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SENATE

SELECT COMMITTEE ON HOUSING AFFORDABILITY IN
AUSTRALIA

Reference: Barriers to homeownership in Australia

TUESDAY, 8 APRIL 2008

PERTH

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**SENATE SELECT COMMITTEE ON
HOUSING AFFORDABILITY IN AUSTRALIA**

Tuesday, 8 April 2008

Members: Senator Payne (*Chair*), Senators Bartlett, Colbeck, Fifield, Lundy and Moore

Senators in attendance: Senators Bartlett, Eggleston, Fifield, Hutchins, Moore, Murray, Payne and Siewert

Participating members: Senators Abetz, Adams, Barnett, Bernardi, Birmingham, Mark Bishop, Boswell, Brandis, Bob Brown, Carol Brown, Bushby, George Campbell, Chapman, Coonan, Cormann, Crossin, Eggleston, Ellison, Fielding, Fierravanti-Wells, Fisher, Forshaw, Heffernan, Hogg, Hurley, Hutchins, Johnston, Joyce, Kemp, Kirk, Lightfoot, Ian Macdonald, Sandy Macdonald, McEwen, McGauran, McLucas, Marshall, Mason, Milne, Minchin, Nash, Nettle, O'Brien, Parry, Patterson, Polley, Robert Ray, Ronaldson, Scullion, Siewert, Stephens, Sterle, Troeth, Trood, Watson, Webber and Wortley

Terms of reference for the inquiry:

To inquire into and report on:

The barriers to home ownership in Australia, including:

- a. the taxes and levies imposed by state and territory governments;
- b. the rate of release of new land by state and territory governments;
- c. proposed assistance for first home owners by state, territory and the Commonwealth governments and their effectiveness in the absence of increased supply;
- d. the role of all levels of government in facilitating affordable home ownership;
- e. the effect on the market of government intervention in the housing sector including planning and industrial relations laws;
- f. the role of financial institutions in home lending; and
- g. the contribution of home ownership to retirement incomes.

WITNESSES

ARNOLD, Mrs Anne, Chief Executive Officer, Real Estate Institