in the planning system, because we have co-living and we have boarding houses, but if there was a definition for essential worker housing and it was tied to income, perhaps then it could be used for programming, it could be used for planning incentives and uplift. So that is a matter for consideration.

Ms LIZA BUTLER: If a new definition was put in planning, that wouldn't capture the existing, or would that then capture what they are?

MERYL BISHOP: Future.

Ms LIZA BUTLER: It would capture or it wouldn't?

BENJAMIN PECHEY: It wouldn't be retrospective, I imagine.

MERYL BISHOP: May I also add that the affordable housing SEPP allows that 30 per cent or an increase in FSR in return for units to be allocated for a minimum of 15 years. With such substantial change in the built form, an uplift that is achieved—I'd be encouraging that 15 years to be lifted to either a minimum 30 years or to be given in perpetuity. As has been said, the private sector will be one of the main suppliers for the delivery of this affordable housing. I think increasing that period, or making it in perpetuity, in the SEPP would be a valuable thing to do.

Mr STEPHEN BALI: Affordable housing sets the income levels and the top one is 120 per cent of the median wage, which in the area of Sydney is currently roughly \$80,000, which means \$100,000. If we add in the affordable—which I kind of agree with, as far as being inclined to support—the essential worker fits into the affordable housing definition. You were talking before about income levels. What income level would you set as a maximum that would sit in this affordable—at the moment it's \$100,000 income for people in the Sydney Basin. Is that not affordable in your area to find some rent?

BENJAMIN PECHEY: We find that even some moderate households, which I think is matching up to that 120 per cent that you've just mentioned—some professions within that income band are not able to find housing in the City of Sydney, and then almost all of those in the low and very low income bands. Housing cost is so high in the city that we need to take care of all very low, low and moderate.

The CHAIR: We will need to wrap up there. We've already gone over time, but we really appreciate all your expert advice and opinions and the work you're doing in this space. Thank you all 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 email any questions taken on notice and any supplementary questions from the Committee. We ask that you return these within 14 days. Thank you all very much.

(The witnesses withdrew.)

(Short adjournment)

DAVID REYNOLDS, Chief Executive, Local Government NSW, sworn and examined

Cr PHYLLIS MILLER, OAM, President, Local Government NSW, before the Committee via videoconference, sworn and examined

The CHAIR: I 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's social media pages, website and public communication materials. Please inform the Committee staff if you object to having photos and videos taken. Can you both 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?

DAVID REYNOLDS: Yes, I have.

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

DAVID REYNOLDS: No, thank you.

The CHAIR: Before we go to questions, please feel free to take any questions on notice or provide the Committee staff with information following today. Would either of you like to make any opening remarks?

PHYLLIS MILLER: Yes, I certainly would. Thank you for the opportunity to appear today. We really appreciate it. I'm Phyllis Miller, president of Local Government NSW, the peak body for local government in our state. I'm also the Mayor of Forbes Shire Council, but I'm here today in my capacity representing Local Government NSW. Addressing the housing crisis is a key advocacy priority for Local Government NSW. Over one-third of all submissions to this inquiry are from local government. This is evidence of the scale of concern about housing and homelessness among councils across the State.

The increasing difficulty for low and moderate income essential workers to find housing they can afford is a concern for all spheres of government, for businesses and for communities, and not least for essential workers and their families. Councils, together with community and business leaders, right across the state have highlighted the connection between shortages of well-located affordable housing to rent or buy, and difficulties attracting and retaining essential workers. Essential workers such as police, nurses, childcare workers and others are critical to prosperous, well-functioning and well-serviced communities. We therefore welcome this inquiry.

Councils are generally supportive of the idea of an agreed definition of essential worker, but whatever the definition, it must be flexible—that is, able to be tailored to the local context. In the absence of an agreed definition, many councils have developed their own essential or key worker definitions according to their particular local circumstances. For example, some councils may prioritise health workers for affordable housing, while others include tourism workers in their definition of essential or key workers.

As we all know, there are huge shortfalls in affordable public and social housing statewide, so a real concern is that if essential workers are prioritised over other income groups, this could perversely reduce access for our other vulnerable households. To ensure that vulnerable groups or cohorts are not disadvantaged, essential worker housing cannot be looked at in isolation. This is a central tenet of our submission. Initiatives to accommodate essential worker housing must be calibrated with the policy framework for affordable housing as a whole. We welcome the inquiry's focus on planning tools and reforms.

The planning framework for affordable housing in New South Wales has not kept up with recent planning reforms and needs immediate review. There are two aspects here. Firstly, we know that through the New South Wales Government's framework for the Affordable Housing Contribution scheme, the planning system could deliver much-needed affordable rental housing in perpetuity in well-located areas. The councils have told us that developing and getting these schemes approved is a challenge and a lengthy process. Secondly, when the New South Wales Government is implementing widespread upzoning through its major planning changes, like the Transport Oriented Development Program, low- and mid-rise housing reforms and its new Housing Delivery Authority, it is critical that there are mechanisms in place to capture some of this development uplift for affordable housing.

The CHAIR: Councillor Miller, can I ask that you slowly wrap it up? We have very limited time and we're really keen to get to questions.

PHYLLIS MILLER: I certainly will. My staff wrote this and told me that it was—this inquiry is the latest in a long line of probes into housing issues in this state and we hope that by shining a light on the issues at this critical juncture, this inquiry might trigger some meaningful and long-lasting changes to deliver affordable housing at a scale that will be suitable for the state of New South Wales.

The CHAIR: Thank you so much. We'll go to questions from members, but I might start if it's okay. Feel free to take any questions on notice and provide feedback at a later stage. The comment about: it would be important that key worker housing isn't prioritised over housing for particularly vulnerable groups—I understand the importance there and it's a bit of a wicked problem that we have. If we have a look, particularly in inner city areas, housing importantly does prioritise people who are rough sleepers—they may have drug and alcohol issues and they may have complex mental health issues—but the cohort of caseworkers who look after them and care for them can't afford to live anywhere near that cohort that they're supporting. How do we deal with that tension?

PHYLLIS MILLER: I don't think it's one above the other. I think it's parallel, but I think it's really important that we not just have affordable housing or social housing. We need essential workers housing for essential workers, and they need to be distributed right across the community—like policing, teachers, nurses. We need them separated from social housing. We know that social housing is terribly important, so we need it parallel. At the moment there is very, very minimal essential worker housing in New South Wales, whereas once upon a time the Department of Education and Health would build houses for their people. That is not happening. Local government's taking up the slack there. I myself in Forbes, we've got about five or six houses. I've just housed four new doctors in town with no help from any government or anybody.

Mr JAMES GRIFFIN: Hi, Phyllis, great to see you again. We heard some interesting evidence yesterday about modern methods of construction and, essentially, the opportunity that's presented to developers and builders to use more contemporary means of construction that might be used right around the world but, for various reasons, there are legislative and policy barriers as to why they can't be used here in New South Wales. Are you aware, or is the association aware, of any methods or opportunities to remove some barriers to speed up the construction of the homes and properties?

DAVID REYNOLDS: I'm happy to answer this.

PHYLLIS MILLER: Yes—you or me, David.

DAVID REYNOLDS: Sorry, Phyllis. It might be the delay online, but happy to jump in. Thank you very much for the question. We sit on the taskforce that the government's currently running that's looking in quite a lot of detail at modern methods of construction. Some of the things that that taskforce talks about are, of course, the need for investment to proof-test some of these new technologies and ways of buildings things. Other key factors there that do need investment and support across the sector are things like education. We need to be building our cohorts of tradespeople that know and understand these methods. We need to build the cohorts of certifiers and council staff so that the system can work as fast as its slowest component. If the certification's slow or the planning's slow, then that slows down the building.

We understand that the early versions of these may not be any cheaper but they should be faster. It should complement other types of buildings or other types of usage for existing dwellings because it's faster, perhaps sometimes, to turn around an existing dwelling than to add a dwelling to a supply category. But we do acknowledge that dwellings live in that spectrum from homelessness or crisis accommodation right through to home ownership and we don't want to cannibalise any of those other distinctions. We really want to be talking good ways about adding to the supply numbers. Modern methods of construction are probably one of those examples.

Mr JAMES GRIFFIN: Great. Just moving on to one of your other recommendations around the inclusion of affordable or essential worker benefits or even addressing it in the TODs, in the transport oriented developments. It would appear that, perhaps given the speed in needing to roll them out, the train might have left the station in terms of wrapping up or encouraging development in the TODs, but do you see that maybe that there could be retrofitting, or, in the low- to mid-rise reforms that are coming, is there the opportunity to consider making sure that affordable or key worker housing is addressed in those planning reforms?

DAVID REYNOLDS: Phyllis, are you happy for me to respond to that one?

PHYLLIS MILLER: Either-either. I think with the housing authority, they're giving a fairly big uplift to the developers in this state—20 per cent. We need to make sure that essential workers and social housing have got a market in those developments through the housing authority. I think it's terribly important that we make sure that the developers are contributing to the crisis that we've got with housing for essential workers.

DAVID REYNOLDS: I might just add to that, if I can. I think we would always argue for good development, but any addition to supply helps the supply question overall and may well free up housing in other parts of the market. We acknowledge that and we're supportive of addressing the housing crisis generally. Where we would articulate some particular concerns is around in-perpetuity development gains, or bonuses or incentives that only have temporary affordable or social contributions, maybe to a 15-year mark, and we would argue that a

2 per cent housing affordability level—we acknowledge that's a start, but we think it should be higher than that. Our submission makes out that it should be higher than that.

Equally, though, the other factor around that is if the percentage is too low to start with, and then it gets moved upwards over time, it doesn't send the right price signal about the land. So the developer, in fairness, when they're thinking about their commercial realities, they need to price in the appropriate cost of development. With infrastructure, if things like affordable housing contributions plans aren't properly articulated at the start, the developer may end up paying too much for the land because their feasibility's worked out on a lesser contribution.

Mrs SALLY QUINNELL: We haven't had many witnesses that have come in as part of this that look at the whole of New South Wales in the same way that we need to, and you need to. I suppose my questions are going to be sort of targeted at that approach. Would you agree that there seems to be two distinct, different issues—possibly even three—with eastern Sydney metro needing affordable housing for a large number of workers and regional areas needing housing for specific workers? Is that true? Is that your understanding of the issue? Am I getting that totally wrong?

PHYLLIS MILLER: No. You're dead right. That's exactly what is needed. Ours are very different to what it is in the city. If we don't house nurses and doctors, we don't have them, and it's been a real cost-shift to local government. We house a lot of people. I'm housing police officers, so we desperately need help out in rural and regional areas.

Mrs SALLY QUINNELL: We've also heard from various councils with various ranges of policies or approaches towards affordable housing, whether they be from, "We have nothing—we have no affordable housing process or policy at all", all the way through to, "We have been developing this and providing it for over a decade." If that was to be a requirement of local government areas to have a policy and/or some sort of approach, what barriers in regard to resourcing would that have, especially for smaller councils with less resources?

PHYLLIS MILLER: I think most councils now would have a housing strategy. I know we, of course, have done our housing strategy and our growth strategy knowing where we want to go. I think, rule of thumb, we're expecting with any big development that there should be about 30 per cent of it that is affordable and social. As a council, we've got a block that we were given and we've done a 221-house estate, but on the title we cannot put any social housing in there, which was a bit difficult, actually. But we've been fortunate enough with the housing corporation. They are coming to build 146 residences. They're doing a subdivision. Thirty per cent of that will be for essential workers and affordable. If governments are doing anything, we've got a lot of houses boarded up right across New South Wales. If they were brought back online and done up to a reasonable standard, that's much quicker than building new houses, and we could use them for essential workers.

Mrs SALLY QUINNELL: Would those policies include an audit of council-owned land that could be utilised for programs for essential worker and/or affordable housing?

PHYLLIS MILLER: We could do that, but I think that should be a government responsibility. We take up enough of the slack. We put our nose in the water and say, "No-one's helping us," other than they knew that we had done a lot with housing imports and we got the housing corporation coming in to do some work too. That sort of gave us a bit of a leg in there, I think. I don't think it is our responsibility. I'm not going to go and find any more council land to build something on and hand it over at a cost to my ratepayers. We just can't do it in the smaller shires.

Ms LIZA BUTLER: Your submission recommends that the New South Wales Government establishes an agency that includes government, councils and community housing providers. What kind of collaboration would you like to see between these bodies when it comes to planning and delivering essential worker housing, especially in regional areas?

DAVID REYNOLDS: Phyllis, do you want me to jump in there?

PHYLLIS MILLER: You can if you like, David. You go, and then I'm happy to go.

DAVID REYNOLDS: I think we see it playing a couple of roles. We need to understand and have some flexibility about the definition of "essential worker" in place. That responds to one of the other questions, that there needs to be some local flexibility about the local need. We'd like that to be able to transition into useful and appropriate local contributions plans. Sometimes that might be dwellings; sometimes that might be financial contributions. We're seeing a lot of the approvals now come to the state level, which is why we think the state needs to be part of that discussion. There's now a growing number of development applications that are no longer approved by councils. They're going to the state. Those pathways should be complementary and that discussion should be well rounded.

At the other end of the spectrum, though, on certification or delivery, we need to know how many of these dwellings we have. We can't really dig into the problem until we have a good count. Obviously there's then some management requirements that come off afterwards, because we don't want to sign off and have a development occupied only to find out a small number of years later that that unit is no longer being used for social or affordable or essential worker housing but is being put to some other purpose. There's probably a monitoring and facilitative requirement at the end of that spectrum too.

Ms LIZA BUTLER: Councillor Miller, did you have anything you wanted to add?

PHYLLIS MILLER: I just think that if you've got everyone in the tent, especially the people who are looking after community housing organisations, you're going to get a better outcome if everyone's putting their tuppence worth in. Local government definitely has a role to play, but we're a bit sick and tired of taking the whole responsibility. I'm happy to share the responsibility of doing things with housing but, at this point in time, it has been thrown to us and we're not in the financial position to do a hell of a lot.

Ms LIZA BUTLER: Councillor Miller, I just wanted to explore. You just said that you've provided a doctor with housing and police officers with housing. Who owns those houses? How are they managed? How do you determine who gets them? What percentage of their income do they pay for those houses?

PHYLLIS MILLER: We own all of the houses that we house them in over a period of time. We're a rural council. To give you some context, in my time as Mayor I've tried to encourage my council to generate own-source revenue, and that's what we do. By doing that, we have been able to have housing and to build new houses. We own them outright. We've got a property portfolio. We manage it like a business and we negotiate depending on who the person is that we're leasing to. We prioritise doctors and nurses. They're a high priority because we need our hospitals out here. They sort of get preference over everyone else. But, depending on the availability, we negotiate, like with the local police officer that needed a house. We negotiated that. We do a bit of a discount. A lot of the doctors that come in are able to pay market rent. It's the availability of housing that is the important thing, but then for some of the other people that are coming through the ranks, like the police officer, we discount that a bit so that it makes it a bit easier for them.

Ms LIZA BUTLER: How many houses do you manage?

PHYLLIS MILLER: About 30 or 40, something like that. We've got saleyards, which generate own-source revenue. We're landlords to Bunnings and another furniture store we've got. We've slowly built ourselves up and we're generating own-source revenue. We're investing it back at the moment, and we have been investing it back into housing.

Ms LIZA BUTLER: That's very commendable for a small regional council.

Mr STEPHEN BALI: I concur. Congratulations. I can understand some of your comments—I'm not going to endorse all of those comments—in the heavy lifting. We've had a lot of people who have presented here who say that council is an obstacle, mainly in timing aspects, in getting developments approved et cetera. Forbes council having about 30 or 40 properties is really good, which gets to this land audit that Mr Reynolds was talking about before. A big challenge for the state government and across the sector is knowing where all of this affordable housing—as much as this is an essential worker housing inquiry, not affordable housing—has been approved and who collects the information et cetera. I know the state government is now trying to identify and collate that, but it's the councils that approve that.

I'm just wondering, in the hierarchy—and I'm mindful of what the Mayor has said about costs—is it possible, as a way of identifying everything that has been approved for affordable housing, to go through the regional councils and each council identify what they've approved, do an audit of where they've been approved, give it to the ROCs and the ROCs then give it to Local Government NSW, which can coordinate with the state government? That way, you're spreading the load of who is collecting all of the information and it reduces the cost, I suppose. If a council tells its ROC, which most ROCs cover—especially in the regions, I think it's mandated. But in Sydney they can at least, for their number of councils, collate the information and give it to Local Government NSW. Is that a good way of collating the information?

PHYLLIS MILLER: I think it should be direct. If the state government wants that information, they know all of the councils. Tell us what you want. We will fill in whatever they want to know and then they can collate it. Too often local government and Local Government NSW cops the jobs that the state government should be doing.

Mr STEPHEN BALI: We're happy to do it; it's just trying to work out how to do it.

PHYLLIS MILLER: I think you go directly to councils. It's pretty easy.

Mr STEPHEN BALI: Arguably. A lot of councils wouldn't agree. But that's a good point that you've raised, and I concur with that. With the contributions schemes, with the 7.11s, the 7.12s and all the other 7s that are out there, there is a delay in approvals and it's costly to do et cetera. Some councils are asking for a monetary amount to be included about affordable housing. Have you identified any resistance from IPART to include that as part of the 7-whatever plans that you put in there—the 7.11s and 7.12s. There's a few different sections. Are you finding it difficult for IPART to accept those contributions and you have to do it via a voluntary contribution plan? What's the general view from councils?

DAVID REYNOLDS: Phyllis, I'm happy to speak to that one.

PHYLLIS MILLER: We haven't had any trouble, but I'll let you go.

DAVID REYNOLDS: The ability to reach an agreement through a voluntary planning agreement is faster. It's faster and more certain than leaving something to an IPART process. IPART is a very technical assessment and assesses lots of relevant factors. That's fine, but it does take time—probably 12 to 18 months to get an IPART plan approved, with the greatest of respect to them. I'm sure they'll contribute to this inquiry as well. I know the team there is working to quicken that process up because of the strain on the system generally. But that's a long time. When the planning system is trying to deliver housing much faster than that and we want certainty of those contributions, that's probably too long. I think it does take a while. I think it is achievable.

The other thing to remember too is that these are often schemes that benefit regions or areas, not just one local government area. A council collecting a particular contribution to be able to provide affordable social or essential worker housing benefits an area much broader than its boundaries too. There's an argument there that there should be a broader government response to that kind of thing, as opposed to leaving it to council by council. Other issues around data collection can be facilitated through council as well, in relation to the question that was just asked. For example, where council provides issue on rating and property classifications through Treasury processes, that's a process that Treasury funds in terms of the data collection because they want it in particular forms. Sometimes that leads to council system adjustment to be able to deliver the information in the most usable way.

The CHAIR: Thank you both very much for appearing before us 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. We ask that you return those within 14 days.

(The witnesses withdrew.)

Mr PAT GOOLEY, Secretary, Police Association of NSW, sworn and examined

Dr KATE LINKLATER, Manager of Research, Police Association of NSW, affirmed and examined

Ms LYN CONNOLLY, President, Australian Childcare Alliance NSW, sworn and examined

Mr CHIANG LIM, Chief Executive Officer, Australian Childcare Alliance NSW, sworn and examined

The CHAIR: Good morning, everyone. I now welcome our next witnesses. 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, websites and public communication materials. Please inform the Committee staff if you object to photos or videos being taken. At the start, could I ask that you confirm that you have been provided with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

CHIANG LIM: Yes.

LYN CONNOLLY: Yes.

KATE LINKLATER: Yes.

PAT GOOLEY: Yes.

The CHAIR: Wonderful. Does anyone have any questions before we get started? Okay. Great. Would anyone like to make any opening remarks?

PAT GOOLEY: Firstly, I'd like to acknowledge the traditional owners of the land, the Gadigal people of the Eora nation, acknowledge their Elders, past and present, and any First Nations people in the room or online today. I'd also like to thank the Committee for the opportunity to expand upon the previous submission that we've made. I know it's trite to say that access to affordable housing is one of the biggest challenges facing the people of New South Wales today, and we are so glad that this Committee has turned its attention particularly to essential workers and the challenges they face within the housing market. At the outset, it's important to say that we believe that police officers are essential workers and are key to a safe and productive society.

We acknowledge the current government working with the Police Association to ensure police officers now have access to higher wages earlier in their career, reflecting their professionalism. These higher wages alone do not cure many of the housing issues that we continue to face. In regional areas our members are suffering from a stark lack of availability of housing, even where the NSW Police Force is required to provide it. For this reason, our submission touches upon recommendations particularly for rural and remote areas.

In metropolitan and regional centres, our members simply can't afford to live close to where they work. This drives them to the fringes of the city or to satellite cities, where they commute long distances to work. The lack of affordability is reflected in an exodus of members from the inner and middle rings of Sydney as soon as the tenure commitments they face are met. This results in far lower levels of expertise and experience in these police stations and specialist areas that are located in this area. This has a dramatic impact on those communities. Current build-to-rent schemes targeted at essential workers are based on variable means testing, which means that our members, even when they can access it, are quickly forced out of it.

Caps on the purchase price and income within government shared equity schemes means our members are forced further to the fringes of major centres or away from Sydney, a long way from where they work. It is our position that there is a social and practical dividend to having a police officer live in or near the community they serve. A police officer that must travel hours to work and from work each day has no time to invest in the community they serve and no time to invest in the community that they live in. We simply cannot have the failures of community policing that we have seen overseas, where relations between the community and their police are broken down by the physical and economic disconnect between them. That value should be recognised and should be used to inform decisions.

Further, all community policing and nearly all operational policing is delivered in person. Police officers must be physically present to work and they must be physically available to be recalled in emergencies. It is for that reason that we believe police officers must be defined as essential workers, and essential worker status should override some of the eligibility criteria for affordable housing. Similarly, we believe that there should be a range of options, and that is imperative to ensuring the right mix in the housing market and the right balance for the needs of police officers.

We are strong advocates of a shared equity model that encourages police officers to own a home in the community that they serve. An investment from government into such a scheme would be just that: an investment and not a handout. Investing in a shared equity scheme, providing a genuine return, would allow the hypothecation of returns towards more affordable housing for the general community. We believe HOPE Housing is an existing scheme that provides a vehicle to meet those objectives.

In rural and remote areas our members suffer from decades of underinvestment in the stock of housing owned by the Government. There are areas, particularly in rural New South Wales in western New South Wales, where the current government stock is in an appalling condition and others where it is simply not available. We have members working in some of the most challenged communities in New South Wales who are housed in private rentals in Queensland. That is a total disconnect from the community that they're trying to improve.

We also see that now that all stock is in the hands of Property NSW, there appears to be a differential between the housing provided to police officers and the housing provided to other workers. We believe this is because of the appalling stock that went into the scheme, but it is failing to attract and retain officers to those challenged communities that need the best and most active police in their community. We believe there needs to be a coordinated statewide strategy to identify the need and then acquire and build to meet that need. The Police Association stands ready to work with the parliamentarians, government departments and other stakeholders to provide a range of solutions that meet the needs of our members but also provide better outcomes for the communities we police. We welcome any questions that can help with your considerations.

LYN CONNOLLY: Thank you to the Committee for initiating this inquiry into essential worker housing and for holding today's hearing. I'm an approved provider, and I operate eight small early childhood education and care services in New South Wales, beginning this journey over 40 years ago. Like our members, who operate 1,600 small- to medium-sized, predominantly private, long day care and out-of-school-hours care services, I also employ 53 early childhood educators and teachers, and their housing needs are very important to me and to the other approved providers just like me.

Our submission outlines the ever-increasing challenges facing early childhood education teachers, educators and teachers, primarily the cost of housing, assuming when that's available, and their financial ability to compete for housing. As highlighted during COVID, the appreciation of essential or critical workers became front of mind, not just for governments but also for all Australians. Our early childhood educators and teachers were relied upon during COVID. Yet since then, the overt appreciation of essential or critical workers is waning back to normal, and we ask this Committee to firstly formally define "essential workers".

Without enough essential workers, our society is at risk of not being able to provide the essential services wherever and whenever they are needed. Housing for early childhood educators and teachers is without doubt a contributing factor towards labour shortages, as confirmed by the Australian Children's Education and Care Quality Authority, the ACCC and, recently, Jobs and Skills Australia. Unless essential workers like early childhood educators and teachers already permanently live in the catchment area or have access to intergenerational wealth, the worsening lack of adequate and affordable housing for essential workers has undesirable negative effects for the rest of our society.

Although ACA NSW is not part of the housing supply ecosystem, ACA NSW has publicly committed to assist our members, early childhood educators and teachers to leverage the Commonwealth's Help to Buy scheme from 2025 onwards under our own steam. We sincerely hope that the ACA NSW submission offers this Committee and the New South Wales Parliament with meaningful and practical solutions to this very challenging issue.

The CHAIR: Before I hand over to the Member for South Coast for questions, I just wanted to ask one up-front to both. As well as being Chair of this Committee, I'm also the Member for Sydney, which is the country's global city. To Mr Gooley and representatives from the Police Association, the policing needs in Sydney continue to grow. It's one of the areas with one of the greatest needs for a large police force. Can police afford to live in Sydney?

PAT GOOLEY: No, they cannot. They can't afford the market rentals in Sydney, particularly Sydney CBD out to the Eastern Suburbs, which is traditionally where police officers in Sydney would move to in Sydney if they were deployed in what we used to call A district. They certainly can't afford to buy. What we see as a result is benevolent building owners allowing police to sleep in their cars between shifts to save them driving back to regional cities where they live. As a result, you see the inner ring of metropolitan Sydney particularly, but then into the middle ring as well, staffed by very junior police officers. They're committed to their station for three years, and then they have to try and move closer to home. We don't say police are poorly paid, but that's just a reflection of the cost of living in Sydney and the lack of availability, even for essential workers.

The CHAIR: Obviously, being the global city, we have workers from across metropolitan Sydney working in the inner city. Increasingly, we're having dual-income families, meaning that kids need to be in long day care during the day. Many parents like to have day care within the city. Can the day care workers afford to live close to their work within the City of Sydney?

LYN CONNOLLY: No. It's a simple fact they can't, and in order to be able to staff the services, the staff have got to come from the west. That's the only place they can afford to live, and they're not prepared to travel because there are vacancies. Because we have a shortage of staff anyway, there are so many vacancies in the west that they will not travel to the city. We have members who are trying to import staff from overseas to have any hope, but then when they come, that's more people and more pressure on housing, and then they also have to move to the west where they can afford, so then they've got to try and get into the city or the east or up to the beach areas—anywhere that's not in the west. It's just an absolute minefield. They just simply can't afford it.

A top-rate diploma person is on \$60,000 a year, and a nominated supervisor, which every service needs to have one—the top rate for a diploma in a nominated supervisor position is \$65,000 a year. Those numbers stand for themselves. Where on earth other than west of Western Sydney can you afford to live on that amount of money and pay rent or buy? Home ownership is something we're noted for on the globe, and it's just dissipating, dissipating, dissipating. If you own something, the sense of ownership gives you the sense of pride. You look after it; it's yours. We have, as you know, social housing where they just go into disarray because they're not looked after et cetera. Housing ownership is something we've got to strive for.

The CHAIR: Before I hand over to the Member for South Coast, feel free to take any questions on notice and provide information to the Committee.

Ms LIZA BUTLER: For the Police Association, the shared equity scheme with HOPE Housing and Police Bank equity model—we've had them come and present to us—do you know the statistics on regional take-up for that?

PAT GOOLEY: My understanding is that there has been about approximately 30 homes purchased, the majority being in the metropolitan area because that was the greatest need. The scheme hasn't been advertised; it hasn't been marketed. It has really been through word of mouth. Most emergency services, and I assume other essential workers, it's a pretty good network of word of mouth. My understanding is that the scheme is currently fully subscribed, and hence the need for an injection of an investment, as I said, rather than a handout. But the majority of the homes taken up so far nearly exclusively, I understand, have been in the metropolitan area.

Ms LIZA BUTLER: Police officers, especially when they're starting out, tend to go to either the city or to very remote regional areas. Are there any penalties for them if they take that home equity and then move on in a short period of time because they're trying to go up in the ranks?

PAT GOOLEY: As part of the involvement of the Police Association in the scheme, we acknowledge that when police officers leave either Sydney or a major regional centre, letting a home go makes it almost impossible for them to get back into that market. There is a provision within the scheme that if they were to take up a remote post that provided police housing, they could pause the scheme for up to three years, which is usually the minimum tenure. I know that there are areas in western New South Wales that just cannot attract sergeants at the moment; people won't go there even for a promotional opportunity. If there was an opportunity for someone to go to one of those remote areas and be housed in police housing, they'd be allowed to pause that scheme, effectively convert it from owner occupier for that three year period, and then if they did not return, then they'd have to divest their house.

Ms LIZA BUTLER: If they were to take up that remote position for promotion, are they supplied with police housing or are they back to square one when they go back to a regional area?

PAT GOOLEY: There are certain areas in regional New South Wales where there's an entitlement to police housing. Every police officer receives a historic allowance in lieu of quarters. If they're provided with quarters, it's effectively what we call special remote locations. They could keep the house that they purchased through the scheme for up to three years and be provided with police housing at a discounted rate. But, again, that housing needs to be available. There's an availability issue and there is certainly a quality issue. There are homes out there that you certainly wouldn't take an infant to. We've had members suffer very ill effects of dirty water, that sort of stuff.

There's also a significant cost associated with moving to western New South Wales. Some of the costs are met. However, I believe there was a discussion earlier about potentially modular or prefabricated housing. Police have been using that as a cost-effective solution for a number of years, but it relies on refrigerated air conditioning to make it inhabitable, and our members don't have access to solar panels and things like that. So it's equivalent to paying above market rent just to air-condition a house there, without access to solar and things like that. So

every one of these housing issues has a nuance. But, certainly, the police housing in western New South Wales particularly is of an appalling quality most of the time, to the point where it's been condemned and people are living in Queensland in provided housing.

Ms LIZA BUTLER: Thank you. My last question is for the Australian Childcare Alliance. In your submission you've said there's a need to ensure that there's more than one-bedroom and studio apartments—for example, two- or three-bedroom. Is that for career retention? It's not just trainees and new graduates? Is that the reasoning behind that?

CHIANG LIM: In part. Because I've had 13 years of being a councillor and deputy lord mayor of Parramatta, my understanding from the development industry is that the mix of more affordable levels of stock is not necessarily as what we would like it to be to achieve the social goals that we want. To achieve more affordable, it's not just about the total quantum of stock. It's also the types of stock that are available, whether it's for—unlikely to be trainees, but certainly for fully qualified early childhood educators. They're renting. They are trying to buy. We did a straw poll for you, but 54.89 per cent are renters and about 21.3 per cent are owners. Trying to get into the market, whether it's renting or buying, is hard enough. So trying to ensure that there's the more affordable stock available makes it a lot easier. And, if I understand correctly, the *Apartment Design Guide* does not make it easier for more affordable stock to be created.

Mr STEPHEN BALI: It's actually an interesting mix to have the police and child care at the same time, given the complexity of the problem. I think everyone acknowledges that affordability is the key issue out there. It's a good throwaway line, which is true. But when you have a police officer on average earning \$90,000 sitting next to a child care—I just heard you were saying the top end is—

LYN CONNOLLY: Sixty-five if you're a nominated supervisor with a diploma, yes.

Mr STEPHEN BALI: That throws out my Google research, which said your average childcare worker earns between 60 and 70 kay; obviously not, probably less, unless that includes overtime or something. Is there overtime?

LYN CONNOLLY: Teachers as well. Teachers earn more. But there's more diploma than there are teachers.

Mr STEPHEN BALI: But I suppose it's important to have the two, 60,000, 90,000—not having a go at anyone's wages or anything. But it's important because we've got to prioritise. How do you identify workers? And how do we support them? If the police are finding it difficult, you might as well give up with childcare workers for the inner city.

LYN CONNOLLY: No hope.

Mr STEPHEN BALI: We won't. And that's what we're trying to do here. When we're coming up with a definition for "worker"—we'll park that because you both are essential workers. But I think the thing is that, if we're identifying housing for workers—everyone's essential, as far as I'm concerned. If you move jobs or become unemployed or you change locations, I suppose, part of the definition I'm looking at—obviously, we have to debate it—is "working within the local government area or within 30 minutes of your worksite". So, if you're working in Sydney and you get transferred to the wonderful global place of Blacktown—maybe the multicultural place—which is more than a half an hour, therefore, what happens if your home is in Redfern at the moment but you're now being moved out to the Blacktown command? How would it work with the police? Are you affected by that? Or is it just moving out into the regions with the hope of police partnership and that trust fund?

PAT GOOLEY: I think the way the housing market is and will continue to be for many years is that to leave the inner ring, to move to the outer ring of housing affordability in Sydney, is a choice of the worker. No-one is transferred from the city to Blacktown. They're clamouring to do that themselves because of housing affordability. Living in Blacktown opens up a shorter commute time to more affordable housing further west, say, of Blacktown or north-west of Blacktown. So I agree that the issue for police is that they're making decisions and those decisions—we have very few police that are in precarious housing or are homeless or suffering that insecurity, but they are making decisions based on affordability that are impacting on the effectiveness of the Police Force, the ability to retain in the areas. So it's having an impact on community policing.

If we want to see better outcomes for community policing, we need to have a range of measures that make affordable housing available. That doesn't necessarily mean that the government has to chip in and build or develop, give extra concessions to builders and things like that. What we're saying is, where there is a concession, police should be included in it. Most police have an aspiration to buy, so including them, say, in the inner ring of Sydney in affordable build-to-rent would inevitably then allow them to save a deposit and churn through that

property eventually, to buy in the same block, potentially, or to buy in another part of Sydney when they do want to transfer.

The problem we have is we can't get experienced police anywhere near the inner ring, and the transport-orientated development is all about bringing more housing into the inner and middle ring. Those people are going to need the services of police officers and they're not going to get it. They're just not going to have it. You look at the areas where the south-west metro is opening up. That is a corridor, equally, almost unaffordable for police officers. You're talking about trying to buy a home in Marrickville—just impossible for a police officer. So the idea of including them in the definition of "affordable housing" for the purpose of build-to-rent allows them to work in those areas and then move on to an ownership model later.

Mr STEPHEN BALI: So the challenge is where do we actually put the cap. At the moment, affordable housing covers people—there may not be enough affordable houses, but parking that for one second. But it's 120 per cent of the average wage, which basically means \$100,000 is the cap for the Sydney Basin to live in an affordable house. The police would fit into it. So I suppose, if we're coming up, applying a "worker" definition to affordable housing, would you suggest that we actually moved the limit from the average wage plus 20 per cent to average wage plus 40 per cent? Is that something we ought to be looking at?

PAT GOOLEY: Our argument is that having police living in the community provides a dividend, and that dividend should be recognised.

Mr STEPHEN BALI: We get all that, but how do we do it?

PAT GOOLEY: Things like the means testing. So, if you're a worker that—and I'd suggest that there's a range of workers that, beyond being essential, provide better service when they live in the community – it's more important that they live in the community. I won't name them all, but police are one of them.

Mr STEPHEN BALI: Sold on that point.

PAT GOOLEY: In those circumstances, there should be a relaxation of those rules or that deeming. So, if it's 120 per cent now, it may be that a police officer with less than three years service—or, once they reach their three years service, it's 150 per cent.

Mr STEPHEN BALI: The other element to it—sorry to take up time in the last bit—is because police officers will probably have more access to overtime and it wouldn't take them much to, in one particular year, because it may suit their personal circumstances, take up more overtime. The following year they may do less overtime, which means you're jumping between. And that's why it'd be good to, I suppose, increase that to an additional 50 per cent rather than 20 per cent.

PAT GOOLEY: Yes. It equally applies to government schemes. You look at Aware Super, which is the industry super fund for police officers, for public servants. The schemes they operate, using our members' money, their earned capital, is invested into building units that they either can only get into for one year—and then they're priced out of them. So the income cap problem is not exclusive to government-provided or the government definition. And they do it variably. So, in an area where there's a higher demand, they reduce the cap. It's not exclusive to the policy of the government, and it's not exclusive to—all affordable housing needs to take into account, "Is there a dividend from that key worker living in that community?" And there should be an extra dispensation there for that, is what we say.

Mr JAMES GRIFFIN: Thank you both for appearing, and for your submission. To pick up on the point, what we've heard over months now has been that, obviously, responding to this effectively will require multifaceted answers. Some will move quickly; some will move very slowly. But the association and the Police Bank and the HOPE Housing collaboration, in my mind anyway, appears to be—it's not a silver bullet, but it's a very good opportunity to scale and implement a relatively quick win. Would you place that on the list of opportunities that are really worth pursuing? Because I think, when it comes to the category of police as an essential worker, you have a slight advantage because you've got that existing Police Bank and the relationship with HOPE Housing. Is that something that you'd like to see us further pursue or push or encourage out of this?

PAT GOOLEY: Absolutely. We believe that the advantages of the scheme are immeasurable. An officer that can buy a home in the community they police doesn't need to rely on affordable housing. An officer that buys in a community they police is invested heavily in that community. We don't say it's only for police officers. HOPE is open to a whole range of essential workers. It's just the Police Bank, through the Police Association, was the first to really work up the scheme. We also say it's not a handout. I said this earlier. The Government could invest in this scheme, derive a genuine return and use that return to fund more affordable housing.

It actually takes pressure off affordable housing that our members might otherwise try to access, has the social dividend of police and other essential workers living in the community they work in, and provides a

financial incentive to be reinvested in affordable housing. We think scaling it up—there is a demand there for it. Our members have shown a real want for it and they're willing to buy in those areas, whereas now they might be living in a regional city. For the same cost to themselves, they could live in the community they police and have a better lifestyle. Police partners make enormous sacrifices around rotating shiftwork. If you throw in hours of travel each day as well, it's very hard for a police partner to have a career. That has its own detrimental effect. They may be a childcare educator or a nurse—

LYN CONNOLLY: Yes, two hours to get to work is a bit much.

PAT GOOLEY: We think scaling it up just provides a huge dividend for the community and our members.

Mr JAMES GRIFFIN: And you could potentially do police as a pilot or a demonstration and then expand to childhood educators and others.

PAT GOOLEY: Absolutely.

LYN CONNOLLY: Can I add that it's entry level that's an issue. To get in—to save a deposit on \$60,000 or \$65,000 a year is—we all know that's just ludicrous. If the state government would say, when an early childhood educator or a person who is a police officer is purchasing a place of residence, that there's no stamp duty to be paid, but also is there any way that the state government can work with the councils to say that any charges that councils have put on developers—that that money is given back to the person who's purchasing to help get that deposit to get their foot in the door.

Mrs SALLY QUINNELL: Apart from financial investment, is there anything else stopping that program from being expanded?

PAT GOOLEY: No.

Mr JAMES GRIFFIN: I dropped one of my children to an educator a couple of hours ago. I guess more of an observation or a comment for you to take to your members—I think many of us on the inquiry perhaps at the beginning started with a firm view of, "Oh, surely a list of essential workers by name and trade will be quite an easy thing to do." But what has become apparent is, depending on the geography, the definition of essential worker has some flexibility in it. I just wanted to place on record that I think that educators and childhood educators are a very important aspect of that. I just wanted to make that remark.

Mrs SALLY QUINNELL: As a former teacher I wholeheartedly say hear, hear! I wanted to get your thoughts on what I'm seeing as a firming of two separate issues here, one being housing affordability in eastern and central Sydney and one being housing availability in rural and regional areas. Am I getting that right?

LYN CONNOLLY: Yes.

PAT GOOLEY: Yes.

Mrs SALLY QUINNELL: I would like to also acknowledge that many of the workers of which we are speaking—we were talking yesterday about how there is nearly an entire police station in Sydney that is housed by people who live in my electorate, which is at least an hour and a half commute away. I have anecdotal stories of obscene levels of hourly day work, including a commute. Knowing that this is an issue, could you see this program, which I think we've seen as a really strong program—and I'm talking about the Police Bank, PANSW, HOPE as something that we could bring out to all of the various—Teachers Mutual Bank, HealthBank, all the different avenues. Is that something that you could see easily replicated into other sectors?

PAT GOOLEY: The product itself or the assistance into buying a home is available to all essential workers. There's a definition there that is, I think, fairly inclusive. It's quite a wide definition. There's obviously an investor that puts in the shared equity portion and there's a lender. At the moment the lender is the Police Bank because they developed the product and it's scaling up. In the future it would be up to the trustee of HOPE Housing. I'd hope it got so big that you'd need dozens of banks involved, honestly, because it could be, for all essential workers, a way to buy that home.

The involvement of the Police Bank is just that they were involved in the development of the scheme. There were huge regulatory things involved. That's when it was mooted with the Police Association. We just said, "This is beyond our expertise, but we do have a mutual bank in our sector." So we handed the ideas and all the hard work, to be honest with you, over to them. There's no reason it can't scale up to other lenders and every industry, but it's open to every industry now. It's really just the mutual banks in those industries. That's why we'd love to see the industry super funds in those industries do it.

CHIANG LIM: Funnily enough, I used to be a volunteer in policing, so I've got many, many years of loyalty to the police as well. May I also add that, while the HOPE Housing model is very, very attractive—it should be replicated as much as possible, I would wholeheartedly agree. Having said that, while we tend to defer towards affordable housing as a particular term, a particular platform, housing should be affordable, period. While there is an acuteness of the issue in the Eastern Suburbs of Sydney, for example—and Northern Beaches, should I say, as well—and also regional, it's actually a more pervasive issue across the entire State of New South Wales generally, particularly for essential workers, because of their economic power themselves.

There's a question mark as to what is the public good to ensure that housing is affordable to begin with, particularly for our cohort. In leveraging existing systems, local councils already are required to update their local environmental plans every five years as a bare minimum. The consultation process to identify what supply is needed in those five years is not good enough, in my opinion. It's not accurate enough. The consultations to—particularly essential workers. It's hit and miss.

We've suggested that you leverage what is already existing, an obligation that all councils should have—work with the state government and federal government, of course, but also have them published, keep them accountable that such supply ought to be delivered and then have a publicly available, for example, liveability index, so that our people can say, "Well, I'd rather go to Blacktown Council because they've got a higher liveability index than"—say, for example—"Sydney." Let councils also potentially compete. That only drives then a greater incentive. Hopefully, if there's enough commercial viability for builders and developers, that also drives an incentive for councils to compete for essential workers in their own areas. I think that kind of responsibility is for everyone to have, not just some.

LYN CONNOLLY: I think an example that they would compete is—I know the Victorian Government are offering \$60,000 for educators to transfer to Victoria. That's a lot of money. That type of thing is an incentive to councils to compete to have the educators in their own areas.

Mrs SALLY QUINNELL: One last question, Chair, if I may. This is quite a simple one. I want to turn our vision now to rural and regional areas. Full disclosure: I'm a huge fan of English crime shows and Nordic noir, but that's another issue.

The CHAIR: But your question will be specific to this Committee.

Mrs SALLY QUINNELL: It will, I promise. So in Midsomer—no, I'm kidding. There was a tradition in Britain for a very long time of having the police station with attached housing, the church with attached presbytery housing, whatever. I am wondering if that is still an idea that would be acceptable to workers in rural and regional areas, that the land adjacent to such buildings be utilised for housing—or, as a former high school teacher, would that be a little bit too close to work?

PAT GOOLEY: In terms of police stations, in areas where not everyone is entitled to housing but some are—the lock-up keeper. There's a house attached to the police station and often one next door as well. That officer is effectively on call 24/7; that's the trade-off for the housing. In areas where there might be 12 officers attached to the station, only one is entitled the housing, sort of thing. The amount of land that the Police Force and other government agencies—well, the Police Force doesn't own much now because it's all divested to one agency, but that land, there is so much of it there. Usually the local commander doesn't know what's owned by the government there. There's an opportunity there to make those quarters or turn that land into meaningful housing. We'd support any opportunity to do that. The fact that it's adjacent to or attached to the police station obviously identifies those people as police officers—but is that not what we're after, for police to be known in their community and involved in their community?

Mrs SALLY QUINNELL: Yes, I was going to say, are they not anyway?

The CHAIR: Can I ask that question in a different way, in relation to child care? Often in new development sites, part of that planning process will include putting in a child care. Is there any step of the planning process that ever asked the question of where will the people who are going to work in that child care actually live in the context of developing a new development?

CHIANG LIM: I'm glad you asked that question. The straight answer is no—not systemically, anyway. Some councils actually try and do that and take that into consideration, but most don't because it's not part of the planning system in terms of assessing development applications. Our members—not all of them, of course, but a number of our members—already try and house their educators onsite. Particularly in low densities, where you can actually have up to two storeys in a residential area, the top level has been from time to time provided as residential. But when you have the legislatively required numbers of educators and teachers—by the way, we are the highest in New South Wales, as confirmed by the NSW Productivity Commissioner—to house all of them

would be near impossible. There can be greater considerations in the planning model to do that. Also, in where those services should be sited there is an absence of a true planning system, too.

The CHAIR: Just on that—and this will be the final question—obviously the people who keep us safe and the people who care for our kids are essential workers. I don't think there is any argument about that. The cohort that we are really trying to look after in this group has been defined by many as "the missing middle"—people who can't access affordable housing and who are priced out of the private market. Are you aware of any government or planning process or strategy that is prioritising the provision of housing for that cohort?

CHIANG LIM: Again, it's not systemic across the entire state. It does happen from some councils. Some councils really try hard.

The CHAIR: But there's no statewide policy that you're aware of?

CHIANG LIM: There's no statewide, no.

LYN CONNOLLY: Can I just add to what Chiang was saying about how some childcare providers do try to provide housing for their staff. I had a staff member. She'd been with me 12 years, she had three kids and they're paying rent. I'm just thinking, "This is ridiculous. They're never going to get a house as long as their bottom points to the ground." So I approached her and said, "Look, out of my own money"—because of the fringe benefits tax, I couldn't do it out of the business—"I will give you \$50,000 deposit and you're not getting, apart from the normal pay rise every July, any pay rises for 10 years." But she got a deposit. She's got a three-bedroom home, a townhouse. They've been in it now for about 10 years, so they're on their way.

I've got another girl who's worked with me for 28 years, and she lived in her own little place before she got married. She rents that out to two other staff members at a reduced rent. We're all trying to do what we can do—well, not all, but some of us are trying to do what we can do and look after, especially, our long-term staff. But you can't—I've got over 50 staff. I can't do that 50 times. The state government's got to step up here. And as you're saying, we're not asking for a handout; we're asking for a help up. Just let them get in. Give them a chance to get in. The home ownership scheme is great—and I know that's federal now and not state—but it should be 50-50 and 60-40, not 60-40 and 70-30, when you look at these wages that these people are earning. Give them a chance. Give our young people a chance.

The CHAIR: The reason why I ask that question about any existing strategy or planning processes is that the first step in addressing these things is admitting you have a problem. Clearly our state has a problem in this regard, right?

LYN CONNOLLY: We've got a problem. I live in Western Sydney and I notice the quarter-acre blocks—not right out in Western Sydney. I see Housing Commission houses that are either empty or state-owned land, and they're quarter-acre blocks. You've got two quarter-acre blocks, a house on each one, that are sort of falling apart. If you knock those down, you could put eight to 10 townhouses on those two blocks. This is a no-brainer. Why can't government see this?

Mr STEPHEN BALI: They are doing that.

Ms LIZA BUTLER: And we've discussed it.

Mr STEPHEN BALI: It's happening in Blacktown.

The CHAIR: We have time for one very quick last question.

Mr STEPHEN BALI: This is more specific to the HOPE-Police Bank situation. So it is 50 per cent owned by HOPE, 50 per cent bought by the police officer and funded by the Police Bank. According to what I'm reading here, that 50 per cent owned by HOPE—generally in shared equity schemes the police officer pays half the rent to, say, HOPE. But from what I can read here, the police officer doesn't pay any rent to the shared equity provider.

PAT GOOLEY: No, the shared equity provider's return comes from the uplift in capital value of the premises. Again, this can be a foot in the door for our members where they can continue to buy out, at no extra—they're not paying stamp duty to buy more back of that equity as their life changes or a partner returns to work after care, or mum or dad—most of our members don't enjoy a lot of intergenerational wealth, but mum and dad left you a bit. You can buy out more of that equity or choose to live in it for the rest of your life as you see fit.

Mr STEPHEN BALI: I'm just trying to get the mechanics of it.

PAT GOOLEY: It reduces transaction costs significantly for our members and leads to better retirement outcomes. It encourages downsizing when the time is right, so that property becomes available again in the market. It is a virtuous circle, I've got to say.

The CHAIR: We need to wrap it up there. We really appreciate you appearing before the Committee today to give evidence. 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. We kindly ask that you return these within 14 days of receiving them. Thank you so much.

(The witnesses withdrew.)

Mr MARK MOREY, Secretary, Unions NSW, affirmed and examined

Mr TOM EDWARDS, Research and Policy Officer, Unions NSW, affirmed and examined

Dr DUSTIN HALSE, Divisional Secretary, Research, Strategy and Projects, Health Services Union, sworn and examined

Ms DANIELLE HOOPER, Care Service Employee, Port Macquarie, Health Services Union, affirmed and examined

Ms GLENDA WALKER, Psychologist, Long Jetty, Health Services Union, sworn and examined

The CHAIR: I welcome our next witnesses. 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, websites and public communication materials. Please inform Committee staff if you object to having photos and videos taken. At the outset, could I ask that everyone confirm 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?

GLENDA WALKER: Yes.

DANIELLE HOOPER: Yes.

DUSTIN HALSE: Yes.

TOM EDWARDS: Yes.

MARK MOREY: Yes.

The CHAIR: Does anyone have any questions before we begin?

TOM EDWARDS: No.

The CHAIR: Would anyone like to make any brief or short opening remarks?

DUSTIN HALSE: HSU appreciates the opportunity to address this Committee. We thank the Chair, a strong friend of health workers and the Health Services Union, alongside other members of this Committee for investigating this critical issue. Our union represents nearly 53,000 health and community service workers across New South Wales. Aged-care workers, disability workers, hospital staff, paramedics, pathology workers, Aboriginal health workers and allied health professionals—every single one of them is essential. This inquiry asks who is an essential worker, but we ask why are we ranking workers at all? HSU's position is clear: every worker deserves safe, secure and affordable housing. That was once the deal. That was the social contract upheld in this country. You work hard and pay your taxes, you could afford a modest home. But that contract has been broken.

Housing has become a speculative playground, locking out young people, single people, those managing chronic ill health and those without inherited wealth. Our members tell us housing stress is pushing them to the brink. One in five health workers can't access suitable housing. Nearly half spend over 50 per cent of their income on housing costs. Some are sleeping in cars, in overcrowded homes or unsafe conditions. These aren't just statistics; they reflect a crisis threatening our healthcare system. When housing is unaffordable, health care falters. More than 60 per cent of those surveyed in our submission are questioning their future in health care due to cost-of-living pressures, namely the cost of housing.

One HSU member told us, "Every month is a struggle. The mental strain is unbearable. We are not asking for handouts. We're asking for a system that doesn't break us." Another young health worker shared with us, "Saving for a home loan is no longer an option for my generation. We've accepted that we will be renting for life, with no control over our future." We need urgent action—more homes, built where workers actually need them; sustained, not once-off, government investment in social and affordable housing; and an end to perverse tax incentives that fuel speculation while workers are locked out of the housing market.

HSU submission, alongside Unions NSW, puts forward a range of ideas. But let's be honest, Committee members, there's nothing new under the sun in housing policy—nothing at all. Most importantly, listen to the workers here today, Danielle and Glenda. Their stories are more powerful than anything I can say. Committee members, if essential workers can't afford a stable home, they won't stay, and that is a crisis that the State of New South Wales cannot afford.

MARK MOREY: Thank you to the Committee for the opportunity to give evidence today. In September 2024 Unions NSW conducted a survey of over 810 frontline workers in New South Wales and found 78 per cent were in housing stress. Through the survey, a firefighter told us their story:

I've had to spend most of the last thirty years commuting from the Central Coast to Sydney for work because Sydney was unaffordable. For 8 of those years I was commuting 120km each way (240km each day) leaving home and arriving home in the dark even in summer.

During the worst era of my extended commuting time, mid-week involved zero personal time. Wake up at 3:50am, commute to work, arrive home 8:30pm, go to bed and repeat. This led to stress and a lack of exercise that contributed to the cardiovascular disease which forced me to prematurely cease operational duties.

[With affordable housing] I would have had more time to exercise, study, and look after my physical and mental health. I could've been a better firefighter.

This is the state of the housing system, with essential workers unable to live near their workplace, and communities suffer as a result. Meanwhile in New South Wales, there are 80,000 homes listed on Airbnb as un-hosted short-term rentals and therefore unavailable to workers. To put that into perspective, the Housing Future Fund is anticipating or trying to build 30,000 homes over the next five years, yet there's 80,000 homes that are only used, on average, 71 times a year. Over 30 per cent of the Airbnb listings in Sydney are owned by investors with 10 or more properties. New South Wales has around 40 per cent of Airbnb listings in Australia. Yet, despite this, we lack the crackdown on actually managing these properties.

All workers are essential, but government can target programs to occupations, locations and types of housing most in need. To develop programs, the New South Wales Government should consider these criteria: frontline occupations which must be on site to perform their role; occupations for which residing in the community they serve is advantageous; a community's need for more workers from an occupation; the ability for essential workers to afford housing without housing stress; and the type of housing and services needed by essential workers in the community, including whether a pathway to ownership can be provided.

To help us determine which occupations are in shortages in different areas, the New South Wales Government should gather and publish detailed vacancy data on its essential services to support the provision of targeted, essential worker housing. We also believe that all workers are essential and, depending on the requirements and occupations, they need to be managed in areas specific to the needs. Other solutions in our proposal include a tax, as previously mentioned, on un-hosted, short-term rentals and limits to where they can be listed; large-scale "build to rent to buy" programs for essential workers in metropolitan Sydney; and an expansion of the key worker housing model in regional and rural areas.

The CHAIR: Thank you very much. I might start with a few questions. I might go to the short-term letting issue that you raised. Are you aware of New South Wales government agencies that actually use Airbnb to provide housing for workers in an emergency situation? The point is that I think we're perpetrating the problem a bit here because the Government itself is hiring out some of these short-term lets.

DUSTIN HALSE: We are not aware, at HSU, of that being used to house health workers. I'm not suggesting that hasn't been considered, but it's not something that's systemic or used in some coordinated way.

MARK MOREY: It hasn't come up in our surveys or in talking to people. I'm happy to take the question on notice and ask our affiliates if anyone has had any experience of that.

The CHAIR: That would be really useful. Going to the crux of the issue, what type of structured collaboration would unions like to see with the New South Wales Government to actually start to address the needs of essential worker housing?

MARK MOREY: One of the things that we're keen to see—and I think Pat Gooley was talking about this—is people being able to live in the areas in which they are undertaking their careers. We know, particularly in areas in metropolitan Sydney—certainly the Eastern Suburbs, the North Shore and the Northern Beaches areas—that people who are essential, like teachers, cleaners in our schools, cleaners in our hospitals, nursing staff and auxiliary staff, are just unable to live in the areas in which they want to work. We know that, as a result of that, there are shortages within the system. I'm sure that my colleagues at the HSU can point out specific examples of that.

I know I spoke to one person who was looking at trying to develop land near St Leonards, near Royal North Shore Hospital, and the amount of problems and difficulties with getting development applications through, maintaining the access to the land and all those sorts of things makes it very difficult to spend time investing in something with some certainty and provide housing. One of the things that we'd like to see are designated zones around hospitals, schools and police stations where the development process is expedited if you are providing housing for essential service workers.

DUSTIN HALSE: We share a similar concern. There are too many health workers across this State who are travelling a great distance to get to work. They're not domiciled within their communities. We would want health workers to be living in the community in which they are serving, as opposed to driving for multiple hours. We have examples of health workers driving 4½ hours a day, to and from, just to get to work. These aren't highly paid workers in the broad scheme of the economy, but there is no housing stock available for them that they can afford around those health facilities.

It's not just a Sydney-centric problem, though; there are real challenges in regional New South Wales. It's often borne because there's not the existing stock there. You cannot find a place to rent or find a place to secure to work in that particular community. We know that the government has, on a very small scale, some key worker housing programs and they've rolled out a range of accommodation options adjacent to health facilities across the State. That's a very good thing, and we support that, as the Health Services Union. But it's in its infancy, that program.

The CHAIR: And in a number of those cases, the HSU has really had to push NSW Health to deliver that.

DUSTIN HALSE: Very hard.

The CHAIR: Feel free to take any questions on notice, but I'd also like to hear from the other two HSU members about your experience and your housing needs or challenges.

DANIELLE HOOPER: I live in Port Macquarie, and I've been living there for about 14 years. Post-COVID there has been a real boom with people moving to the area. I realise they're allowed to. Trying to find a rental when you've been forced to move is really hard. I ended up homeless in 2023 because the landlord didn't want to renew our lease after 5½ years. I looked through over 70 houses. I applied for over 60. A lot of that time, there were 10 or more people looking with me. They had more than one showing, so I can't imagine the numbers they have. Because my family situation at the time didn't fit the nuclear family, I got overlooked. The house I lived in for 5½ years was old. That's not the problem. It was full of black mould. It had asbestos in the lino and the walls. The lino was breaking under our feet. We had a landlord that didn't do a thing unless he really had to. Being on the coast, it's very hard, with the health part of that.

GLENDIA WALKER: I live on the Central Coast, which seems to be the forgotten area, as far as we're concerned, a lot of the time. If I look back, I did buy my own home 13 years ago. It was doable on what I was earning. My daughter was working as an AIN, attempting to study as a registered nurse. We were able to actually set her up in a small two-bedroom townhouse at a mortgage that she could afford. When COVID hit and inflation hit, everything went up. What we found was that our pays didn't. We got to a situation where we could no longer afford to live separately. We looked at rentals, but the rentals were all around \$700 to \$800. You're with a queue of other people. She has young children, so the only option we had was to sell her home and have her move into my three-bedroom, one-bathroom home.

I've written out the story because it's very long and I know we won't have time to hear it all, but I'm quite happy for people to look at it. I've been working a second job throughout that time. Since I started with Health in 2002, I started a second job in 2007 to actually save the deposit in the first place. I'm still doing that second job because, out of my pay, when I take out the basics, on average I'm left with \$2.56 a fortnight. We can't pay things like the rates, the insurance and the repairs. We have to hope that nothing major happens because of that. That is putting five people in a three-bedroom house. Apart from working two jobs—about an average of 60 hours a week, of which 40 of that is with Health—I then go home to a house full of three children and my daughter, who at her age should be able to live independently. She has actually not been able to work either, because she's not able to access child care in the area that we're in.

When I talk to people at work, we're not unusual. The majority of people that I speak to are single and they have their families living with them. There's quite a few in Central Coast Health who have three generations living in their homes that were not built to sustain that. There's nothing. There's no downtime. There's no enjoyment. There's no money for any extras. Others are sharing houses with other married couples. When I've spoken to them, you've got two married couples sharing a house in the hope that they're going to save enough money to either go out and rent on their own or potentially buy.

Others are driving from Cessnock, Lake Macquarie and all of those areas just to get to work. Some of those people work at Gosford Hospital, so that's a phenomenal distance. It increases their risks too. We've had a worker who is now unable to work due to being in an accident with a truck on that drive down to work. She has been off for months now. It's just huge, the impact. As I say, the rural areas just don't seem to be getting any attention whatsoever. I'm not saying that it's not hard in Sydney; what I am saying is that it doesn't matter what job you've got in health, we're all actually suffering in the same way, and there's nothing out there to help us.

The CHAIR: Thank you very much, both of you, for sharing that.

Mrs SALLY QUINNELL: I want to acknowledge your stories, which are awful to hear. Thank you for what you do. Something that is coming to my head is that there are two distinct issues here, and you may have heard me question the previous witnesses with this. Is it that we have a lack of affordable housing in Sydney and its surrounds and a lack of housing stock in rural and regional areas? Is that what we're up against? If we're going to name the problem, are there two distinct problems there?

GLENDIA WALKER: We looked at selling and moving to Queensland, which was the intention. But then because my daughter has children, she has to stay in the area. We can't actually afford to pay what we would need to pay to get a house for us to live reasonably, bearing in mind there are three children and two adults. It's phenomenal. Then when you add on to that the average price we're looking at is about 1.5 to 1.8, there's not a bank that's going to loan me that sort of money and I don't have that sort of money. I don't know how much stamp duty is on top of that, but basically what we've been told is we couldn't afford it.

Mrs SALLY QUINNELL: So it's unaffordable across the board.

GLENDIA WALKER: Absolutely.

MARK MOREY: We also have constant stories with teachers or other practitioners who've got to do placements in regional or rural areas unable to access housing. We've had a story—I use this one quite a lot—of a teacher who was going to take up a promotion in Mudgee. She was unable to find any accommodation because the accommodation that was there—because it's a high tourist area, obviously—had short-term rentals and she was unable to access that. It is an issue in relation to the amount of stock available, but it's also an issue as to the availability of that stock as well.

Mrs SALLY QUINNELL: I want to turn to the HSU. One of your recommendations is establishing a New South Wales housing accountability board. I was wondering if you could expand on that a little bit for me.

DUSTIN HALSE: We thought that this is a novel idea that extends beyond some of the other recommendations that have been put to this Committee. What we see across jurisdictions in this country is the politicisation of the housing crisis and the housing dilemma. We think it's at the point where this is a bit of a national emergency for workers and for our political economy. Increasingly, if we don't address this issue, we're going to have lower standards of living into the future. We think that a housing accountability board—that's just what we've termed it—independent from government but set up and funded properly, would monitor and analyse in a systemic way every single year the gaps in the marketplace—what type of dwellings are we building; are they appropriate for the workers who need to be domiciled in those areas?—doing that in a way that's publicly transparent and accountable but to also bring the community along in that process, to involve them and to engage in public forums, to make sure that they've got a voice speaking into this big issue.

Because when you talk about these figures that get bandied about, for most people—for us sitting here—what does \$1 billion mean in social or affordable housing? It might be a very good program from the State Government but it can't quantify what that means to average people in their daily lives who are struggling with the challenges of trying to secure affordable housing. We think some type of independent mechanism that was given some force—it's a bold initiative because it takes away the capacity of a particular government to control the process, but it might be what's required. After 25, 30 years of piecemeal policy around housing, maybe it's time that we have some of these bigger ideas that help bring community stakeholders and people together to assess where we're at.

Ms LIZA BUTLER: Thank you both for sharing your personal stories. It's very humbling when we have people come into Parliament and do that. Mr Morey, you mentioned Airbnbs. And Dr Halse, you mentioned that housing has become a wealth creator, which is a worldwide phenomenon. Besides building more social and affordable housing, what other initiatives or legislation do you think would assist to address the housing crisis?

TOM EDWARDS: Our proposal in relation to Airbnb is that there should be a tax that's introduced and limits placed on the amount that an Airbnb can be listed. As Mark said before, there are about 80,000 Airbnbs in New South Wales. They're already built, they're ready to go, but they're locked up from essential workers. There's an international movement to regulate Airbnb. France has just increased their taxes on Airbnb. Spain has just made it so you need a permit to open an Airbnb. So there are things that the government can do to take action now to unlock some of those homes.

Ms LIZA BUTLER: In countries that have done it, are you aware of any statistics of how that has assisted in freeing up the housing market?

TOM EDWARDS: It's pretty new. We've got a lot of statistics around how historically Airbnb has impacted on house prices and rent growth and housing stock, but the action that's being taken by governments is

just starting to happen, and it's exciting. In New South Wales we've got one of the worst housing crises in the world, so now is an opportunity for us to take some action and bring tens of thousands of new homes back onto the market.

Ms LIZA BUTLER: Do you know if in other countries the taxes or the registration fees on Airbnb are put back into social housing? Is that something that you would recommend?

TOM EDWARDS: That's what they're doing in Victoria. Victoria, as of January this year, has just introduced a 7.5 per cent excise on Airbnb, and that's going into social and affordable housing. I would say that 7.5 per cent isn't enough to bring houses back onto the market. I think you've got to take more serious action than that. But that revenue is good for building more social and affordable homes.

Mr STEPHEN BALI: Thank you also for your personal stories. It brings it into context. We heard some out yesterday in Blacktown as well. Everyone talks about, and quite rightly—as you guys talk about in your presentations, which were well presented and well researched—the challenge. But, in the end, we're trying to come up with real solutions in the short term. There are a lot of clichéd arguments out there. Because, in the end, every house has someone living in there. You get the market people saying, "Well, there is affordable housing. If you drive up and down the Eastern Suburbs and the North Shore, there are people living in there."

The challenge we have is that affordable housing means it's got to be below the price of the houses around there. How do you do that as far as practical solutions? One that Unions NSW mentions in here is industry super funds coming to the fore. But, at the same time—and unless I've misheard in these presentations—industry super funds are reluctant due to some type of investment constraints and how they're identified, where they can invest and the returns they need to do, and if they don't do the appropriate return they lose their status. I think it's more predominant in the eastern seaboard and the North Shore.

When you look at childcare workers, HSU members and support staff earning less money, how do they work within a half an hour? Apart from having boards and looking at the problem, and we all know what the problem is, what are some more real, practical solutions that we can do to facilitate? You've got the TODs and everything else. We're putting out more land, and it's up to developers and people to invest. If people don't build—and that's what we've seen over the past couple of years, a drop in the number of houses coming onto the market. As Sally was talking about, there's a shortage of houses available. How do we get more money and not just simply ask the government to throw in another billion dollars? We don't have the money.

MARK MOREY: The way in which we plan in and around new developments around, as I said, essential service housing is important. Obviously, for many developers, if you incentivise providing affordable housing within their developments—

Mr STEPHEN BALI: But how do you do that?

MARK MOREY: That's about looking at the way in which you look at the tax base, how they get money back on stamp duties, longevity. In terms of super funds, I would argue that in the best interest of their members, particularly the industry funds, they should be looking at the way in which they invest in housing. They have large portfolios. Looking specifically just at housing investment in isolation, they may not meet their requirement returns. But certainly if you look at it as part of an overall profile of investment, that becomes very small in those areas.

The other thing that we would say, and we touched on in our submission, is there's a lot of talk about build-to-rent, but we think it needs to go to the next step about build-to-rent-to-buy, because if you're creating stock where people are perpetually just renting, they're never going to enter the market, and so they just stay in that housing. What you've got to look at is how do people actually get equity in where they're actually paying their rent so that they can afford to actually get into a rental property or buy into the market and move out of that affordable housing so it turns over. I think one of the things we don't think about is how do we ensure that stock provides people with an opportunity, and once they have that opportunity, how do we move them on to let another group of people come through? I think that's one of the things that needs to be thought through and tackled; otherwise, you're just providing social housing for people.

I think the other thing that we've lost track of is public housing. When it was first created in the '40s and '50s, it was about ensuring that workers were near the places in which they work. It was actually housing built for working families who went into those properties, lived in those properties and, in many cases, had an opportunity to buy those properties over the period of time in which they lived in them. I think there needs to be a way in which we incentivise developers—smarter people than me. But if they're making huge profits, it's like the old section 94, I think, where you actually put an impost on them. If they're going to build these sorts of large complexes, they have to put aside a certain amount for social housing that is then, I would argue, looked after by a department or someone who actually manages that on their behalf. I think we've got to sort of think outside the

box. It's just not that there's housing there and the private developers got it, and then we tick the box and move on; it's how that housing is actually regulated.

The other thing I would suggest is the government actually knowing how much housing it actually has. There are a number of departments with a number of different housing stocks. I don't think the government is clear on where all those stocks are and how all that stock is being used, and I know the government is trying to do that at the moment. But certainly understanding where those assets are and how those assets can be better used and doing that in partnership with private enterprise is a way of looking at doing that. They were the sorts of things that we were thinking about that would actually help do that without the government having to put out more money, Mr Bali.

Mr STEPHEN BALI: To further explore that—and they're all great, but at the same time, I'm not sold on the stamp duty idea, mainly because the moment you reduce stamp duty that allows a person more money in their back pocket and that'll just increase the price of housing. It goes from the government to the vendor. I don't see the economic support for that. But coming back to the super again and the housing investment, we've got HOPE Housing with the Police Bank. They need \$300 million to get this scheme up and running. You sit on super boards or you're involved with super.

MARK MOREY: Previously, yes.

Mr STEPHEN BALI: Has this come up in the higher level to go, "Well, it seems according to HOPE,"—and it would be nice for a super fund to actually look at it—"if you can suggest us, we can work together." I'd love to have a case study to see, "Does this financially stack up?" Instead of asking the government to throw \$300 million in—everyone says, "Oh, you'll make money out of it." But if it stacks up on its own and you're saying that super funds, especially industry funds, are willing to look at it, maybe the government should just underwrite it so if there's any loss, we'll take the brunt of it. But if there's a super fund prepared to throw money in, would a super fund consider that?

MARK MOREY: I know Aware Super has invested in affordable housing stock. I think it has two lots. I can't remember exactly where they are, but I know that it has done that. It might be worth speaking to Aware Super because it has gone through that process and has actually done it.

TOM EDWARDS: AustralianSuper as well has invested in Assemble Housing, which is building build-to-rent-to-buy, and it has done that specifically because it wants to see that pathway to ownership. We have a few suggestions as well: opening up government land to leasing of the land; loan facilities for developers and superannuation companies to help that process occur. The super companies have also published their blueprint as well since we made our submission, and they've said, "We want to come to the table. We've got trillions of dollars that we could invest in that," and 0.5 per cent of that could build 100,000 homes. They've proposed a few things.

Mr STEPHEN BALI: Who proposed that?

TOM EDWARDS: It's IFM Investors. They've put out a blueprint. I can't say we support every one of their recommendations. I haven't been through that process, but a couple of their recommendations do match up with ours, I think, in particular in relation to the finance and the use of renting out government land.

DUSTIN HALSE: Can I just follow on from that? We support Unions NSW and the majority of those recommendations. The build-to-rent-to-buy process is one that our members are directly telling us about. If you think you're stuck in the rental market forever, you're never going to get that foothold in to own your own home. It's a very sensible idea—planning, inclusionary zoning. Largely, in Australia, we've incentivised the wrong cohort, and I think that has been heard by others. We're giving handouts to people to get into the rental market—a freebie here and there, stamp duty concessions, these types of things. Some of those things might work for a bit, but they don't structurally change what is required. We need to incentivise the builders to actually build appropriate medium-density homes right across not only Sydney but regional cities and small towns, and that requires, again, addressing that tax base. These are hard questions to answer with political ramifications, but that's just the reality.

I will note that there's a lot of discussion about industry super funds at the moment, and they have a part to play in this housing dilemma that we are facing. IFM and the chief economist there, Alex Joiner, put out, as I mentioned, a very good paper. I suspect that if you're talking to chief equity strategists at big industry super funds every single day, this housing crisis is not at the top of their agenda. I've not in my discussions with these types of people—super smart, needing returns for workers. The industry super fund is a good platform for retirement savings for Australian workers, but I think we're a little bit sceptical of this increased public discourse that industry super funds are going to somehow come in and save the housing crisis. They're playing a part. We would support that—good programs—but the notion that they're going to fix this is not borne out in any historical data.

I would reflect that between 1947 and 1961, one in four houses in this country was built as a direct result of government intervention. Governments have done this before. They've created the circumstances, the political and the economic environments; they've governed those to ensure that we have enough housing stock in this country. That was the postwar period and a different political zeitgeist during that period. That was the thing that worked then. Most housing experts and economists will say, "We need more houses: appropriate, affordable, the right places, government supporting through co-ownership schemes"—all of those things.

Mr STEPHEN BALI: Can I just—

The CHAIR: Unfortunately we are already over time, so I'm going to go to the Member for Manly.

Mr JAMES GRIFFIN: Thanks. Luckily most of my questions have been answered in that really useful discussion.

Mr STEPHEN BALI: Oh, good. I'll save you time there.

Mr JAMES GRIFFIN: Thank you for your personal stories. They're incredibly powerful. And I think it's unfortunate that we're in a situation where a landlord or a real estate agent wasn't incentivised to see the value in putting you in those homes because of the benefit that you bring to the community as part of its social fabric, let alone the work that you do. And hopefully we can turn that on its head. My question very quickly is about point 81 on page 17 of the Unions NSW submission. I think, as you've just been discussing, many of those recommendations around incentivising developers in industry super to do the build-to-rent-to-buy—to me, that seems low-hanging fruit. Get on with it. Get going. Beyond this inquiry, has there been any coordination or discussion about those with other parts of government, Housing NSW, for others that we can lean into and say, "Things have already been discussed"? Or is this generally the starting point?

DUSTIN HALSE: As I've said in point 82, a lot of those have been also proposed by the McKell Institute. I'd say we're experts on the workers and bringing the workers' stories. They're probably experts in these sorts of models. So I'd definitely ask them about some of these things. I wish I could say that the ball has gotten rolling, in terms of coordinating, setting up industry super with developers and getting that coordination going. I think it's happening on some levels. But in order to get it going, this is what we propose, these measures here.

Mrs SALLY QUINNELL: I did remember my last question, and it is about the workers. So, interestingly, I'm coming back to that. My question was—we're becoming aware of some things that we don't have data on? And I was a maths teacher. Data is key. Do we have data? We know that a certain number of people live here and work here and commute there. Do we have any data on the constraints that has on promotion prospects or how happy people are to be commuting that far? I know that you guys have been getting data on how happy people are with their situation and their housing stress. But, outside of the unions, has anyone been formally collecting data on what that is?

DUSTIN HALSE: We're not aware, at HSU, of any systematic data that's captured in any sort of formalised way about the desires of health workers. I know that—

Mrs SALLY QUINNELL: And commuter times and things like that. Thank you very much.

MARK MOREY: Again, it's examples of it, not actually anyone collecting data. Bus drivers in Willoughby Depot or council workers in those sorts of areas are driving two or three hours each way, and then they just drop out and stop doing it and find another job because the cost of petrol is so much. We've got anecdotal stories about that.

TOM EDWARDS: We've got our survey data on that sort of thing. What you find, though, is, yes, you've got a lot of workers who are travelling very long distances to get to work but you've also got a lot of workers who then actually make the sacrifice, pay really unaffordable rent, to live close to work. So I think that skews the data a little bit. But you've got those two groups. You've got those groups who live up on the Central Coast and do massive commute times. And you've got, potentially, the majority, who live in Sydney, but pay ridiculous rent and can't afford the other things that they need in life.

Mrs SALLY QUINNELL: And, just for the record, a large cohort that I hear from, that would happily move out of home but cannot—

TOM EDWARDS: Exactly. You've got that.

Mrs SALLY QUINNELL: —which is your story, where we've got families, three or four generations living in the one property, that don't want to.

GLENDA WALKER: Absolutely. And it would be interesting to actually maybe just double-check why so many people are leaving, because the one thing that I see on the Central Coast is that we had quite a stable

workforce when I started, and now people are resigning on a repeated basis. And generally, when I'm involved with those people, they are commuting. So they find a job closer to where they are.

MARK MOREY: Just on the last point of that, RPA's a bit of an example where, if you're single and you've finished your degree or you're training, you'll live in a share house but, as soon as you have a partner or you want to settle down, it actually becomes unaffordable. And my understanding is RPA has a churn. Once you get over a certain age and make a life choice, that area then becomes unaffordable. So while you might have a lot of workers there, you're losing a lot of experienced workers simply because they just can't afford to live in those locations.

TOM EDWARDS: And that's another reason why the pathway to ownership is so important, because your older, more experienced workers are going to prefer ownership. So if you don't have that, you'll see a drain of the most experienced workers from that area and that workplace.

The CHAIR: Thank you for your very detailed submissions and the number of recommendations that you make and the information provided. One final question: are you aware of any government agency planning process or government strategy which is directly focused on providing an increase in housing for essential workers?

TOM EDWARDS: A specific housing strategy that exists currently for housing for essential workers through the Government?

The CHAIR: Yes.

TOM EDWARDS: No. As I think you mentioned on the radio this morning, there isn't a key worker housing aspect to the current social and affordable housing consideration that the government has.

DUSTIN HALSE: I would say—I think I referenced before—perhaps not on a strategic level, I know that the State Labor Government is investing in those closely domiciled housing units, not a large quantity, but there is an allocation in last year's budget and one flagged, I think, in this year's budget to do that. We're talking figures of \$45 million to \$100 million. The houses are there, or the construction is there, two or three dwellings that effectively help health workers in short-term arrangements. But, from a strategic, systematic level, no.

TOM EDWARDS: I suppose the key worker housing in the regions that we think is a really great model but should be expanded—you've got more land. You don't have the issue so much with land in the regions. So you've got more space to build this key worker housing, and you can expand that to build more houses for other occupations as well.

MARK MOREY: Except you can't get the essential workers in those areas to build the houses.

Mrs SALLY QUINNELL: I was going to say. Have we got the builders to build them?

The CHAIR: Hence the need for, actually, a holistic focus and strategy. Thank you for appearing before the Committee today and listening to my radio interview this morning. I had lots to say. You'll 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 today and any supplementary questions from the Committee. We kindly ask that you return these answers within 14 days of receiving those questions.

(The witnesses withdrew.)

Mr JOHN ENGELER, Chief Executive Officer, Shelter NSW, sworn and examined

Mr LEO PATTERSON ROSS, Chief Executive Officer, Tenants' Union of NSW, affirmed and examined

The CHAIR: We now 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 Committee staff if you object to any photos or videos being taken. Can 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?

LEO PATTERSON ROSS: Yes.

JOHN ENGELER: Yes, I can confirm.

The CHAIR: Do you have any questions before we begin? No? Great. Would either of you like to make any opening remarks?

LEO PATTERSON ROSS: I think we both do.

JOHN ENGELER: We both do.

The CHAIR: If you could just keep it brief, that would be really appreciated.

JOHN ENGELER: A couple of minutes—is that okay?

The CHAIR: A couple of minutes.

JOHN ENGELER: Thank you very much. Shelter NSW thanks the Committee for its invitation to attend and give evidence today. Students of Australian history—and we've heard a little bit of this a moment ago—will note that the original essential worker housing in Australia was public housing. It accommodated returned service personnel, workers and their families en masse pretty much from the '40s after the war. After recent decades of declining rates of public housing construction, however, we now have historically low stocks of social housing. That is now public and community housing, with access essentially rationed. It's only those who are on the very lowest of incomes or in the most vulnerable of circumstances who are offered new social housing tenancies. That's why we strongly advocate for the social housing safety net to be restored to at least 5 per cent of all stock. In the longer term, we're calling for it to grow, indeed, closer to 10 per cent.

Stock at this higher rate level would enable the New South Wales Government to widen its eligibility criteria for social housing, with the opportunity for many more low-income workers to once again qualify for workers housing. In the meantime, we do acknowledge the lack of and the need for regulated, affordable rental housing available to low- and medium-income households. The lack of reasonably priced rental accommodation close to workplaces is impacting on workforce attraction, participation, mobility and retention in New South Wales. A substantial growth of affordable rental housing would provide a genuine option to households that are often overlooked: financially stressed renters who are already in the insecure private residential rental market who otherwise don't qualify currently for social housing. There is currently very limited stock of regulated affordable rental housing across Greater Sydney in any case and certainly when we relate to certain key employment areas.

In some respects, the question about employment-based eligibility definitions for such a scarce resource is a little bit academic. However, with the New South Wales Government's ambition for the Transport Oriented Development Program and other programs to deliver many more thousands of affordable rental homes, now is the time to be asking these questions and getting the policy settings in place. We note general community confusion sometimes still exists about the umbrella term of affordable housing, sometimes used interchangeably with essential worker or key worker housing and other forms of discounted or subsidised rental housing. To assist the Committee, our submission has referred to the foundational legislation and definitions but notes that there are a number of other policy and regulatory tools that have added to some of this complexity and confusion.

The good news is that the New South Wales Government has jurisdiction over resolving all of these policy and regulatory considerations. The most important of these is that income-based eligibility and rent-setting practices for affordable housing are currently set out in the NSW Affordable Housing Ministerial Guidelines and in planning legislation. While we're advocating for a tightening up of the definitions, we're not necessarily convinced of the wholesale need or even necessarily the merits of increasing cumbersome affordable housing supply linked overtly to job type.

The only obvious exception to this would be—and we've heard about this earlier—where there are employer-driven housing programs, whether they be public or private, linked to specific public service delivery,

such as large infrastructure projects, whether it be health, police or teachers' housing or housing created to support workers, for example, on a big motorway construction project. My last comment is an observation that the explosion of the short-term rental market has, in some ways, impeded our ability to address rental housing generally. It tends to have seen thousands of rental properties leave the traditional rental market, forcing more and more workers to move further and further away from their own towns and places of employment. Our submission notes our long-term advocacy on this particular issue. Thank you.

LEO PATTERSON ROSS: The Tenants' Union is also very pleased to be here and to attend the meeting. Thank you for the invitation. We are the peak body representing renters in New South Wales. Our network of 10 advocates sees the impact of the housing crisis every day. We believe this inquiry is both timely and relevant as renters are struggling with affordability, with security in their homes and with liveability. It is in all of our interests to ensure that essential workers, as with all people, have access to homes that enable them to engage fully with their communities, their families and their work, particularly where that underpins the wellbeing and functioning of our society.

We believe it's important to use a broad definition of "essential worker" here, encompassing roles necessary for society to function in both normal times and in crisis. This includes everyone who ensures public welfare, safety and access to basic needs. We wanted to draw attention in our submission to two different drivers for addressing housing needs for essential workers. One is the deployment of workers to support particular operations, such as the workforce needed to operate a newly built or expanded hospital. However, the current and continuing housing crisis means that many workers are finding they are having to live far from their workplaces or not take up work opportunities because the barriers to appropriate housing are too great.

To address this, we need significant improvement to the housing system generally. We require system-wide reforms, not just targeted interventions for particular essential services. That approach can lead to endless and inefficient reiteration and redesigning programs to avoid dealing with the actual problem. In our submission, we note there are many solutions to the housing crisis—this isn't a silver bullet kind of problem—but we drew attention to five. One is a massive expansion of social housing, and of public and community housing in particular. Our target that we recommend to governments is 10 per cent of all housing by 2036.

Stronger regulation on short-term rental accommodation; rental reforms, particularly to address the rapid rent pricing and stability of our rental market; expansion of community land trusts and the cooperative housing sector; and improved data collection and transparency around particularly the rental sector—these measures will help create a housing system that better supports essential workers and our broader communities. Our approach is based on the understanding that delivering housing for essential workers needs to be part of a comprehensive approach to addressing the broader housing crisis. We believe that these measures will ensure that all essential workers have access to genuinely affordable and suitable homes. Thank you.

The CHAIR: Thank you both. We will now go to questions. As you know, feel free to take anything on notice and provide the Committee with information at a later stage. I'll start with the member for South Coast.

Ms LIZA BUTLER: This is a question for both of you. What reforms would improve the housing security of essential workers who are long-term renters, especially as they age?

LEO PATTERSON ROSS: We have seen this Parliament pass a no-grounds eviction reform. That's certainly a key starting point. It is incredibly difficult to have a functioning rental system where you can be kicked out for no reason with some weeks notice. But that is the starting point, really. When we start talking about people who are long-term renting then we need to make sure that that is working through a variety of life stages. It's not just about making sure that renting works for share housing or for younger people but for families and for people as they age. A lot of that support is not necessarily in the contract between landlords and tenants, although I'll come back to that.

But I wanted to make the point that this might also be about income support, in particular, and particularly as you move into retirement. In the same way that we don't require people to employ a doctor on staff as they move into retirement—we subsidise and make sure that they can bulk-bill and access the services they need—housing needs may need to be subsidised, and perhaps in full, for people who are renting their home. But that is going to be a net benefit to the society and to government because stable, secure housing is almost always a much better spend than increased health care, increased social welfare or other government spending.

JOHN ENGELER: I would add that one thing that's most needed from the policy setting is actually the delivery of more affordable rental housing. About 1 per cent of the entire population of the country currently lives in government housing of some type either owned or operated in New South Wales. That's not 1 per cent of New South Wales; it's 1 per cent of the entire population. Homes NSW has 140,000-odd properties, 2.2 persons

per property. Some 1 per cent of the population—270,000-odd people—already live in some type of subsidised government housing in New South Wales.

People are often surprised at how little of that is what we might call capital-A affordable rental housing programmatically, where it's a discount-to-market historic model. It's for very low, not an exceptionally low, statutory income. It's people on low incomes. There's not that much of it. I just like to sort of call that sometimes. It's about 5,000 units, and that's a generous read. So the first answer would be that we just need more of it, whether that's through councils directly—affordable housing contribution schemes tend to deliver it—the TODs we've talked about, some church groups. There's a whole raft of people who want to deliver more of it. I think that's probably the most important thing to start with. And it's in addition to social housing that's always going to be needed. When we talk about getting to 10 per cent, there's a way you can get to that 10 per cent quicker. If we include 5 per cent of social housing and these other types of, however they are, subsidised housing, affordable housing just needs to grow in its number.

I think one of the great success stories of New South Wales in the last 25, 30 years has been the growth of the community housing sector. It's geared, it's ready, it can do it. It just needs more of the product. There isn't as much of it as people might think. Some of it that's around isn't even going to be available beyond 10, 15, 20 years—it's not always in perpetuity—and sometimes it's not that affordable. There's a bit of a trick there. It's often a brand-new product that's delivered. Even with a slight discount to market, it's still an already slightly boutique product. I would say we just need more. The stock of affordable housing is probably the most important.

The other two I would touch on is just that councils can actually contribute a lot to this space than is currently required. There's a bit of a patch, if we look at how councils are delivering. The City of Sydney is doing very well, Inner West is growing and other councils are doing quite well. Finally, just as something I'm happy to come back to if we've got time, we're increasingly of the view—it's been touched on a few times already—that retirement's not a safe place for renters. It really isn't. We're talking about essential workers now. It's hard enough to get the security that you need—and security is the gold standard, not just affordability. It's all the As: affordable, accessible, adaptable, and you must have agency over it.

Once you stop working as an essential worker, and we know this particularly for older women, if you've not secured a mortgage by the time you're in your late fifties and you've got modest super, you're not necessarily going to be eligible for social housing and you really are facing a type of housing precarity until you get to very high-need aged care. We subsidise that from the Commonwealth, but there's a big gap in between retirement living. In terms of what could happen in a policy setting, New South Wales needs to lean in. It has legislative requirements or jurisdiction over retirement. We could do a lot more to make not just land or dwellings or properties available but aim it at, really, people in the very low and low incomes. There's a big gap in the market there.

Ms LIZA BUTLER: In relation to the community housing providers that you brought up, most of the community housing providers are in regional areas. A lot of that housing stock that they have was handed to them—very old housing stock, fibro '50s, '60s, '70s stock—with no maintenance budget. They're now kind of at the end of their life. How do you see that the government can assist regional areas and community housing providers with that aged stock?

JOHN ENGELER: The most direct thing I'd say is, obviously, talk to their peak body, the Community Housing Industry Association. They'd have a particular view. But you're absolutely right. I think recognising that whole-of-life stock and that the subsidy that's provided—we know, for example, that the community housing providers are strongly wedded to Commonwealth rental assistance, which is a bit of an odd product, you might think; it nevertheless flows to them. Rightly or wrongly, materially that operational benefit, which is about \$60 per property per week, we understand, does make a difference between whether they can do the maintenance ongoing. I think that's probably the thing I would say: talk to the community housing sector about what's needed, apart from the discounted rents, to actually make sure that the stock is kept fresh and new, and that there's a 40-year, whole-of-life approach to it, if that helps.

LEO PATTERSON ROSS: One of the problems that those community housing providers face, particularly in those transfer areas, is that they were required to be tier 1 providers, which means that they have to take on development activity. What that business model means is that they are taking the rent from the poorest people and having to pay off loans, particularly in order to maintain that development activity. That means that money is being taken out of the repair budget to pay off loans. That's not sustainable. We have been encouraging governments, both at the federal and state level, to separate out the operating costs of maintaining a property and the capital costs of finding new properties and expanding the stock. The combination of the two is actually quite harmful to the sustainability of the operation.

Mr STEPHEN BALI: John, in your initial presentation at the beginning you were talking about—I didn't pick up on the amount, if you did say the amount. You were talking about the government investing a certain amount into building stock. I think those were your opening comments?

JOHN ENGELER: I hope so! If it wasn't, it should be.

Mr STEPHEN BALI: It sounded good when you went through it. It was only a small dot point there. I was trying to work out—in the end, we need to put more onto the market. The question is how do you put more onto the market and put it in an affordable context. There's a whole economic piece. We can have glib statements about "make things more affordable", but how do you make it? The easiest one-liner is, "Let's get the government to put its hand in its pocket." We've got \$187 billion in debt and lots of pay rises and everything else to do. How do you manage the entire budget? I just wanted to explore a solution of how we put more money into the system to build essential worker housing, affordable housing or whatever you want to call it—not social housing. That's a different bucket.

JOHN ENGELER: Sure. At the end of the day, like the need for social housing, the market falls short. Politely, we say the market falls short—it fails spectacularly. COVID has taught us that when it fails, it really fails, during an emergency. The whole *raison d'être* for being here is that essential workers once were sort of almost quarantined from that. We just always thought about housing market failure as only ever being about social housing, but COVID taught us that cleaners, checkout operators and carers who kept us all fed, safe and watered during COVID were also vulnerable to housing insecurity. If we want a just, civil and working, functioning society in terms of productivity and infrastructure, all levels of government have always subsidised to make sure to shore up the market where it falls short.

When we say housing should be provided by government, in New South Wales we have land. We don't necessarily have the capital. The Commonwealth might have more capital money; the GST discussion you can have another time. But we do have land in New South Wales. The New South Wales Government has done the land audits looking to where it can do land. If you're looking for the jar that you want to fill in the housing conundrum, we can look at low-cost construction, we can look at reduced rates, we can look at other things, but they really aren't the big rocks that you need to put in to fill the jar. Land is the big stumper. Once the land costs, particularly in regional areas, are otherwise satisfied—sometimes the rents, particularly increasing in rural areas, whether they're full or discounted, do make the project wash its face a bit more. So I would say land, if the New South Wales Government can make the land available.

Finally on that, we do see great—you would have heard this—layering that can happen when the New South Wales Government might provide the land, the Commonwealth might provide the ongoing subsidy, and the local council can even lean in and have a reduction in rates. In the case of New South Wales, we've got 33 metro councils that make up Resilient Sydney. Most of them have some car parks, which we wouldn't necessarily advocate they sell, but they can certainly lease long term—they're ongoing car parks—to a community housing provider who will run it well. The Commonwealth might add some capital towards that.

There are ways in which governments at all levels can do more to magically—sometimes we think it's not a sprint, it's a marathon. It's a triathlon: all three levels of government have to do something. But things can happen and actually make it not as high a financial hurdle to have to satisfy. When the land is already provided—its leased at a discount rate that council owns; the state might provide some subsidies in terms of the capital cost; and the Commonwealth, through its tax provisions—GST, CRA, other ways—can also make the product stack up; or council, through reduced rates. There are ways in which we can make these things automatically have a 25 or 30 per cent reduction, just because of the way in which the deals are put together.

Mr JAMES GRIFFIN: Thanks a lot for your contributions. Given your travels and your deep knowledge, from what we've heard over the last little while, there's a lot of assumptions about who is talking to who, whether it be industry super talking to other entities in government of different levels—and the triathlon you mentioned. There was a symposium last year, and a lot of work and effort is being put into raising this issue, but where is the weakest link in terms of maybe the left hand not knowing what the right is doing? Or is it just across the across the spectrum?

JOHN ENGELER: Housing that fails or falls short in terms of the market, needs either a subsidy, or a deep subsidy, in the case of social housing. One thing worth noting for all of us, particularly here in New South Wales, when we're talking about density, we're increasingly seeing—for example—strata fees. Strata exists and it is becoming a more and more expensive product. We've now got a cohort of people who might come to us and say, "I own my property, but I'm on the pension. I'm paying 30 per cent of my low income on strata fees. Am I in housing stress?" Well, yes you are. So it's not rent or mortgage; it's strata fees.

So I would say there are lots of things that need to be considered. But, at the end of the day, subsidised housing needs a subsidy in order to make it fair and equitable, because of incomes. We're really talking about incomes being discordant with housing costs. I would just mention that strata fees is an example of a new emerging world that might add to that for people on low pensions. People on pensions or lower incomes, even if they own the property, they've still got to come up the strata fees, and that's outside of any special levies or anything that can be quite—

Mr STEPHEN BALI: What do you see as strata fees? Generally they're about 200 a quarter, aren't they?

JOHN ENGELER: No. A very low number of strata fees would fall into that low category. They're increasingly growing.

Mr STEPHEN BALI: Is it 800 a year?

Ms LIZA BUTLER: No, 1,300 or 1,400 a quarter is normal—at least.

Mr STEPHEN BALI: Can we explore that for a second. Let's say, \$2,000 a year.

Ms LIZA BUTLER: A quarter.

Mr STEPHEN BALI: So the strata fees are set by the strata committee, which has the owners—I don't know if tenants can also sit on there. I don't think the tenants can be a proxy. That's the cost of operating the building.

Ms LIZA BUTLER: Sometimes there's a sinking levy in case a roof needs to be done.

Mr JAMES GRIFFIN: Insurance.

Mr STEPHEN BALI: You can't have \$500 a year strata levy and then five years later it's \$20,000 because you've got to do the roof.

Ms LIZA BUTLER: Sometimes that happens.

The CHAIR: In the interest of time—strata reform is a whole other area and I'm happy to talk about it—we will go back to the member for Manly.

Mr JAMES GRIFFIN: This was a new term to me, the community housing trusts. Could you give me a 101 on that?

LEO PATTERSON ROSS: Community land trusts?

Mr JAMES GRIFFIN: Yes.

LEO PATTERSON ROSS: Community land trusts are essentially—you can sort of think of it similarly to a strata scheme, in some ways. It's communally owned land. Usually the model puts some restrictions on what you can do with it. You might have an area and then you might be renting property on the land. You might have some form of ownership, but with the community land trust underneath it. There are restrictions on what you can do with buying, selling and trading it. You might buy it, but you may have a restriction of, say, a 2 per cent increase in the price year on year. So when you go to sell it, it's already limited. Renting usually is similarly set at an affordable level.

It's a much bigger model in Canada—there are whole suburbs that are run as a community land trust model—and in the US. It gives you a lot of flexibility because you're not doing it building by building, and the management of the land trusts can make decisions that it needs to about how to develop and how to change things. But it still maintains that ownership. In the context of essential worker housing, because you have groups of people who have a shared interest, some shared sense of belonging in a place, then it can be a nice fit.

Can I just go back to your previous question about where the problem is. Fundamentally, in Australia generally, we have had the wrong conception of housing and government's role in it, and that's where the problem has arisen. We recognise all sorts of things as essential needs that people have to have, and it's government's role to make sure it gets there. It doesn't necessarily always mean deliver it themselves, but it's facilitating the delivery. We make sure people have water, electricity, education and health care. We haven't taken that same role with housing. Largely, government has been absent from decision-making about where housing will develop, how it will develop and what are the needs of the community. There's an assumption that markets will, over time, at least, find the right level. But I think the historic evidence is that's not happening, and it's unlikely to get there, certainly in the time that we need for making sure that an essential worker has a solid career.

At a more micro level, we have at least three government departments running housing. We have Planning, we have Homes NSW and we have bits in Customer Service, Fair Trading. We have sections all over the place.

What we don't have is somebody who's actually looking at the whole system and saying are we delivering what's needed for the community and their housing needs, and then addressing what's not working. That lack of focus has been one of the issues, but it's really come from that behind the scenes. We just have been absent from serious thought about how the system generally works.

Mrs SALLY QUINNELL: In follow up to that, one of the things that we've discovered during this inquiry is the unknowing number of properties that we're talking about. Would you foresee that an organisation like that, their first job would be to say, "Let's do an audit of what we have, what's available and what's needed?"

LEO PATTERSON ROSS: Yes. To a large degree, I would say we already really have that agency. They're just not given the power. It doesn't make sense to have an organisation called Homes NSW that does not have the oversight of homes generally. We've drawn this very kind of narrow ring fence around it and said don't look at the private rental market, don't look at all of these other areas. But, yes. In terms of the data, I think we don't have a good idea, in this context, of where workers are actually living and what they are missing. One of the trends that's come up in affordable housing or affordability studies is that we tend to measure areas after the people who can't afford to live there have already been displaced. We're measuring somewhere like Mosman and saying, "Mosman is quite affordable because all the people who live there can afford Mosman." But the people who wanted to live in Mosman have been kicked out.

Mrs SALLY QUINNELL: That goes to Mr Bali's point earlier about every house has someone in it, so we think that it's affordable. Going to the idea of defining an essential worker, one of the witnesses we heard from yesterday used the term—which I find quite attractive—of "missing middle", where we have people who are unable to access social housing because they do not fall into those parameters.

The CHAIR: Or affordable housing.

Mrs SALLY QUINNELL: Yes, or affordable housing, but any sort of government housing. But they also do not earn enough to participate in the private market, and therefore there's this missing middle.

Ms LIZA BUTLER: This chasm.

Mrs SALLY QUINNELL: This chasm, yes. I know that both of you have sort of said, "Look, we're interested in a definition but not." Is that the sort of definition you think would work, where we're not here but we're not here so we'd be here?

JOHN ENGELER: Yes. In some ways it helps, but it's a small-p policy setting. In other words, at the end of the day, no-one who's working, irrespective of whether they were heroically working in a hospital or cleaning the hospital, should pay more than 30 per cent of their low or very low income. That's the starting point. How we're here is that the need has crept up so much to that category now of low and very low people paying more than 30 per cent that we're saying, "How could we ration it? How could we get it to the people who need it?" We would argue, possibly collectively, that at the end of the day that ends up creating perverse or unintended consequences because then you're saying, "If you're a carer in the aged-care system but the cleaner doesn't get it". It just gets a bit confusing.

To your point—which is really good, I believe—the missing middle has three elements. It's the spatial one. It is those suburbs that are the middle. They have lower occupancy rates for certain properties than otherwise. In Sydney in that case it is that crescent shape. But also demographically there's a missing middle. Less and less so, but if you're 70 or 80 now we have one of the highest home ownership rates in the world still. That's slowly changing. But we need to figure out the missing middle demographically. It is people who are 25 to 30, 40 and up to that critical age of not having secured a mortgage. So you should choose in your late 50s. But even in terms of typology, we have a missing middle. If you've got a lovely house with a name on it close to the city with fretwork and its own single detached cottage, that's fantastic, or we're increasingly saying to people it's 20, 30, 40 or 50 storeys way on the fringe, you have to travel a great distance and you are absolutely lucky if it's got anything other than two bedrooms. So we would argue there are three missing middles.

Mrs SALLY QUINNELL: This is completely hypothetical. If we find the silver bullet to be able to fix this next week—budget week, we're going to fix affordable housing in New South Wales—do our community housing providers have capacity for that level of management suddenly? If we were to change the Airbnb or the short-term rental situation and suddenly we had 80,000 homes on the market, do our community providers have capacity to manage that or would we need to keep that in mind as well, that length of time that it would take to develop them?

JOHN ENGELER: I would say generally it's not new; it's more of the same. Unlike other States and Territories, in New South Wales—rightly or wrongly—about a third of our properties are under management or ownership of community housing organisations. The New South Wales Government in and of itself doesn't

provide affordable housing as a product. Apart from City West, which is a bit of an odd beast, it's effectively almost exclusively, apart from some teachers housing we do out west and police or whatever. Homes NSW doesn't actually provide the product.

If we were talking about a new product, that would be one thing. But we're talking about ramping up and increasing pro-rata the resources that are already—I think most of them know how to do it. Some of the big growth providers—for example, St George, Bridge, Link Wentworth, certainly City West—not only are they already doing it; they are developers. Some of them are bigger than comparable state or territory housing providers anyway. I might throw to Leo, but it's growing what's already doing—

Mrs SALLY QUINNELL: It's not as big a problem as it could be.

The CHAIR: In the interests of time, I might ask that you take that on notice. I wanted to ask one quick question, and also feel free to take this on notice. When we were in Nowra, or in Bomaderry, we had a presentation about a development using the co-living SEPP near the new hospital, which could provide housing for people who would be working at that hospital. The Mayor of Randwick today talked about student accommodation or co-living developments happening in land that would have been great for affordable housing for essential workers. Can you talk through the risks for an essential worker or a tenant in living under the co-living SEPP versus a different rental agreement?

LEO PATTERSON ROSS: Co-living tends to be tenancy. They have residential tenancy agreements. They have the same rights. The issue is more about it's a reconfiguration of space. So you lose personal space, and the theory is you gain communal space and then that's okay for you. There are people who certainly would be happy with that trade-off, but not everybody has the same sociability and not everyone is happy to lose that personal space in exchange. It is relatively niche. It's a relatively small number of people who would naturally choose a smaller home with a larger communal area.

The problem is that we miss it. It goes back to that driver of we're not in control of the car, so things arise that aren't necessarily what the community wanted or the people who wanted to live there wanted. Perhaps the numbers stacked up. Perhaps there are enough people who want it to make it viable, but it's not actually addressing the need of the community. So that's the risk, that you allow things to develop because they are unplanned. It doesn't mean total control necessarily. But there's no guidance as to in this area what are we missing and what do we need to make sure actually comes up here.

The CHAIR: Thank you both very much for your continued work and advocacy and for appearing before the Committee today. You'll each be provided with a copy of the transcript of today's proceedings. The Committee staff will also email any questions taken on notice today and any supplementary questions from the Committee. We kindly ask that you return these within 14 days.

(The witnesses withdrew.)

(Luncheon adjournment)

Ms ALICIA RODRIGUEZ, NDIS Appeals Advocate, Systemic Advocate and Policy Officer, Multicultural Disability Advocacy Association of NSW, affirmed and examined

Ms DELIA DONOVAN, Chief Executive Officer, Domestic Violence NSW, before the Committee via videoconference, affirmed and examined

Ms LIVIA STANTON, Senior Advocacy and Policy Officer, Domestic Violence NSW, before the Committee via videoconference, affirmed and examined

Mr SIMON DODD, Head of Workforce Planning and Development, and National Clinical Advisor, headspace National, before the Committee via videoconference, affirmed and examined

Mr SHANE THOMAS, Manager, headspace Wagga Wagga, Relationships Australia Canberra and Region, before the Committee via videoconference, affirmed and examined

The CHAIR: I welcome our next witnesses. 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, websites and public communication materials. Please inform Committee staff if you object to having photos and videos taken. Could everyone please confirm that they have been issued the Committee's terms of reference and information about the standing orders in relation to the examination of witnesses?

ALICIA RODRIGUEZ: Yes.

DELIA DONOVAN: Yes.

SIMON DODD: Yes.

The CHAIR: I'll take that as a yes from everyone. Does anyone have any questions before we get started? No? Okay, great. Would anyone like to make any brief opening statements?

DELIA DONOVAN: Briefly, I just acknowledge that I'm on Bidjigal and Gadigal land here today and pay my respects to Aboriginal Elders past, present and emerging. Thank you for the opportunity to give evidence today on this very important topic, and we commend the New South Wales Government for taking action to address the lack of affordable and available housing for essential workers across the State. As you know, I'm representing the peak body. Our role across the State is to ensure we improve policy, legislation and program responses, ensuring advocacy collaboration, while promoting good practice and primary prevention. Today I'll be hopefully straightforward with two solid recommendations from the peak body.

We would like to state clearly that we have two. The first one is that domestic and family violence workers be classified as essential workers in the New South Wales essential worker housing program. This is essential. Number two: prioritise essential worker housing in regional, rural and remote areas based on need by identifying and prioritising areas where there is both a lack of housing availability and high rates of domestic and family violence. Finally, domestic and family violence workers must be classified as essential in the essential worker housing program to prioritise access to affordable housing for domestic and family violence workers; to mitigate resourcing, recruitment and retention issues; and to ensure a sustainable workforce that can provide victim-survivors with the support to live safely and free from violence.

SIMON DODD: Good afternoon, Chair and Committee members. I also acknowledge that I'm on Aboriginal land today, and for me that is the lands of the Wurundjeri Woi Wurrung people in Naarm. I pay my respects also to the Gadigal people, the traditional custodians of the land on which the Parliament of New South Wales stands, and acknowledge the Aboriginal people as the custodians of this land. I thank the Committee for holding such an important inquiry and for providing the opportunity to give this evidence. We are here today representing headspace National Youth Mental Health Foundation and the young people, centre staff and lead agencies who comprise our network of centres and services across New South Wales.

As you'll be aware, headspace provides support for young people aged 12 to 25 and their families. We provide multidisciplinary care for young people across mental health, physical health, alcohol and other drugs, and work and study needs. New South Wales, as a jurisdiction, has 52 services that headspace provides, with approximately half of these services in regional, rural and remote areas. As with many of our colleagues in the health and community services, headspace centres across New South Wales find it difficult to recruit and retain multidisciplinary clinical teams to provide the essential services to young people. This includes psychologists, occupational therapists, social workers, mental health and primary health nurses, general practitioners, and other clinicians, as well as youth and peer workers.

In regional, rural and remote areas in particular, access to affordable and appropriate housing is a significant barrier to attracting and retaining staff. It's particularly the case for attracting early career workers with minimal income. Limited housing stock, increased demand and rising rents all contribute to this challenge. As part of our workforce programs, we have attempted to address these challenges by offering generous financial supports for graduates to relocate and take up roles in remote areas, and by working with local housing stakeholders to secure this accommodation. We have had some success but usually for temporary housing and not for longer term options. We encourage and recommend that the Committee includes headspace mental health workers in the definition of essential workers for the housing aspect. I'd like to ask now Mr Thomas to describe a couple of very brief specific examples from his local area, with the Committee's permission.

SHANE THOMAS: In preparation for this Committee, I had a bit of a discussion with our team around some of the issues that they have around housing, because we have a very early workforce team. As a manager, I've been a manager for 17 years with headspace, and I was confronted by some of the stories that I heard because I position myself as a manager that puts the wellbeing of my staff first and at the forefront. I have three stories that I have permission to share. I'll start with the first one. I cover from Wagga Wagga down to Batemans Bay down the South Coast. We had a position available down here for around 12 months and we secured a person from Melbourne, interviewed them, they were successful, accepted the job and then called back four weeks later and said, "I'm going to decline the job because I can't secure accommodation. It's actually cheaper for me to live in Melbourne." So then we were back and that position was vacant for about another eight months.

Going back to Wagga Wagga now, we had an intern psychologist who came and started with us and they accepted a position. The only place they could secure for the first three months was sleeping in a swag in a friend's garage, so they spent three months of their career sleeping in a swag in the garage of their friend, which was the one I didn't know and I learnt this morning. This young staff member is quite strong. A 25-year-old female intern psychologist moved from her parents' to Wagga Wagga to take what she calls her dream job and was put in secure accommodation, so for the first month of her job had an Airbnb for a nightly rate of about \$80.

She found out that there was some shared accommodation coming up that she could get. That was going to be about two months away, so she decided to move home, 173 kilometres away, and drove morning and night—173 kilometres—on rural roads to secure the bond to move into the shared accommodation. She was able to do that, and now she's living in some accommodation and secured. But, for those three months driving 173 kilometres, she said, "When I was exhausted, I would try and find an Airbnb to sleep in" and at times slept in her car, which we didn't know about, which I find confronting as a manager trying to support our young workforce.

The CHAIR: Thank you very much for sharing those stories, Shane. That's really helpful, and unfortunately helpful, in our deliberations here to have that firsthand experience. Did anyone else want to make any opening statements? If not, we will begin with questions. If anyone would like to, or anyone needs to take questions on notice and provide us information at a later stage, you're always open to do so. We'll begin with the member for Blacktown.

Mr STEPHEN BALI: Thank you, Mr Chair. Actually, this time will probably be brief. What I can see from the three presentations that we received here is that when you're coming up with a definition for "essential worker" to include, obviously, the social care workers, whether in domestic violence, mental health or multicultural workers. Obviously we have to debate and work out exactly what a "worker" definition is, but I just think anyone who works in the local government area or within a half an hour of their worksite is an essential worker, regardless of what they do. We need to make sure, based on the lower-paid workers, that they have an ability to live there. So I think it's clear-cut.

The only other comment I'd probably—and these are comments, and you can respond if you want. Thank you for all your submissions. For the multicultural health, the living housing design standards, it is probably a different parliamentary committee to look at that. We just want to make sure a person has a house. How the house is designed is probably, and quite rightly—and I'd like a road in there. It's only 1 per cent to the additional costs. Thank you for the report.

The CHAIR: Maybe Ms Rodriguez would want to talk about the importance of that, in terms of essential workers who could be workers with a disability.

ALICIA RODRIGUEZ: Yes, it's interesting. I do take note of the fact that it might be also well placed for another committee, but I think the sentiment around "everyone who needs a house has a house"—I think we'd like to add there, "has a house that they can actually move around in and access and get in and out of". We do stress the point that a lot of our essential workers have disability. It's not uncommon to see any kind of essential worker have, I don't know, disabilities around mobility or vision. A lot of the standards do cover those things. So I think I'd again really like to stress that point.

Yes, we really do want to see anyone who needs a house have a house that they can live in comfortably, just like anybody else would. And so I do think it's relevant in there, and I would like to stand by it. But also in terms of, I guess, the design and the options available, again, in terms of how multicultural communities live and people who are caring for people with disabilities, whether it be essential workers caring for a family member with disability, I think they also have the right to be able to live with them, which is why we tried to focus on that a little bit in our submission.

Mr STEPHEN BALI: Thanks, Chair. That's actually a really good point. The essential worker housing can also—and it's come up in other submissions, to make sure that it's appropriately designed and accessibility issues et cetera. Thank you for that. That's actually another dimension we just added. Thank you.

Mr JAMES GRIFFIN: Mr Thomas, thank you for sharing those harrowing stories. In the course of those conversations—and perhaps this is a question to each of you—whilst they've clearly articulated the problem and the challenge, did they have a view on what a solution looked like or, as new-to-the-workforce essential workers, what they felt would be a useful, immediate next step to assist them? We've been having some broad discussions, and some of it has focused on the concept of building to rent. Others have focused on, whilst that is a useful and important thing, there is a dignity in being able to still have hope and an opportunity to own your own property as well—build-to-rent-to-buy. Have any of those issues arisen? Or have they made any comment from your discussions on potential solutions?

SHANE THOMAS: Nothing on a potential solution, but what I did go down—because my philosophy is to look after our staff; they're our biggest resources—was, "Why didn't you come to me with these conversations and let us know? We could've supported you." And it was what you said: they wanted their dignity. Coming to your new boss to say, "I can't afford to live" was actually hard for them to do. No solutions. Simon, do you have any?

SIMON DODD: Obviously, this is an issue across the country, in regional, rural and remote, and we have a significant presence in WA, where we not only have the regional, rural and remote issues—the standard issues—but are also competing with mining companies for the housing stock, so much so that the stock is unattainable for the builders to live locally to build new stock. It's very difficult. Some of the things that we've seen with the student workforce for placements, which is also very difficult with issues around placement poverty—and I absolutely recognise that's not necessarily an issue for the State governments—but some of the issues we've found that have been effective have been access to placement accommodation in safe environments.

We've been very fortunate to have some of our new graduates that we've engaged over the last three years in some of our programs being able to temporarily be placed in student accommodation, which is independent accommodation but which is ad hoc and relationship based, able to be done where it's available. It obviously has a priority to the students. But that seems to be a first point, a very successful approach initially. It's extremely expensive for a new staff member to have temporary accommodation. Staying at Airbnbs for months is extremely expensive and prohibitive for these new staff members with limited savings, unless they happen to have wealthy family, which is often the case, and, obviously, perpetuates difficulties in terms of equity access to workers. That is something that we've been trying to work with locally and has been somewhat successful. Hopefully that was not too garbled.

SHANE THOMAS: I'd just add one other story to that, around student accommodation. We've had one of our staff members who would continue to take on more uni courses to have the cheap student accommodation at the uni. Therefore the course went on to HECS. So to get the cheap accommodation—would then enrol in another course for that next 12 months.

DELIA DONOVAN: Just from DVNSW's perspective, we think diversity of housing options is key. Some may want to actually rent and some people may want to buy. So we think, of course, this is an investment for government. But it's important to have all the options on the table, based on community need. And of course, as we've discussed, the injection into regional, rural and remote areas is just so absolutely key. Thank you.

Mrs SALLY QUINNELL: One of the things that we have grappled with, with pretty much everyone who's contacted us about a definition for "essential workers", is that it's not never ending but it has waves that just keep going. You have the nurse at the hospital, let's say. During COVID, I was a teacher. The nurse at my local hospital, her kids then had to go to school, so I had to go to work, so then the cleaners had to come to the school and clean the school. And then we needed our equipment delivered, so then the delivery driver is an essential worker. And so it became this sort of chain of essential workers.

And one of the things that was expressed to us yesterday was the idea of what we're calling the missing middle—people who do not qualify for social and affordable housing now and people who cannot access the

private rental market. What's in the middle is kind of what we're getting to, or what is currently not being helped and needs help. Would that be a non-definition, I suppose, that you think we could work with?

ALICIA RODRIGUEZ: I'm happy to go first. I'm not sure if I'm answering this question but, when you initially noted "where do we end?", I guess Domestic Violence NSW's perspective is just seeing—New South Wales itself has the highest rates of murder when it comes to domestic and family violence. We're seeing the crime statistics go up. Of course, that's just crime stats; that's not unreported domestic violence. We would push that domestic and family violence workers are absolutely included in that definition based on—

Mrs SALLY QUINNELL: A hundred per cent. And I wouldn't even dream of suggesting any of you or any of your workers are not essential workers. But what I was saying is it kind of becomes a—I don't want to rank certain professions above other professions. I felt like in COVID we suffered from that a little bit, where whole swathes of people were left out of that definition and therefore couldn't access certain services and things. We're trying to look at the most broad definition of all, which is people who can't afford to get in the market or, in the case of regional and rural areas, are needed but cannot get housing. I just wanted to gauge your support for that kind of definition.

LIVIA STANTON: Can I jump in here? Apologies. I think it's such an interesting conversation because, as the peak body for domestic and family violence services, we're talking about that definition and where it fits in within the private rental market and then social housing, which is also the discussion that we're having about women who are escaping domestic violence or leaving refuge who don't qualify for social housing, because, let's face it, social housing at the moment is for the most complex cases at this very end of poverty. Most women just don't qualify for that, and yet they have no hope of entering the private rental market. Yet we have a workforce that is sitting in a similar situation, particularly in the regions, because we can't even get housing for our staff, let alone victim-survivors. I think that might be a good place to start—to look at a definition somewhere between social housing, affordable housing and private rental.

Mrs SALLY QUINNELL: On that, I would like to publicly put on the record how much I appreciate what you all do in the community. I think it goes without saying. Shane, it broke my heart to hear those stories. I feel for you as a manager of people—to hear them only because you asked. Alicia, is it worth—as I said, I came from teaching and there was, for a long time, a rural and regional teaching housing organisation. You got a job at that school and it came with a property. Do you think it's worth coming up with a baseline of disability accommodations that can be placed that help everyone? One of the things that I find frustrating in the building of schools is we put in stairs, and students who need the lift have to go completely out of the way to get the lift. But if we made it a ramp, everyone could use it. Is it worth thinking about, as we acquire—hopefully we acquire—more properties to be able to help people and make it more affordable, having a baseline of every toilet should have a rail next to it? Is that worth exploring?

ALICIA RODRIGUEZ: Definitely, 100 per cent. In our submission we did note that we are all for just adopting as part of our National Construction Code—just generally anything we build in the future to align with those liveable housing design standards. There is a bit of a guideline of what that would look like. But I think anything that allows something to be accessible and, again, that drives generally our society towards a social model of disability, which is what we want—I don't see why we couldn't do that. Yes, definitely I'm all for that being the norm.

Ms LIZA BUTLER: Alicia, I was on the state committee for home modifications and I was fighting for that 25 years ago, so it's been a long time coming. Delia, you talk about the regional areas—and the same with headspace. Is there any data that has the correlation of increased incidences of domestic violence where you cannot get support workers or mental health incidences where there is no mental health workers?

DELIA DONOVAN: Absolutely. We'll take that on notice, based on data. But we know that there are spikes in domestic and family violence in the regions based on a lack of infrastructure, lack of transport, lack of housing, lack of services. We've even recently just done a podcast where we're talking to regional staff who are talking about women being trapped on farms. They're being isolated, they can't get to a service and they've got no-one that can support them. Absolutely there are those statistics that sit within the peak. It is of concern to us that there is such a lack of infrastructure and that then doesn't make it attractive for workforce. We've heard those stories already around attracting and retaining. It's our view as well that we haven't invested and resourced workers for so long now. We're in this catastrophic situation right now with the fact that—the New South Wales Government hopefully will have a great 10-year workforce strategy, but we've got burnout and we've got people leaving the sector. We really do need to be quite urgent about how we respond, particularly in regional, rural and remote New South Wales. But happy to get you some—

Ms LIZA BUTLER: That would be wonderful if we could have that data. Would anyone else like to contribute to that question?

SIMON DODD: I'm happy to take your question on notice if that's all right. But I think, along with our colleagues, where we don't have our staff, there is an obvious correlation with an increase in wait times for young people. As we all know, there are increasing demands on clinical services across the full system, from enhanced primary care like headspace as well as the tertiary system, with increased impact on young people. We see a correlation where there isn't the clinical staff and an increase in wait times.

The CHAIR: My first question is to Ms Rodriguez. We've heard plenty of stories of challenges that workers are finding with affordable housing, the pressures that they are under and people travelling 3½ hours. Could you also talk to us about the experience of the additional challenges and hurdles that people with a disability and the wider cohort you advocate for do experience in addition to that?

ALICIA RODRIGUEZ: Yes. I think in terms of the general cohort, so mixing both people with disability, from CALD background, that travel—and it was part of my opening spiel but then I decided against it. But it was really looking at how it disrupts the models of community embeddedness. If you're taking so long to get to wherever you're supposed to be working, it really affects the kind of links and the connections that you're able to maintain with your community, be it the wider community or even your family members as well. I think not being able to afford housing near where you work and having to travel those distances really affects your mental health in that way.

Mental health, I think, is something else that we wanted to bring in, just because a lot of the people that we work with, whether it be in disability, aged care, child care, domestic and family violence workers as well—it's very emotionally taxing. Then to add on top of, if you do live in that kind of collectivist society and that is really important to you as a person, cutting off those community connections that you have because you just can't live anywhere where those support systems are in place affects that even more. Meeting that with the vicarious trauma we see in a lot of the workers that we have is something that's all too regular.

Then, on the flip side, if we're looking at people with disability, I guess it's access of services. I think it's something that we were talking about before in terms of—and this is coming from the appeals work that I do at MDAA as well—not being able to find anyone in the area that speaks the language and understands the cultural norms, because there is no-one that's willing to work in that area if there's no housing there. They've all moved away. Particularly when we're going through the appeals process, it's trying to find people to provide evidence and all this other stuff when there's just no-one. We were back and forth the other day trying to find a translator that spoke Farsi, which is not something that I thought would be particularly uncommon. Yes, it's just really hard. If we go out to the regions, it's even worse. So it's all those things. I hope I included enough in there, but I'm happy to write up more, because I think we can definitely add to that.

The CHAIR: Could I ask those who are joining us via the web link to also just talk about the impact? The status quo is that people who are working across your sectors are in housing stress. Could you talk about the impact of that housing stress on their ability to provide care and support to those in need?

DELIA DONOVAN: It's a wonderful, broad question. I guess I'm even reflecting on meetings we've had this week around our pre-budget submission and the fact that we have such an under-resourced, underinvested-in sector, which means workers are already under stress, let alone with the housing, cost of living and everything else. Domestic and family violence services haven't had a baseline increase for way over 10 years, and I think that is impacting workers. Because funding for all those workers is so low, there's maybe a lack of clinical supervision support and there's a lack of resourcing and training and infrastructure that will keep those workers in the workforce. We're obviously underpaying workers. Often when we're asked to do media, we say, "But, you know, if we put money into the workforce"—where are the workers? They're not there, are they? We have to say, "No, we didn't resource them well in the first place." So we probably have got a sector that's moving through some burnout. I hope that answers your question on some level, Alex.

The CHAIR: It does. Simon, is there anything you'd like to add?

SIMON DODD: Yes. It's a parallel across the workforces, but clearly there are not enough mental health workers in the system. It's an ageing workforce so we've got a decrease in supply. We're competing with a number of entities, including tertiary services. We do not match tertiary services salary and never will—conditions need to meet that requirement—and we have an increased demand. So it's a perfect storm where we have greater demand and less supply. There is a point where you have compassion fatigue burnout, where the retention—I can think of a centre in a different jurisdiction than New South Wales. It was a stable centre. It was a strong centre. It had good leadership. Two staff left that centre and, effectively, 18 months later that centre has still not recovered in terms of its connection to the community, the number of people it's seeing. Sometimes our systems are quite fragile, particularly in situations where there are fly-in fly-out or contracted workforce coming in, which is what happens to cover these events.

Housing is one of those barriers to getting local staff. They become more fragile. I strongly align with what our colleagues are saying. It's certainly the same in mental health systems. One more thing I did want to say is that I think we need to—and I think we are now, as a as a sector—look at the whole of system, the artificial separation through funding from tertiary to primary care. Federal and state government is part of a problem that, if we don't look at things as a whole system, such as essential workers through the NGO and other funded bodies, funding streams, it places increased burden on the tertiary system as well. Where there are no headspace staff to see young people, they will go to the tertiary service. In many cases they don't need to see specialist care, but that's the only care available in that community.

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

(The witnesses withdrew.)

Mr MAX DOUGLASS, Policy Analyst, McKell Institute, affirmed and examined

Mr DAVID HARDING, Executive Director, Business NSW, Housing Now! Alliance, sworn and examined

Mr JEREMY GILL, Head of Policy, Committee for Sydney, affirmed and examined

Ms ESTELLE GRECH, Policy Manager, Planning and Housing, Committee for Sydney, affirmed and examined

The CHAIR: I welcome our next witnesses. 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 everybody confirm 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?

DAVID HARDING: Yes.

ESTELLE GRECH: Yes.

JEREMY GILL: Yes.

MAX DOUGLASS: Yes.

The CHAIR: Does anyone have any questions before we begin?

DAVID HARDING: No.

ESTELLE GRECH: No.

JEREMY GILL: No.

MAX DOUGLASS: No.

The CHAIR: Would anyone like to make any opening statements?

MAX DOUGLASS: I'll begin by thanking the Committee for extending an invitation to the McKell Institute to appear today. We're an unashamedly progressive think tank that works with a broad cross-section of organisations, from the union movement to government to corporates, to drive debate, build consensus and, ultimately and hopefully, provide some evidence-based solutions to the most pressing issues. The opportunity to appear before the Committee today on the critically important issue of essential worker housing is of special importance to the McKell Institute for a couple of reasons. Housing policy, especially housing policy for working Australians, has always been part of our institutional DNA. Since we were launched in 2012, with the Homes for All report, we've driven debate on rental reform and housing taxation. We see the opportunity to be here today as both a responsibility and a privilege to hopefully make another important contribution there.

Secondly, and perhaps more importantly, the opportunity to be here today represents a shining example of one of our key missions, which is to build consensus among diverse stakeholders. Our recommendations, especially about institutional money flowing into essential worker housing, have been discussed, debated and ultimately endorsed by both Business NSW and Unions NSW. In other words, we've got both sides of the aisle on board with these recommendations today. Twenty-five years ago essential workers in New South Wales could afford to buy a home and plan a stable future. Today they can't even afford to rent one.

The fact that we are here at all talking about essential worker housing should tell us that something has gone drastically wrong about how we do housing policy in New South Wales. In 2025 essential workers are travelling hours, skipping meals and falling behind on bills, all just to keep a roof over their heads. For many, the prospect of home ownership has been evaporated by runaway prices, and eye-wateringly high rents have destroyed the ability to save for a deposit. For younger essential workers, this means the stability required for starting a family has become but a pipe dream. In no uncertain terms, we would consider this one of the greatest policy failures in a generation.

It's also a moral failure, we would submit. It's a most fundamental breach of the social contract. It undermines the stability, security and dignity of New South Wales' most integral workers. It also threatens the reliability, productivity and safety of New South Wales cities and regions. Historically, many essential workers were eligible for once abundant social housing in New South Wales. Until relatively recently, most of them could afford to purchase housing on the market. Today, we would submit, no option remains open to essential workers. They earn too much to be eligible for social housing and too little to sustainably rent or purchase on the open market. They are caught on what we would call today the "missing middle". We see the Committee's chief task is

to provide solutions to plug this missing middle. Our submission proposes seven recommendations, most of which are concerned with attracting institutional investment into housing, especially the build-to-rent sector.

In 2021 it was estimated that about \$290 billion would be needed over the next 20 years to plug this gap in affordable housing. By all accounts, this does require active collaboration with and participation from private capital, especially the superannuation sector. But it's equally important to recognise that this sector can't do the heavy lifting alone. The New South Wales Government must use all the tools at its disposal to close what we would call the funding gap, which is the fact that returns generated by essential worker housing investments are typically insufficient to make an appropriate return for these superannuation vehicles without some form of subsidy or concession from the government. We submit that altruism can only really get us so far. If we want the private capital we need, the New South Wales Government's job is to use its balance sheet and the policy levers at its disposal to put the risk-adjusted returns of essential worker housing on par with other asset classes for these investors. With the support of Unions NSW and Business NSW, we've proposed several complementary ways in which we think this might be done.

Finally, we'd like to caution the Committee about any policy that seeks to attract institutional investment, primarily by the prospect of capital growth in residential property over the long run. Investor returns that are based on runaway price growth only serve to disadvantage essential workers in the future. We would note that the work of this Committee today is about providing essential worker housing for essential workers of today and, perhaps more importantly, essential workers of tomorrow. It's our submission that policies that are based on investor returns through long-term, scalable and secure tenancies are going to be the most equitable and sustainable ways of attracting institutional investment over the long run.

ESTELLE GRECH: Thank you, Chair and Committee members, for the opportunity to present today. The Committee for Sydney is an independent urban think tank, focused on shaping a more liveable Sydney. I'm not going to dwell on the need for more essential worker housing; I'm sure you've heard a lot about that. I'm going to focus on some of the planning solutions by putting our urban planning hat on. I've got four things that we can change that I'd like to highlight in this opening statement. Before I get into that, I think our clear message is to be careful when tinkering with the planning system to not create a new definition of essential worker housing. Affordable housing should be broad enough to capture this need, but we don't want to pit a police officer against a mother experiencing domestic violence. Obviously, anyone who needs affordable housing is as valuable as each other.

With that in mind, to increase the overall supply of affordable housing, we recommend reviewing the NSW Affordable Housing Ministerial Guidelines to clarify allocation rules and rent settings and to simplify income eligibility assessments. A lot of the consultation I've done with our community housing provider members is where some essential workers get ticked "over-eligibility" is because they're doing extra shifts or overtime, which then pushes them over the line. There's potential to smooth out how we assess income over a year instead of short periods of time. We recommend supporting councils to implement affordable housing contribution schemes more easily, with streamlined processes for city-wide, broad-based, inclusionary zoning. Currently councils aren't allowed to do this under the planning system.

We also recommend unlocking underutilised land. The Government came into government with a really good 30 per cent, affordable housing on government land policy. We recommend sticking to that. It's obviously a really good opportunity to get housing in places where the market otherwise wouldn't allow. There are also options to look at zoning provisions creatively, to insert affordable housing in areas where it's currently not permitted. If you do proceed with defining essential workers, we recommend thinking about using the words "key worker housing".

That's something that already exists in the planning discourse, so I'd suggest either sticking with that or choosing one or the other. We also recommend linking eligibility to both households and critical workforce needs. Under the ministerial guidelines, there may be cases where it makes sense to allocate affordable housing to a specific worker cohort—for example, next to a major hospital like in Frenchs Forest on the Northern Beaches. It makes a lot of sense to allocate affordable housing for hospital workers in that context. They're our key points. We'd love to take any questions.

DAVID HARDING: I'd like to also thank the Chair and Committee for extending the invitation to Business NSW and the Housing Now! Alliance. For those of you who don't know, Business NSW is the peak business body in New South Wales, with about 100,000 business members nationwide. We're also the founding member of a broad alliance of businesses, unions and advocacy groups known as Housing Now! seeking to move the policy agenda forward on housing. The reason for that is our members clearly tell us key worker affordability is a statewide problem and is not linked to Sydney suburbs. I think we heard that from the last witnesses. It leads

to a direct impact on economic growth, as businesses can't obtain the key skills that they need due to a lack of housing availability and affordability, whether that's in Parramatta or Tamworth.

The broader societal and economic consequences of unaffordable housing have been well debated around delayed family starts, mortgages in retirement and working adults couch surfing. These are all acute indicators of the decades of reliance on house pricing outpacing wages and the broader investment market. Business NSW and Housing Now! have proposed a range of policy interventions over the last two years. I don't seek to go through all of them, but we thank the New South Wales Government and the Opposition for being engaged and listening in this debate for two years with us. Many of the policy proposals have been, or are in the process of being implemented, not least the TOD program and related rezoning, as well as the focus on advanced manufacturing innovation through Homes NSW and the launch of the pattern book—all of which came through Housing Now!

The reality is there's still a gaping chasm in the market between social housing at one end, the affordable rental market and unattainable mortgages, and we need to fill that gap. We're very pleased to have collaborated with Unions NSW and the McKell Institute on their submission, which closely aligns with the previous Business NSW proposal to create a ground lease space institutional asset class in housing, colloquially known as super homes. The missing middle in housing is not one in height or density so much, but one in the market itself and in the middle classes of Australia, as well as the key workers who simply can't afford the most basic of human needs in housing. Unlocking institutional finance by developing a product that super funds can make safe returns from, allied to long-term, secure and affordable leases, is a worthy goal—leases that provide price stability in thousands of quality homes for all Australians. We are very pleased to support the McKell Institute in that.

We are also encouraging the aligned progression of the TOD program at pace. Provision of housing near transport, jobs and amenity will go a long way to secure the economic and social fabric of our cities and towns. We recommend that the Government looks to undertake as much of the transport planning and interface engineering as is necessary to ensure that developers and builders can proceed to build with as little government approval risk as possible around the TOD program. Transport-adjacent landholdings owned by New South Wales Government will likely be some of the best land options for ground-leased property financed by institutional investment. In closing, we agree with the McKell Institute report that policies that are based on investor returns through long-term, secure and scalable tenancy remain the most sustainable and equitable way of attracting institutional investment over the long term and fixing that missing middle in housing for all Australians. Thank you.

The CHAIR: Thank you very much. We'll begin with questions now. Feel free to take any questions on notice or provide further information after. I might actually start. There are obviously a number of policy planning and financial interventions that are needed to unlock the provision of affordable housing for essential workers. We've heard a lot about shared equity schemes and "build-to-rent-to-buy" from Unions NSW. I want to get feedback or thoughts on some of the challenges and opportunities of providing this at scale. This requires quite a large either investment or underwriting from the government. There are obviously some federal interventions or initiatives. I'd just love to hear your views on the risks and opportunities, and also what the planning system could do to facilitate.

MAX DOUGLASS: I'm happy to start with that one. Our submission obviously primarily relates to attracting institutional funding into, essentially, essential-worker build-to-rent housing. That's what our submission revolves around. There are a couple of challenges. Obviously there are pecuniary challenges in actually having the money come in, but I think what emerges from the reports published by the sector are that there are a lot of other challenges that don't actually relate to the investment. For example, the amount of policy uncertainty between the states and the Commonwealth about certain definitions around "essential worker", certain definitions around "affordable housing" and especially general uncertainty around the regulatory environment.

We appreciate that superannuation law and policy is the remit of the Commonwealth Government, and scale is obviously necessary to attract this kind of money. A lot of the papers from the sector reflect that uncertainty. Similar to that point, the pipeline of projects is quite unclear. We talk a lot about superannuation investment in housing, but there's no centralised repository where we can find projects that investors can syndicate their funds in and put into. There's an appetite there, but there's nowhere they can go to actually find those projects. The data as well is a big issue for a lot of these players. There's no data. There's no price discovery. They don't really know what return they're going to be able to get.

We can contrast that with the US and the UK, where there's quite an established history of institutional investment in affordable housing. As such, investors have a good idea of where the projects are and what return they can be expected to make. On the pecuniary side, the Committee's role here, in terms of getting this institutional investment in, is closing that funding gap that David and I talked about. How do you turn these investments and put them on par with other certain asset classes? We propose a suite of recommendations there

that are essentially concessions that allow that money to come in. In terms of there being one, I'd say they all work in a complementary fashion to bring that money in.

DAVID HARDING: If I may add a little thought to that? We've had a lot of conversations with funds on this issue, and I think the question is not, "How do you make a house investable by a fund?" It's, "How do you make a model that works for the trustees on the right return?" That really views housing as an institutional asset that they recognise in terms of the path that they need to walk between their own regulator and the returns that are required. Max already picked up on some of the issues around there not being a model that's repetitive, so we need to get this going with some pilot schemes. The clear regulation and code across Australia—as in moving away from micro-political decisions which might get in the way of the scale—is important.

Assured quality has to be at the heart of this for two reasons. One, because our key workers should not have anything but the best product; but also because when institutional investors invest, they have to know how much it costs to build, maintain, renovate and dispose. We can only do that with an assured quality that comes from a different approach to house building than, frankly, we've had in Australia for a long time. Much has been said around planning confidence. In technology, such as AI-guided planning portals and so on that are being worked on in New South Wales, much of the answer will be in there because decisions will be able to be made quickly. Repetitive decisions will be able to be made easily, and that builds up to the scale that we need to—let's be frank—interest the cheaper and more patient money.

ESTELLE GRECH: From a planning perspective, the biggest barrier that I hear when speaking to development members is that BTR—and this is even market BTR, let alone a subsidised essential worker or affordable housing—doesn't compete with build-to-sell in Sydney. Land values are so high that it's really difficult to make it stack. There are a number of planning incentives and tax concessions that are now accessible, but it's still really hard to make it stack. Creative solutions from the City of Sydney has been allowing affordable housing—and only affordable housing—in land uses, like some industrial lands, where they're not competing with market housing.

I'm sure the City of Sydney will expand on this, but the Botany Road Alexandria precinct is an example of really well-located industrial land that they've made affordable housing and permitted use. City West Housing is building affordable housing there. It's about thinking creatively about parcels of land where market housing is not permitted yet. We can give affordable housing or essential-worker BTR a step before the market has an opportunity. A creative solution, perhaps, is not that sustainable in the long run, but it is something that's being applied and it's working. Going back to my original point, this is why earmarking government land to have a significant portion of essential worker housing is so important, because when everyone is trying to buy market land in Sydney, it's just not feasible for this type of housing to stack up.

JEREMY GILL: Our submission touches on the role of government land, and I think it's a really important thing to explore because the one thing that the government can do with land ownership that the private market can't do is more easily vary the value of that land. It comes down to how land is valued. In the private market it is valued in financial terms, "How much can I get with the highest and best use?" The role of government-owned land, as custodians of land, need to be thinking about the economic and the social value of land. That means that the land that might attain \$100 million on the market actually might be, if they're going to enable development, not only be worth \$80 million, but when enabled to do that, it brings forward development that delivers on larger levels of social and affordable housing.

Also, particularly where cost of construction and cost of labour is a challenge for development to get underway, if we want to drive forward these really important projects, discounting the value of land to enable these projects that otherwise wouldn't get underway is a really important role. I think that need to understand the distinction between financial and economic and social value that the government can play on their land holdings—state government, but also councils—is a really short-term enabler of delivery of this important infrastructure.

ESTELLE GRECH: To quickly add to that, the other power that government has is to add up all of its other costs. So the costs of not having key worker housing next to our hospital are going to hurt in other ways for the government, potentially more than the hit to the budget line, I would argue. Being able to factor in all of those additional costs when it comes to government land is really important.

DAVID HARDING: On the subject of government land, we think that we haven't looked hard enough at long-term ground leasing by government for key worker housing, because this gives government the ability not only to manage the price to market of the end product but also to give certainty to the investors about what we have spoken of—that they can have a long lease at a set price, and a model that effectively provides a permanence of affordability and a de-latching from the bought marketplace next door, as it were. Also, government has not perhaps looked at land in this way before, but an annuity asset would really help the state's credit rating in providing a long-term annuity of land in a very sustainable way while providing a social benefit that we've spoken

of, because when it comes to the location, quite a lot of our Health assets, our Education assets and so on that require these houses also have land that can be leased.

The CHAIR: Another obvious landholder is churches and religious institutions, and SP2 restrictions prevent what development can be done on their land. What's an appropriate way to potentially rezone that to be able to deliver affordable housing for key workers that doesn't then over-inflate the cost of that land by suddenly having the value of residential potential?

ESTELLE GRECH: I think it's just allowing a permitted use of affordable housing. It's quite simple actually, and the Minister can do that by regulation. It just changes to the standard LEP. "Affordable housing" is defined in the Act, so it makes sure that it's for the purpose of capital-A affordable housing. It's quite simple.

JEREMY GILL: I think it's really important that that is defined, because if it's just housing, and then it becomes market housing, then the market will value that land at highest and best use for private residential, which then prices out the ability to deliver that. So that affordable housing definition is very important to get right.

ESTELLE GRECH: Critically, it means that you don't necessarily have to rezone. It can still be used as a church and affordable housing, and they're quite complementary uses as well.

Mrs SALLY QUINNELL: In the McKell Institute's submission you talked about community land trusts. I'm still trying to get my head around how that works. Basically the worker is responsible for the property, is that correct?

MAX DOUGLASS: Yes, the land is owned by the community land trust, which is typically run by a not-for-profit community housing provider.

Mrs SALLY QUINNELL: So they then build their own property, or do they buy into it? Sorry, I'm just trying to get my head around it.

MAX DOUGLASS: That's okay. This functions in a complementary fashion with a lot of the build-to-rent recommendations that we've spoken about. There may be a build-to-rent institutional investor that builds the ultimate property on the land. It's quite common for community land trusts around the world to either have some ownership of the dwelling or some ongoing rental of the dwelling. But the bottom line of community land trusts, as we see them, is that the land cost is effectively taken out, like we've spoken about with ground leasing and more efficient use of government land. In New South Wales, for example, where I think 20 per cent of an apartment is the land cost, that's a way to really decrease some of those up-front costs and really close that funding gap.

Mrs SALLY QUINNELL: Is there a danger—I suppose there's not, in the way you've just answered that—of people being locked into that property for longer than they want to be locked into that property because they own it? One of the things that people have been talking to us about when we're looking at our key worker housing and our essential worker housing is making sure it's flexible, because if you get a young nurse who moves out to Gunnedah and gets a studio apartment, and then they meet a partner and suddenly the studio doesn't work—but if that's all that's being offered, then they kind of make it work. Do you know what I mean? I'm just making sure we don't have unintended consequences, I suppose.

MAX DOUGLASS: I totally agree with you that, perhaps on an individual level, there would be incentives to stay in that subsidised property. But, again, I think what this flows to is a market failure in the normal residential housing market. This is always going to be measured against the opportunity costs of moving somewhere else. For that nurse who moves away, obviously they'd prefer their subsidised property when the rental market is going crazy, but I think the best thing we can do for that nurse is to take some of the pressure out of the market itself.

Mrs SALLY QUINNELL: That's right, and if they're then weighing that up with moving into a larger property or whatever, then they can weigh that up.

MAX DOUGLASS: Totally.

Mrs SALLY QUINNELL: I was really interested in recommendation 7, which is doubling the portfolio of the Teacher Housing Authority. The bit that I was super interested in was "improving the utilisation of existing stock". Could you unpack that a little bit for me, please?

MAX DOUGLASS: In terms of our recommendation there, that was just from taking a look at the annual report. It became quite clear that the Teacher Housing Authority's balance sheet was not being deployed effectively. When you have 70 per cent more applications than there are homes, then simultaneously the existing stock isn't being used or isn't where it needs to be. That just speaks to an inefficiency in the use of the assets that the Teacher Housing Authority has.

Mrs SALLY QUINNELL: So really just having a good, hard look at themselves.

MAX DOUGLASS: Yes, just making sure that those assets are being used to house teachers.

Mrs SALLY QUINNELL: Mr Harding at Housing Now!, one of the five key areas that you talked about to move the dial and deliver new homes quickly was "coordinating the delivery of supporting infrastructure for housing". Could you talk a little bit more about that for me, please?

DAVID HARDING: I think what's in the ground is always more difficult to deliver than what's above the ground. I used to work in this world, and the risk is always in the ground. Particularly when you're looking at creating assets of affordability, you want to look at where there is enough amenity and utility to lower those costs. But where there isn't some of it already, a way that government can lean into assisting the quick development of affordable stock is through carefully making sure that we've got the right utility in the ground at the right prices. Not necessarily to shore up developers' profit margins at all, but I think it can unlock some parts of our city that otherwise would not be developable at the right price point for our key workers.

Coming back to the thing about getting our workers closer to where they need to be when they wake up in the morning is really key here, right? Unfortunately, that is driven in the order of priority by what's in the ground. Could I make a comment, though? You asked about the student studio apartment in your last question. I think we postulate that on the long-lease-type asset classes, people can stay within the asset class and trade up and trade down without added costs. Your nurse who meets the love of his or her life can move up in the same way as you might with a leasehold car, with no cost to you. Similarly, for empty-nesters, they can move back down again.

Mrs SALLY QUINNELL: Which may actually free up some of the—

DAVID HARDING: It's a much more fluid marketplace, yes.

Mrs SALLY QUINNELL: A much more fluid market, yes.

DAVID HARDING: Sorry for that.

The CHAIR: Estelle, were you going to say something there?

ESTELLE GRECH: To your question on enabling infrastructure and how to unlock that, part of our point with this is that affordable housing is also enabling essential infrastructure. It's not just sewerage and electricity and public spaces—that is also really important. Interestingly, lots of people complain about the long time it takes to get a rezoning within the planning system. Often this is where it all unravels—when the infrastructure isn't there. You would be very familiar in the Camden context.

Mrs SALLY QUINNELL: I was just going to say I'm the Member for Camden. We'll just leave that there.

ESTELLE GRECH: Exactly. The subdivision has been done but the sewerage isn't there, the roads aren't built, the footpaths aren't built or it takes 40 minutes to drive from Oran Park to Leppington station. The point of a healthy, functioning planning system is to make sure that it happens in a sequential order. So you get the infrastructure and then you get the housing and the people. Where it unravels is where the people come without all that enabling infrastructure.

Mrs SALLY QUINNELL: Yes, indeed.

JEREMY GILL: That enabling infrastructure extends to that social infrastructure as well. You might even be able to get the roads, the houses and the schools there at the same time—and the open space, the playgrounds and the civic and cultural institutions. I think there has been a risk that that has been seen as an optional extra in a push to densify, and it's absolutely not. It is core to creating great communities—so that broader understanding of the role of infrastructure—which comes at a cost. Again, this is where it comes to—what role can government-owned land play, where deployed strategically, that the market potentially can't play? But also, what are those incentives or requirements to ensure that that is delivered concurrent with—rather than building the houses and hopefully finding some space and some time in the future to put a park in there, because that's where we see really negative outcomes. The reality is that it's less likely to come if it hasn't been built.

ESTELLE GRECH: Or planned.

JEREMY GILL: Or planned for.

Mrs SALLY QUINNELL: A hundred per cent—there's no space left.

ESTELLE GRECH: Exactly.

JEREMY GILL: Yes, that's right.

Mrs SALLY QUINNELL: Or there's one block.

ESTELLE GRECH: Yes.

JEREMY GILL: Yes.

Mr STEPHEN BALI: Great comments—I really appreciate your reports; they're thought provoking. But to be a contrarian and a realist, it's great to talk about having the infrastructure and then bringing the people in. We all sit around a round table and say that, but it costs money. I live in Blacktown. If you want to know about a growing place, if I look at the history, I think since 1952 we've been one of the top three fastest growing local government areas in Australia. People only recently noticed that Blacktown is growing, and we're going to have close to 600,000 people—more than Tasmania—by 2035. The issue is, with all the new growth et cetera—it's a good throwaway line. Under the previous government they didn't build any schools, or they built two schools for 120,000 people that moved in there. They were full on day one, with demountables in the car park.

How do we fund the infrastructure? On the one hand, you're saying we've got to fund the infrastructure to make it a perfect living community. Mind you, I grew up in Doonside and we waited a long time for our community centre. Heck, the railway station only just got upgraded a couple of years ago, and 27,000 people use it every week. So how do you do that on the one hand, and on the other hand you're saying—I may be putting words into your mouth here, because I know a lot of the other presentations said, "Oh, cut stamp duty, cut council rates, cut this and invest into investment programs." It just seems to be "dollar, dollar, dollar" from the government, and we have a \$187 billion debt. How do we solve the housing crisis today when there's no money from government? We may have spare land.

The CHAIR: Pretty straightforward question, so we'll hand over to our witnesses.

Mrs SALLY QUINNELL: We've got till Monday, so relax; you don't have to do it before Tuesday morning.

DAVID HARDING: Max and I were just talking about this, actually, before we walked in and asking each other exactly the same question: How do we fix a problem of such a scale without just saying government needs to pay? Because back in the 1950s, when government built a lot of key worker housing, of course the price per unit was a fraction of what it is now. It's not within the Government's ability to build houses for everyone that we need. If we believe the numbers, we might be a million short. I think we do need to continue to work really hard on finding ways to get patient capital to create quality housing and amenity products that work over the long run for their members. That will have to include not just the house that people live in but also encouraging either concurrent investments by other investors or, indeed, forming part of the overall development investment by long-term players. The answer is that we have to get more private long-term patient capital. We know where to find it; we just haven't got the product right yet for that money to come in. No, we shouldn't put our hand out to government for everything, because the money isn't there.

ESTELLE GRECH: I probably have two main points to start with. One is that planning is often blamed for a housing crisis but, if we do it well, it's the solution as well. To Sally's point earlier, it's about sequencing. You don't necessarily have to have everything live from day one. But if you don't plan for space for a school, there will probably never be a school. So that's key—actually planning and sequencing, making sure that it happens as it needs to. But I guess the broader—and this is where the Government has really nailed its housing policy. One way to avoid a lot of enabling infrastructure cost is just to build more housing in places where there already is infrastructure. The TOD program is a really good example of this. You've already got a lot of the infrastructure, so it's just about maximising that.

DAVID HARDING: Going up.

ESTELLE GRECH: And going up. So they're probably two points in response, but your question is the question.

Mr STEPHEN BALI: But that's happening right now.

ESTELLE GRECH: Yes.

Mr STEPHEN BALI: You're the second person today—and I'm probably the third person—who talked about the 1950s, but I've just got to put it in context. In 1950 you didn't have Medicare or Medibank. That came in the '70s, so the government budget was totally different in those days. The New South Wales Government budget, for the first time ever in the history of this colony through to this state, is now spending more than 25 per cent on health. If we're going to spend more money on housing, are we prepared to reduce the health budget, and will we get criticised by the Opposition? In the end, the credit rating is there. If it goes down because we borrow more money to put more houses out there, yes, in the short term it's great policy. But if we go to a double-A credit rating, the Treasurer will freak out and the Opposition will quite rightly attack us. How do you balance it?

ESTELLE GRECH: Quickly, Stephen, I suppose if you're spending a lot on health, if we build healthy communities to begin with—there's less chronic disease, places are more walkable, bikeable et cetera—

Mr STEPHEN BALI: Yes, but people are sick right now. We had that debate before.

ESTELLE GRECH: I know, but it's a wicked problem and it's all linked, I suppose.

DAVID HARDING: I think it's why we're so interested in the ground lease model—to create an annuity, a value for the Treasurer over 60-year or 70-year leases, which effectively is a source of income but also a source of a subsidy the government can control. To the point Jeremy made earlier, it can control the price of the property by effectively not selling that land at highest and best use.

MAX DOUGLASS: Can I just say—I agree with everything that David has said, and obviously there are fiscal considerations in how you get this done. Fundamentally, this is kind of a catastrophic market failure. Econ 101 will tell you that we need some kind of intervention, but there are actually a lot of nudges that government can make that don't actually affect the budget bottom line that much. A good example in our report is the idea of government guaranteeing certain loans to large institutional investors. In northern Europe, for example, something like 90 per cent to 95 per cent of loans that go to institutional investors to go into public housing are guaranteed by the government, and these loans do not default.

What that means for the institutional investors—it means that there's going to be a lower risk premium they pay that can feed through to the lower cost for essential workers on the ground. But it also just means that there's certainty there for the sector. That doesn't require any money from government, but it's providing that certainty to the financial institutions, which can drive down those prices over the long term and deliver some real savings to essential workers. At the end of the day, I would add to what David said that we can't get something for nothing in terms of improving these social outcomes. At the end of the day, there has to be some kind of fiscal outlay. The whole idea of getting institutional money to do some of the heavy lifting is about minimising what government has to do but still recognising that the private sector can't do it alone.

JEREMY GILL: I think this highlights the complexity of it, because there have been six really strong reasons why and solutions to it, suggesting there is no single solution, and even just a couple more broader ones beyond that. We've talked about government-owned land but also the role that government can play as a land aggregator in the early stages of a large-scale development. That's a role, from memory, they played in the old Landcom, or maybe the Urban Growth days at the time, around Green Square. They did the land aggregation and the complex negotiations that for a private sector developer is much harder to do. That also works out in regional areas as well—the ability to bring together land aggregation.

The concept of value capture has been something that has been discussed so often in Australia, and it hasn't ever landed but is seen overseas—the idea that if we're seeing those significant upzones, what role does that play in terms of helping to fund early-stage funding, but even broadening it out to think about the role, depending on what infrastructure is required. The contemporary views of unsolicited proposals, direct deal models—if you need to deliver certain parts of a new community, that someone can bring an idea to government to help drive it. It's bringing the private sector into maybe delivering civic public infrastructure. All of these come with caveats. But, again, it's this idea that it's a multifaceted solution to a really complex problem, and I don't think we can just say it's one thing that will solve it.

Mr JAMES GRIFFIN: Thanks a lot for your contributions and submissions. Many of the questions I had have been answered in this great discussion, so thank you. My interpretation, or what I've picked up, is essentially that you've brought many of the solutions. There are obviously many elements that still need to be resolved, but it seems like there are some really practical things with respect to, I think you called it, "super homes", essentially bringing the super funds' capital to bear. There are some practical things like the pipeline piece, so a clear view on how much and where and what needs to be built, and the creation of a model. There are some blanks that need to be filled in. Are you of the view that it would be Homes NSW that would be an appropriate lead to facilitate and bring all that together? In the months that we've been going now, I think there is a lot of assumed knowledge between different groups that aren't necessarily talking to one another. There is no central organising authority to say, "Right, here are some great recommendations." How are we going to actually implement, on a practical level, some of these things?

DAVID HARDING: The work that Homes NSW is doing at the moment, particularly around manufactured kit of parts quality housing, is entirely aligned to the process that we believe will help super homes achieve that quality product sourced from a multiplicity of manufactured backgrounds across Australia. Whether or not Homes NSW was to work in the private sector would be a matter for someone, not me. Generally, I think Homes NSW is set up to provide government-funded and owned stock. We postulate that other types of special purpose vehicle would be best dealing with the institutional investors working out the pipeline that you've

suggested. But, certainly, there's a light regulatory touch that's required from state government. All institutional investment thrives in light regulation. It needs some regulation around quality and pipeline and returns and, certainly, that guarantee of affordability needs to be in there as well as return. There's a role for government. My own view is that it's probably not the delivery. I think the funds themselves will be best placed, as they do already, to invest in their institutional assets.

MAX DOUGLASS: If I could just add to that, I think you've got to the point of aggregation. Every policy report coming out from the sector says that aggregation and scale is the key thing. I think the role for an entity like Homes NSW is playing that aggregating role. It's quite clear from the sector that they're not willing to invest in projects that are under \$50 million, but you get those better returns to scale and you get to essentially diffuse those fixed costs when you get up to \$200 or \$300 million. As David said, light touch aggregation is one of the best things that Homes NSW can do.

Mr JAMES GRIFFIN: Would it be fair to say that that's not happening right now?

MAX DOUGLASS: No, totally not. There's a lack of information, a lack of scale, a lack of centralisation. I think the sector has no idea what's going on, as far as I understand.

The CHAIR: One final question from me. The cohort that this Committee is particularly looking at is what many people are calling the missing middle—the cohort who can't access affordable or social housing because they earn too much, but don't earn enough to enter the private market. They are workers with regular incomes which do increase on a regular basis. If we can unlock the land, get the regulations in the right place to allow the institutional funds to come in and have the Government underwriting it, surely, for this cohort, this is a safe and sustainable investment for institutions and an obvious area where the Government should be focusing on providing housing policy because of the economic benefits but also the actual huge need within the community.

DAVID HARDING: I 100 per cent agree, yes.

ESTELLE GRECH: I agree. I guess the Government also needs to care about social and affordable housing. How do you do everything everywhere all at once, right?

The CHAIR: This shouldn't be the one that's left out, right? It certainly seems to be the case that for this cohort there doesn't seem to be a focused government strategy on it. I understand your point for social housing, particularly for the vulnerable cohorts, but the people who are doing the case management and support for that cohort can't afford to live anywhere near the people they're looking after.

DAVID HARDING: I think that's right. I think there's a cascade issue here. We will never fix the bottom unless we fix the middle.

JEREMY GILL: If you look overseas where jurisdictions with 25 per cent to up to 60 per cent of the housing stock is social and affordable, the definition, and therefore the cohorts that are eligible for that, are so much broader than they are here. They are from people who need acute need right through to those who are the middle income earners who just can't afford to live in expensive cities without some degree of subsidy. But it entirely normalises that housing typology as just the essential infrastructure, as Estelle said, that a city requires.

The challenge we have is that we've eroded it to the point where it's, what, 3 per cent or 4 per cent of our housing stock? And so, therefore, it's only extreme, at-risk, acute need, which then often exacerbates the stigma around it. And then it kind of perpetuates the challenge where this idea of broadening it and just accepting it and destigmatising it—this is just what equitable good cities do for residents. As you move up that spectrum, the degree of subsidy support lessens depending on those needs. That requires a diverse housing portfolio approach to challenging this. And then the definition of an essential worker fits somewhere within that, but it is, as we said in our submission, more broadly based on acute need and income bands et cetera.

ESTELLE GRECH: To your point as well, Alex, thinking about the role of Health Infrastructure and School Infrastructure et cetera, their remit should include housing. It's not just about building schools or hospitals; it's about building places for the people to work there. I think that's probably where there's a lot of room for innovation.

The CHAIR: We had examples of new developments where a childcare centre is put in but no consideration as to where people who are going to work in that can live.

DAVID HARDING: And the other way around. Really smart developers who understand the value of the places that they're developing and understand educationally orientated development—it raises the value of what they're putting into market. It goes without saying that any parent wants to live near a good school and will choose that. I don't think that's broad thinking, but the top end of town in that space is thinking that way.

JEREMY GILL: We're hearing anecdotally that day care centres and aged-care facilities are starting to close down, particularly in the more expensive eastern and northern parts of the city, because they can't find workers because workers are travelling an hour and a half to two hours to get there. The irony is that most development is feasible in the eastern part of the city. Use that lever to deliver more essential and affordable housing where it's actually needed for so many of those people in the care sector.

Mr STEPHEN BALI: In your submissions, you said that the most extreme was Singapore, with 80 per cent affordable housing. How does Singapore do that? And yet if we say 15 per cent, 20 per cent or 30 per cent here, the developers will shoot us in the streets, literally, saying the place would go bankrupt.

The CHAIR: They're up next.

JEREMY GILL: They own the land. The land is government owned in a place like Singapore. Sometimes it's an imperfect model.

Mr STEPHEN BALI: As much as everyone up to now has been saying how much land the New South Wales Government owns, we don't own that.

JEREMY GILL: No, compared to Singapore, where all land is government owned, it is much easier for them to go, "In 20 years time, this area is going to be developed."

DAVID HARDING: We might be about twice the size of Singapore, though, what we are.

JEREMY GILL: Quite possibly, yes. But that's the mechanism that we have.

DAVID HARDING: It's all relative, right.

Mr STEPHEN BALI: How does England and France, at 25 per cent or 35 per cent, do it then?

ESTELLE GRECH: Once you set what's expected, over time it gets embedded into land value.

Mr STEPHEN BALI: Right now in Blacktown it costs \$550,000 to build, yet I can buy a two-bedroom unit for \$450,000. If you now say that 20 per cent of this block has to be affordable, you're selling it at 20 per cent less or the developer has to put aside. That means everyone else in that block has to pay \$600,000 and you can't sell it for \$600,000 in Blacktown.

DAVID HARDING: That's the cost subsidy model. But I think where you find—and others are more expert than I—boroughs in London, for example, that are getting these numbers, it's because they are effectively finding ways to subsidise.

JEREMY GILL: Also, if you say that in 10 years time there's an expectation that land will have a 10 per cent or 15 per cent affordable housing requirement on it, future purchase prices will factor that into the purchase decision. It's hard now. If a site is already owned and underway, that changes the feasibility dynamics. But if a site is yet to be purchased and a purchaser knows, "When I purchase it and develop it, I have to factor in a 15 per cent housing target," that is factored into the land price.

Mr STEPHEN BALI: I really want a solution. In Blacktown, which is reasonably affordable, if right now it costs \$500,000 to build, which is excluding the land price—the land is worth almost nothing—who is going to sell their quarter acre block near Blacktown Station to give to a developer? They can sell their house close to Blacktown Station for \$1.2 million, but to sell it to a developer to put a block of units on there, they will probably only get \$600,000 for it. It's just not going to work.

Mrs SALLY QUINNELL: But if the developer buys it and the one next door and puts four townhouses there, that's where they capture it. They wouldn't put apartments on it.

The CHAIR: Let's hear from our witnesses.

ESTELLE GRECH: Stephen, the point is—and you said it yourself—it is relatively affordable in Blacktown right now. It works more in contexts like the Eastern Suburbs and the Northern Beaches. A childcare worker can maybe barely afford to live in Blacktown right now, but they can't afford to live in the east of the city, which is where it does stack up. We have to think about underlying land values and proximity to CBDs and those sorts of things. It can't be one rule for Blacktown and the City of Sydney.

Mrs SALLY QUINNELL: Can I ask one last question?

The CHAIR: We are about 10 minutes over time. It is Friday and the end of the day. We may send you some supplementary questions. Thank you all for appearing before the Committee today. You'll each be provided with a copy of the transcript of today's proceedings. The Committee staff will also email any questions taken on

notice from today and any supplementary questions—some are clearly incoming. We kindly ask that you answer those questions within 14 days of receipt. Thank you very much for being here.

(The witnesses withdrew.)

Mr TOM FORREST, Chief Executive Officer, Urban Taskforce, affirmed and examined

Mr ROBERT PRADOLIN, Executive Director, Housing All Australians, affirmed and examined

Mr ADRIAN HARRINGTON, Chair of New South Wales Management Committee, Housing All Australians, sworn and examined

The CHAIR: Good afternoon, everyone. Thank you very much for joining us this afternoon for the final session of today's hearing. I welcome the witnesses from Housing All Australians and the Urban Taskforce. 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 confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to examination of witnesses?

TOM FORREST: Yes.

ROBERT PRADOLIN: Yes.

ADRIAN HARRINGTON: Yes.

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

TOM FORREST: No.

ROBERT PRADOLIN: No.

ADRIAN HARRINGTON: No.

The CHAIR: Would anyone like to make an opening statement?

ROBERT PRADOLIN: First of all, thank you for the opportunity. You've read the papers, but I want to give you a little bit of background, which Adrian will do as well, to give context to why we're here and what we're doing. My former life is a developer. I'm not currently representing developers here, because Housing All Australians is a group of passionate capitalists who want to actually achieve some practical outcomes to try to fix this housing crisis in the next 30 to 40 years, because there is no silver bullet. We've all seen that the quantity of this is a \$290 billion problem, as identified by the federal government. In terms of essential worker housing, that's \$90 billion. It is too big for the government to solve on its own—far too big. We've seen the HAF, which is a great start, but it's only a drop in the ocean. The colleagues that I heard before—I totally agree with the issue. The issue is how to unlock the capital and make it actually happen.

The affordable housing model that's in the paper and the register are two linked issues, but the register has got much more capability, which I'll explain to you later. But the affordable housing model is working on the planning densities. As a developer, I've been involved with selling apartments, housing and land. I was involved with the Salvation Army housing, and also disability housing, the PCA, Master Builders and HAA. I've covered them all, so I've got a little bit of an understanding of how the system works and how the developer levers actually work. The model, which has the support of the Municipal Association of Victoria, is that, first of all, we've got to develop some trust in the system. I can sit down with council, as Nightingale has shown in that example, and say, "I'd like to get some essential workers in this development, but they require a subsidy. Let's work together. You give me additional value; I'll use that additional value as the subsidy at no cash".

It's similar to what Premier Minns is doing with the 30 per cent uplift—and that's great. But at the moment, you must be a community housing provider to manage the affordable housing and the social housing. They are fantastic, but they will never solve this housing crisis. It is too big for them. So how do we engage the private sector with transparency, public policies and outcomes, understanding that there is a market mechanism and it's too big for government to solve? If you take on face value that through planning incentives or saving time, it adds additional value, that can be locked in as a subsidy and that's part of that model. But to really engage the sector, you need to address a couple of issues. One is having private sector real estate agents as an option to manage these. That sounds great, but then we don't trust them.

Let's create a national register that allows you to monitor all the issues involved with affordable housing delivery and its long-term maintenance, in terms of below-market rent. In simple terms, you take the NRAS and assume its fully, fully digitalised, including connections to Services Australia and the banks, because that way we're fully digitalising it. PEXA has agreed to do this for us pro bono. They are the only company that I've seen and read—in their annual report, one of their national objectives is to help end homelessness. Homelessness is the canary in the coal mine to a much broader issue in the whole housing continuum. If we do not fix essential worker

housing, homelessness is already and will continue to go through the roof. By using a register to monitor transparency for the eligibility of the tenant, what the market rent is, what the below market rent is and the tender on an ongoing basis, it provides confidence to governments that transparency is maintained and people are doing what their obligations are.

But from a developer perspective, I can sell it to my investor database. You've just now unlocked private sector capital for essential worker housing—not government—and the market can drive that aspect of it. But there are a couple of other issues. If you want to engage the market on this huge issue, how do you engage the market in terms of addressing their concerns? In that paper we expressed the concern, rightfully or wrongfully, that the real estate industry assumes the word "affordable housing" is social housing, and they don't want anything to do with it. So by working with them and working with realestate.com, we've now worked out a process so that—and the affordable housing model is called the PRADS [Progressive Residential Affordability Development Solution] Register—if we can define affordable housing and tag it with that PRADS Register, you can search on realestate.com for key worker housing.

PRADS is searchable, as of the end of July last year, on realestate.com. We have not tagged any properties yet because it's one step at a time. But the more important thing—because you want to define affordable housing—is that there are so many different definitions of it across the country. Using technology, every local government area can define its own income bands for its own key workers that it tries to attract, based on its own demographics and workforce participation. That's looking at affordable housing or essential worker housing with a different lens, but using technology to unlock both private sector capital to provide the transparency in terms of compliance but, more importantly, to give local government the tools to allow it to attract the essential workers it needs in its municipality.

My final point—hopefully you've got the couple of extra letters that we've got for some support. Tourism North East, which is a tourism organisation, is working with us now. They want to have essential housing—they need essential housing—for their workforce. One of the things that's not in that paper is we had a meeting with SEEK, because we're trying to engage SEEK in this process. They did a survey of essential workers, and 82 per cent of Victorian essential workers that they targeted want to have a job with a house. That is how critical it is in this country. Those are my concluding remarks. Being a developer, I can probably answer some of those questions that you've mentioned before, because it is a very complex web, so please feel free in question time to ask anything, even if it's outside our paper, if you want to. We'd be very happy to.

ADRIAN HARRINGTON: I'll just make one point. I'm the former chair of the National Housing Finance and Investment Corp, which is now called Housing Australia. That was set up in 2018. At the time, over the five years on that board, we spent a lot of time talking to institutional capital about investing into social and affordable housing, and through the bond aggregator program et cetera. One of the key things that institutional investors need is information, because to assess their ability to understand risk, price it and allocate capital efficiently, they need information.

Because of my profile as the former chair of NHFIC, or Housing Australia as it's now known, I probably get a call once a week from both domestic and global investors saying, "How much affordable housing is in Australia?", "Where do we get the information on the demand for affordable housing?", "How much supply is there?" and "Where is the supply coming through?" The answer is, "I can't give that to you." They go away and say, "How do we price this? How do we actually make an informed investment decision?" Why I'm so passionate about what we're doing through Housing All Australians in trying to get this register up is that that register will give the information to the market to make this sector more transparent. Greater transparency creates greater interest from investor capital into that sector.

TOM FORREST: To briefly respond to some of the issues that have been raised already, Urban Taskforce obviously represents the property development and construction sector. We are quite explicit in saying we represent those bodies that produce new property, not those that represent the interests of existing property, so we're all for competition. It's supply, supply, supply. Clearly, the supply crisis has had its greatest impact on those that might want or need social housing. There's a massive undersupply of affordable housing, and then you've got a massive undersupply of housing in a large number of locations where those locations need to have essential workers. But it does raise the question of what is an essential worker. Pretty much every employee, for their employer, is an essential worker.

If you said, "Who can you do without?", the chances are they wouldn't be there if you could do without them. So then you take a step back and ask what can society do. It's not just the public service—nurses, doctors, teachers, ambulance officers, the fire brigade, et cetera. It's not just them. The people in this room service the Parliament of New South Wales. So is it people who work 24/7? Does that help define it? Is it data centre workers? Is it cleaners, all of whom have to travel long distances to get to their work? What actually is it? Is it a hospitality

worker in an area where hospitality goes well beyond the times of the public transport network? What is an essential worker? I throw that out there because something needs to be defined so that we know what problem we're solving, and it may not be the solution to everyone's problem, but it might be the solution that solves one cohort of the group's problems.

If it's up to the government, I would say to the government, "Pay your essential workers more money so that they can afford market housing in those locations." Or, alternatively, give them a bonus for living in those locations, as you do already with teachers or doctors who work in regional locations—and as the Sydney Swans get from the AFL for living in Sydney. They get an explicit, additional amount of money every single year, and all the other clubs squeal about it because they don't like the fact that Sydney's effectively being subsidised. But the Sydney Swans say, "They wouldn't come and play with us if they were getting the same wages as the people in Adelaide, Perth or Melbourne," so they get the money. Why not then, if we've got a shortage of nurses on the Northern Beaches, pay them an allowance for the fact that they might need to get a house that's otherwise not affordable?

But at the end of the day, you wouldn't have that problem if you produced a whole stack more supply. I completely agree with my colleague about allowing for increased height, allowing for increased density, allowing for bonuses therefore means it's not costing the taxpayer. It may offend some of the sensibilities of the locals, but we've got a housing supply crisis and we can't afford to house our essential workers, so something's got to give. In that context, we've got to think about how maybe we do have to change the character of some of the local suburbs so that we can ensure that we don't leave people effectively on the scrap heap.

The CHAIR: We will now head to questions. Feel free to take any questions on notice or to provide further information.

Mr JAMES GRIFFIN: Thanks a lot for the submissions and your comments just then. Could you just assist me a little bit by unpacking the PRADS concept just a little bit more from what I've read here?

ROBERT PRADOLIN: Sure. It's formed into two parts. The first is the PRADS model, which is actually negotiated with council, in good faith, to get subsidised housing on a project. If council says, within the planning constraints, "We'll provide you an extra three or four storeys, and that has a value to it, and we'll use that value as the subsidy for X number of affordable homes at 75 per cent of market rent for 30 years," that's just mathematics. That can be proved by the valuer general in the specific state. That's actually how the model works without using cash. It's actually using density uplift to make sure the developer is no worse off. Every developer is happy to have key workers because they've got to serve their development. They just don't want social housing because of the perception. That affects sales prices and rental prices. So that's the model.

The register—at the moment we've spoken to so many councils in Victoria, and I'm pretty sure the other countries are the same. They keep their affordable housing obligations on spreadsheets. If the individual councillor leaves, there's a risk that that disappears. In 10 years time, how do you know it's going to remain affordable? The comments I read in the paper from Premier Minns—his biggest criticism is how do you know in 10 years time if it's affordable? They're all on the register. Every tenant is on the register when you leave and your new one comes. All that data, like NRAS, is on the digital register. The register can actually qualify a tenant based on the requirements of the specific LGA, because it goes down to that granularity.

The agent has to comply with getting a valuation and what is the market rent—all that stuff is on the register. If it detects noncompliance, it advises the local authority. Now, it doesn't stop fraud, but that's why once a year you have an independent, random audit to make sure the system is working. That hopefully explains it a bit better, but we don't use technology in this country to its efficiency. We need to start looking outside the box, because what's happened so far just hasn't worked. You have to engage the existing ecosystem to solve a national problem, because regional Victoria needs it too.

Mr JAMES GRIFFIN: It's interesting that both of your submissions touch on the need for an education and awareness building around the difference between the definitions—"social housing", "affordable key worker" and on and on it goes—because each of them have, whether we like it or not, different connotations in the community.

ROBERT PRADOLIN: Correct.

Mr JAMES GRIFFIN: Earlier today we heard some really compelling evidence from a health worker. She was a caseworker up in Port Macquarie who went through 60 rental applications and just no luck. Is a practical example, potentially, that rather than seeing her as a key worker category on a particular salary, the register would give her almost the benefit of being in a solid government-backed key worker job and allow her then to have an almost streamlined entry into the rental market?

ROBERT PRADOLIN: You need to have the stock. Without the stock, we've got nothing. This is not going to be solved overnight, and I'm sorry but it's not going to be solved in the political cycle. It's 30 to 40 years, but we have to start somewhere. Speaking to the build-to-rent operation, you touched on build-to-rent before, and I won't bore you with the MIT changes, but we could unlock a thousand key worker homes within six months if we do it properly, because the BTR guys want to at least do affordable houses. If they're subsidised, then the 30 per cent withholding tax sort of does that. But they want to manage it themselves. In America they do this every day. Blackstone manages affordable housing for key workers and normal housing at the same time, because they're not complex needs.

We need to unlock the existing ecosystem. To answer your question, assuming there is stock and the PRADS is tagged, when someone goes to realestate.com and says "key worker", it'll put up all the suburbs where all this stuff is and then they'll apply, "Yes, they're qualified." They'll go on like a normal tenant and go on a normal tenant process, other than it's a subsidised house because they're a qualified worker. But this is going to happen over a period of time because it can't just happen overnight, unfortunately—as much as we all want it to. It's a long-term strategy, and we have to start looking beyond political cycles and make this a bipartisan approach because both sides of government will have the same funding problems, whether you like it or not.

ADRIAN HARRINGTON: I think the key to that part of it is that the system will have set criteria which a person has to tick, and then that takes any ambiguity out of it and people trying to rort the system. It will identify that particular person as, "Yes, you are a key worker in that jurisdiction." Therefore, if you put an application in, you're already screened to be affordable. At the moment, you have to go to a real estate agent. Then they want tax returns, they want income statements and all of those things, and someone else is making that judgement. The system, because of the technology behind it, would facilitate that person being pre-screened and take any sort of ambiguity out of the system.

TOM FORREST: I think any technology that facilitates an improved management of social, affordable or essential worker housing, or any form of housing that requires a subsidy, would be welcome. But I think the bigger picture issue is the question of stock and supply. We need to find incentives that make the delivery of more housing in high-demand locations feasible for development, and that needs to be scrutinised not just by the Department of Planning with one consultant but with actual feedback from the development community, with a series of case studies. Sure, get them to sign the confidentiality deeds and all that so that the information is not being used against them in the market or others. But get everyone in a room and say, "What will work?"

Something that Premier Minns announced most recently was a fundamental change. It was subtle for most people, but the change with the Housing Delivery Authority was that they've changed their approach. Rather than with the TODs, where they spent a whole year coming up with what they thought in each location that an affordable housing contribution should be, based on a detailed analysis that they did based on the uplift that they were giving on a site by site, building by building basis, they said, "This site here, that's a key site. They can provide 18 per cent affordable housing in perpetuity." Well, good luck with that. And, "These areas over here, they can only provide 3 per cent." Rather than doing it that way and missing the market, which unfortunately public servants for all the goodwill in the world sometimes do, it's better to call for expressions of interest from the private sector and let the developers say what they think will be financially feasible, and then have a test against that.

As part of the process that the HDA is doing, they'll test the numbers that are put forward, and there will be a bit of argy-bargy. There will be, "If you gave me an extra floor here, perhaps we could do some more affordable housing here." That's the way it should be. It's restoring the good faith and the discussions between those that are delivering the housing supply and those that are regulating the housing supply. Rather than a mark or punish a yes or no answer, it should be a negotiation. "Do you think the community would be too upset if we put half an extra storey here so it was ziggurated up, if you like?" That's the sort of discussion that we want to have, but we need to get on top of that supply question.

There's also a bit of a question mark about whenever you pick winners, you leave losers. This is almost my counsel to the Committee. If you're picking people who are going to be defined as being the beneficiaries of the essential housing, there will be a bunch of other people who are very, very similar or in a worse off position where they won't be eligible for it. Where do you draw the boundaries? What income level do you set? How do you change the income levels as you move further and further out from the CBD centre of Sydney, or do you do it that way at all? I don't know the answers to those questions, but I flag for you a cautionary note. You can have all of the relevant data in the world, which will come through hopefully a centralised Australia-wide system like the one that has been talked about, but you've still got to make judgement calls as to who's in and who's out, and picking winners is always fraught with danger.

ROBERT PRADOLIN: Just on that, I think the local government should be the best place to actually do that for their local municipality, because they're all very, very, very different. But can I touch on that industrial example that was talked about by the other people? Yes, you can identify an industrial piece of land that's not zoned residential, but as soon as it does, it goes up. But if I'm the owner, I'm going to say, "I'm not going to sell it to bloody your valuation. I'm going to stick it and leave it as an industrial." You have to give and take, otherwise you're not going to unlock the land that you've identified. It's a very tricky situation where we are, because they'll say, "I'll just wait for the next government. They'll just rezone it residential, so I'm not going to sell." It's really, really tricky.

With government, they can have a choice. They can say, "We don't want to sell government land." I was the developer for the Carlton housing estate, the Commonwealth Games in Melbourne—builder developer. We bought the land because the government went to tender. I'm a supporter of don't sell public land because you only sell it once, but you can lease it for 99 years. As soon as you lease it for 99 years at a dollar, the return on capital is only the built form, and that's when you get institutional capital to say, "We'll give you a reduced rental because I don't have to get a return on the land." But the land never gets sold. If you put it on the register, then the private sector comes in and says, "We'll lease it,"—Ray White—"but these are the protocols, to key workers." Then you start to get real movement because government can actually say, "We're going to do this strategically." A private sector guy says, "I'm not going to sell it." That's the real issue with this land unlocking.

Mrs SALLY QUINNELL: I just would also like to get some understanding around the PRADS register. Who manages the register? Who's in charge of it, that data?

ROBERT PRADOLIN: Housing All Australians is a PBI DGR charity. The register will belong to the charity, but PEXA will actually maintain it at this point in time for the next several years. I think that's unfair. The register will be self-funding and we've already got indication from the private sector how much they're prepared to pay. Even a CHP—and we've got this in writing, which I haven't shared, but I'm happy to share it confidentially—the tier one CHP, who has been involved with this journey for a long time, the managing director, said, "Rob, if your register was ready today, we could save half a million dollars per annum in three years and up to \$1 million in six years." It's an efficiency piece. They do everything manually.

Mrs SALLY QUINNELL: So there'd be members that would.

ROBERT PRADOLIN: There'd be a chart just like a fee for service—\$200 per dwelling per year is how you keep the register updated to make sure compliance has happened by all stakeholders. That's the charity running this as the register hopefully in collaboration with a number of levels of government.

Mrs SALLY QUINNELL: Isn't there a danger though that it could be like realestate.com where LJ Hooker just say, "We're not going to be part of that," and just do their own thing?

ROBERT PRADOLIN: Follow the self-interest.

Mrs SALLY QUINNELL: They have, and they did what they thought was best and it hasn't damaged them and they haven't disappeared.

ROBERT PRADOLIN: But that's realestate.com, though. It depends what specifically you're talking about. This register is in the public interest. We've spoken to the federal government. We're still speaking to the federal government, Treasury, Housing Australia. We're doing this in the public interest. The only thing that I like, as one of the founding members, is to make sure the charity has a recurring income stream for its purpose to house all Australians. But we're doing this in the public interest because if no one does it, it never actually happens, and same old, same old.

Mr STEPHEN BALI: It's almost like a credit check.

ROBERT PRADOLIN: It eventually is a credit check because if you go into Services Australia and make sure social security is confirming that what the person has told you is actually legitimate.

Mr STEPHEN BALI: I meant like a credit check—

ROBERT PRADOLIN: System.

Mr STEPHEN BALI: Yes, because that's private. That's not a public thing.

ROBERT PRADOLIN: Correct.

Mr STEPHEN BALI: All the banks go through it.

ROBERT PRADOLIN: It's not a private operation to make millions of dollars and then corporatise it. This is a charity running something in the national interest to unlock new forms of capital and make sure the

transparency is there in perpetuity if it's government land, so the next 50 years you will know it's always been used for affordable housing on the conditions that are on the title because the register monitors it.

ADRIAN HARRINGTON: But ultimately our aim is to have each of the state governments and the federal government sign up and make it mandatory that, in each of the jurisdictions, people involved in affordable housing, whether it be management, development or a tenant, you go through this portal.

ROBERT PRADOLIN: On that, we're talking to the Victorian Government. I can't say too much until they table with their board, but we're talking to the Victorian Government, the Queensland Government, the Tasmanian Government. New South Wales said, "We'll do our own." Good luck.

Mr STEPHEN BALI: Revisiting a couple of things that you guys have raised—and thank you for your presentation. It's been a real eye-opener for a Friday afternoon. As far as perpetuity versus 10 years, 20 years, 30 years, from a developer's point of view, if everyone that came here goes—and it sounds like a good idea, which it is, that you put away for affordable housing in perpetuity. How does that impact on the ability for developers then to deliver on these things?

TOM FORREST: There are two big differences. The first and most obvious one is, if it's for a fixed period of time, the Urban Taskforce has preferred 15 years. At the end of the 15 years, you'll get a capital gain and the capital gain effectively helps you pay for the subsidy that you've had, be that 25 per cent or whatever the defined subsidy level is. That helps you pay for that for that 15-year period. It's almost a self-funding mechanism.

Mr STEPHEN BALI: Do developers sell that to somebody else that then holds on to it?

TOM FORREST: Yes, you can. So you're not locked in with one developer. The developer can pass it on to somebody else and then they can benefit, because after the 15 years it just reverts back to ordinary housing. But then you've got to have a continual supply of that affordable housing stock. It's assuming that there will continue to be housing growth. What you don't get with in perpetuity is, with the first model that I just described, the developer or the owner of the building still gets about 65 per cent of the rental income for the 15-year period. You pay for the 25 per cent subsidy.

That takes you from 100 per cent to 75 per cent. Then you pay for the management costs and for the management of the tenants through the affordable housing, and they might have a 5 per cent, 6 per cent and then there'll be insurance charges, another couple of per cent. You get about 65 per cent, maybe 70 per cent of the rent for the whole 15 years. Then, at the end of the 15 years, you get the capital gain and that helps you cover the 30 per cent that you've lost, right? With in perpetuity, you don't get any rent ever. You're just handing over the keys forever. You get no capital gain and you get no rent ever. That's why we say 1 per cent in perpetuity equals about 6 per cent if it's a 15-year arrangement.

You get far, far less affordable housing right now if you go in perpetuity because you'll kill the feasibility of development unless you're massively increasing the height and density and not just going an extra floor or two, but going an extra—taking it from five floors to 20 floors. Then you'll have an option of being able to do an in perpetuity deal, no doubt about it. But do you see you're not just losing the ownership of the building and therefore that capital gain opportunity, but you're also losing all of that rent, and that's what makes it so uneconomic. I think, with all the goodwill in the world, there's not been a fulsome understanding of the impact of that in perpetuity—what it actually means in terms of that loss of rental income on a permanent basis.

ROBERT PRADOLIN: I probably have a slightly different view and I've been a developer all my life, ever since I was three years old and built my first cubbyhouse. I've always been in the property industry.

Mrs SALLY QUINNELL: Did you onsell it?

ROBERT PRADOLIN: Yes, I handed it down. From a developer point of view, if council is going to give you the uplift—and it's all maths, right? It's all approval of Valuer General. If I'm going to get an uplift and that uplift subsidises the affordable housing, it might only subsidise five but it covers its cost. If you accept that premise, then you buy it for a cheaper price. It's got an encumbrance. But from a percentage yield, it's the same percentage yield at 400,000 as it is at 500,000, because the differential in the rental accommodates it. But the bonus—

TOM FORREST: Fundamentally that's not right. It's not right because you're talking with essential workers. You're talking about not land that you're buying; you're talking about land that is already owned. There will be no discount because of the encumbrance. They will say, "We want what we want." When you're talking about Greater Sydney, you're talking about land that is already developed. It's urban land. If you want people to develop up affordable housing in places like the Northern Beaches and Mona Vale, or the Eastern Suburbs of Sydney around Prince of Wales and Royal Prince Alfred et cetera, the idea that they'll be building in an

encumbrance into the sale prices just doesn't work that way. We represent the property development sector, and I'm telling you what the—

ROBERT PRADOLIN: I'll share with you—Property Council, UDIA, Aware Super, real estate of Australia, real estate New South Wales. I'll share all those letters with you, because—

TOM FORREST: Great, perhaps you should have joined the Urban Taskforce.

ROBERT PRADOLIN: Well, I tried to reach out a long time ago. But anyway, look, all I'm saying is—now, I'm not saying it should be 10 per cent, by the way. I'm saying, whatever the uplift is, it will mathematically subsidise a number.

TOM FORREST: That's what a land tax does.

ROBERT PRADOLIN: I'm not talking about land tax.

TOM FORREST: I'm just suggesting that, if you have a land tax and there's uplift, it will automatically pick up that land tax because you receive more—

ROBERT PRADOLIN: All I'm saying is the principle is: whatever the uplift is, subsidise a number of affordable homes. It may not be 10 per cent, but it's purely maths.

TOM FORREST: It's never going to be 10 per cent.

ROBERT PRADOLIN: I agree with you there because it's very, very expensive, especially in Sydney. But the principle is: add extra value and it will subsidise something mathematically. That's all I'm saying.

TOM FORREST: Agreed.

ROBERT PRADOLIN: And whatever that something is, it's a lower value because it's got an encumbrance for 30 years. But the percentage return—and banks have been involved with this. Bendigo and Adelaide Bank—and we're talking to Anna Bligh at the moment. The banks have been involved. They've said, "Our minds are around this now," that, whatever that price is, the percentage return from residential is the same whether it's 500,000 or 400,000. It's going to be 3 per cent. But the bonus, if it's 30 years—because initially I started on perpetuity. But you're not going to get the private sector to come in on perpetuity. So I said, "Leave it for 30 years. That allows us to build a stock and, after 30 years, you get a 30 per cent bonus because the encumbrance comes off." It has to be driven by follow the money. In perpetuity—it's too hard in Australia now because it'll never start. But government can do that because it's their land. They can say, "I'll take zero for it, but it's a 99-year lease." Private sector won't do it. I do agree with you that it is purely mathematics. Ten per cent sometimes is too much until you understand what the maths says.

TOM FORREST: And 30 years is too long.

The CHAIR: A lot of witnesses talk about subsidies. But another aspect here is obviously the cost to deliver a one-bedroom apartment and the additional costs that are created because of our planning process. We had a CHP yesterday explain to us that a one-bedroom unit that they would want to deliver starts at \$400,000 but, due to escalation in costs as a result of the planning process, ends up costing them \$600,000. That's a CHP. They're going to provide it. But within the private market we can talk about subsidies, but we could also be a bit realistic that the current planning systems are actually disincentivising the provision of affordable housing for key workers.

ROBERT PRADOLIN: It makes it more expensive.

The CHAIR: I would love to hear your thoughts on that and recommendations of ways in which red tape can be reduced to actually make the delivery of housing more affordable in a more general way. I'll start with you, Tom.

TOM FORREST: There were a range of changes. This is something that always makes politicians a little bit nervous, and that's the question of boarding housing or co-living housing accommodation.

The CHAIR: We've dealt with that a bit in this.

TOM FORREST: Making co-living or boarding house accommodation or seniors living, all sorts of different—there were all sorts of different subsidies and benefits and fast-track systems. We had site compatibility certificate arrangements, so you didn't have to go through the full planning process in the past. But unfortunately the slightly misnamed—originally it was called the housing diversity SEPP and then it was just changed to the housing SEPP because all of the diversity elements got removed from it as part of the process. Rob Stokes got sick of me calling him George Orwell and just called it the housing SEPP.

What we need to do is reintroduce those housing affordability components and essential worker housing is part of that. I think that that's a mechanism whereby, if you offer specific bonuses that deliver an outcome for the target group that you're seeking to benefit but which doesn't hamper housing supply by effectively acting as a tax on the property development community, then, in the context of the rising costs of the delivery of housing supply, where there isn't just latent profit ready to be taken—the statistics about bankruptcies and the property construction sector very clearly show that there are no people just raking in pools of gold.

It just doesn't exist. Certainly, at the moment it doesn't exist at all. Therefore, when there's any additional tax or burden put on, it effectively increases the cost for all of those other houses that might be being developed that are paying full market rate. Effectively you'd be going out to the societies that we want to pay this cohort of people—and I talk there about picking winners. We want to give them a \$200,000 discount on their house, but it's going to come at the cost of \$45,000 on your house—for all of the rest of you. You'll be paying 45 grand extra because it's not coming from the developer profit.

The banks wouldn't allow it to happen. They won't lend us the money if they can't see us making money ourselves and being able to pay back their interest requirements and the like. I think that working through the taxation system and using the housing sector, reintroduce the categories, but do it and create it in a way—a recommendation that you might consider is any changes that the planning system might be considering, perhaps in the new genre of bipartisanship as we approach planning reform between the Premier and the Leader of the Opposition.

Perhaps we could consider coming up with a feasible mechanism through consultation with all of the industry bodies and the CHPs, as well as the essential worker unions and relevant representatives to ensure that we're not just taking from one in the hope that we might be giving to the other, but then, in the end, doing what we've done for the last 20 years and actually having an end result where we're not producing enough housing because we've overregulated it and overburdened it with taxes and, as a result, have the catastrophe that we're now facing.

ADRIAN HARRINGTON: Chair, if I could make another point about that, in the last government, just before the change in government, I was asked to sit on a committee made up of planning representatives. I was the independent member on that committee. The previous government asked for submissions for land that hadn't been in the planning system already to be put in and reviewed so they could try to be fast-tracked through the system. Over 100 submissions came in during that process. The committee got, if I recall, 30 or 33—it was around that number. Only five were approved by the Minister to be fast tracked. We all got, on every submission, something like 10 different government departments all putting reasons as to why they liked it or didn't support it.

What was clear to me when I came out of that process was there's no clear coordination. It's not just the planning department. It's the water, it's the SES, it's every other government department who seemed to have a view about whether or not that piece of land should be rezoned for housing or not. It seemed to me that there was very little coordination across different government agencies in terms of how you work through a piece of land to be rezoned. And I think there needs to be—everyone talks about other mechanisms, but if one of the recommendations that could come out of this Committee is greater coordination of all government agencies who have a role to play in the supply of land.

ROBERT PRADOLIN: I totally agree with what you said from a market perspective. We're talking about the subsidies because, irrespective of whether it's status quo or we change it, the registers still need it. The purpose of the register is to actually unlock new capital at whatever level you can actually unlock the planning system. We are in more of a crisis. We need to be accelerating this. We've done some economic studies as well and, if we continue this current trajectory, the additional cost in today's dollars to future generations in 2032 is an extra \$25 billion per annum. My concern as a father is future generations will not be able to afford that tax. So what happens? Our values get watered down again. We are heading for a lose-lose trajectory in terms of the social cohesion based on a fundamental human need called housing. We believe that housing is essential infrastructure for a future prosperous country to allow every participant to contribute positively rather than become a welfare dependent.

TOM FORREST: I agree completely. I'll just quickly add to that. In New South Wales, we are particularly prescriptive in terms of the minimum size of apartments. If you walk around Melbourne, you see these odd-shaped, funny buildings which are right next to the other one, and there's very little setback for the building between them. You wander around and yet there's a cosmopolitan feel to Melbourne, partly because their streets are wider and so you get a feeling of public open space. We can't readily change that in the near term.

But affordable housing, if people are happy living closer to their workplace and they're prepared to give up amenity in the form of having a smaller room for accommodation, I don't see it's appropriate for the regulatory

system of planning to be saying, "No, you can't do that. You must live 40 kilometres away"—or 70 kilometres away in some cases—"from where you work because we demand that you have a minimum apartment size or a minimum house size that meets what we consider to be appropriate for your living preference." I don't think that that's appropriate in any way, shape or form. I think we've gone way over the top with the apartment design guidelines, and that massively increases the cost. I'm not saying turn them into poor housing in any way, shape or form. But around the world you can see really high-quality houses at 35 square metres; that wouldn't even be contemplated in the context of New South Wales.

Mr STEPHEN BALI: I'm helping my friend James here. The biggest shortage of essential workers—bus drivers, cleaners and all that stuff—would be the North Shore or some of the Eastern Suburbs. At the moment, the Government, I would assume—James would know better than I would. There wouldn't be that much surplus government land.

Mr JAMES GRIFFIN: Not much, no.

Mr STEPHEN BALI: If you want to build a block of units, how do we incentivise that? How do you gain a couple of blocks of land somewhere to actually turn it into a block of units? At the moment, one person may want to sell their land but next door doesn't want to sell. What way can we incentivise that?

ROBERT PRADOLIN: That's the complex issue. I think we need to be open to saying that this is going to take a long time.

Mr STEPHEN BALI: We don't have a long time.

ROBERT PRADOLIN: Let's not miss—

Mr STEPHEN BALI: You need cleaners tomorrow.

ROBERT PRADOLIN: That's your political issue, but let's not miss one affordable home because they start to add up. Again, I'm a developer; I'm a capitalist. I want to get essential workers. I'm happy for essential workers to be part of my complex because they're going to probably work in the local community. Give me some planning uplift when I build my building, and I'm happy for them to live there because if it's a policeman, it's going to provide extra security. But you need to make sure you manage the perceptions of the industry because, whether you like it or not, perception is reality. If you don't deal with it, you have unintended consequences. For every developer that goes mid-rise, I'm sure I can convince a developer to put key worker housing on there as long as they're not worse off by giving you the extra planning uplift, and you get developments. You might have two, three, four, five or ten, and it all accumulates over time. That's why the bipartisanship is important. This is a long-term approach, because if you don't do it, we're going to be back talking here in 30 years.

Mr STEPHEN BALI: I get all that, but how do we accumulate land? How do we force people, arguably—

ROBERT PRADOLIN: You can't force people.

TOM FORREST: You're not going to be able to force people, although Landcom has the power for compulsory acquisition, with the input of government. It's not absolutely impossible but, practically speaking, I think politically it's not going to happen. What you do is you provide bonuses for consolidation. You assist the developer. Sometimes some people will be holding out, but you do what you can do. We seem to go out of our way to make it more difficult to consolidate the land. For example, with the tier 2 TODs up on the North Shore line, they've said that any site that has any heritage encumbrance—and that can be in a tiny part of a 600 square metre block, on the top left-hand corner there might be an old original toilet, fountain or feature, on one tiny bit—you're not allowed to benefit from the TOD SEPP uplift on that whole property.

What that means is, in order to make the TOD SEPP uplift work, normally you'd have to consolidate three or four land parcels and then you can get the height and density with the setbacks that are appropriate and you get the benefit of the new arrangements. Because one of those properties has one fountain on it that has a heritage listing, you can't develop any of that suite of properties. I'm not anti-heritage in any way, shape or form, but I do believe that we've gone a little bit OTT in terms of protecting almost the fear. The Heritage Act itself just requires that you honour that item, perhaps you feature it in some way, and that what you're doing with the development doesn't detract from the heritage item that you're—why not just apply that? That's what the Act says now. Why not just do that, rather than sterilising not only your property but the entire opportunity to benefit from that uplift? It's just one example amongst many. I think, Mr Greenwich, you're on the right track when you say unlocking that planning system is really key. In so many ways we make it really difficult, and then we all scratch our heads and say, "Why is housing affordability so bad?"

The CHAIR: "Why is it taking so long?"

ADRIAN HARRINGTON: I know we're up against the time, but can I just make one statement about Homes NSW. It's been around for 12 months now. I think it's a fantastic initiative of the Government. One of the key recommendations that should come from this Committee is that it needs to be properly resourced. Rebecca Pinkstone is doing a fantastic job in a senior team. You go to Victoria: Development Victoria has an advisory board made up of industry experts. I would recommend we have an advisory board to them. I also would recommend that they have an institutional investor taskforce set up to look at some of the things that have come up through the submissions that have been submitted to this inquiry so that we can have institutional investors, fund managers and the private sector work with Homes NSW, and the Government and Treasury, to actually put in place some recommendations. Homes NSW has got a fantastic team, but they haven't played in the institutional market. We need institutional investors, as you've heard over the number of days and certainly in the previous session. I would commend Homes NSW being given those extra external resources to leverage off.

ROBERT PRADOLIN: Can I come back and maybe just answer the question?

The CHAIR: You've got one minute, unfortunately.

ROBERT PRADOLIN: I was in Manly recently. There's a lot of construction going on. If you can't find land and you collaborate with your federal government and there's a register to monitor the compliance—because it's all about maths—you could say New South Wales and federal government will give GST exemption on the whole building, which is a quantum number, and that quantum number goes towards X number of affordable homes on there. The developer gets the same return, but you've got essential worker housing somewhere where you've got no land. You've got to think outside the box. You can do the same thing with stamp duty, with a whole range of things, but you need to monitor compliance to make sure you're getting that bang for the public buck.

Mr STEPHEN BALI: Sure, put 30 storeys on Manly beach.

The CHAIR: Thank you all very much for appearing before the Committee today. It's a very robust conversation for a Friday afternoon; we appreciated it. You will each be provided with a copy of the transcript of today's proceedings for corrections. The Committee staff will also email you any questions taken on notice today and any supplementary questions from the Committee as well. We ask that you return these within 14 days of receiving those questions. Also, feel free to provide the Committee with any further information on any of the questions you were asked today.

Thank you all. That concludes our public hearing today. I again place on record thanks to all the witnesses who appeared today. In addition, I thank the Committee members for their strong engagement, our amazing Committee staff, as well as Hansard and the Department of Parliamentary Services for their assistance in the conduct of the hearing.

(The witnesses withdrew.)

The Committee adjourned at 16:05.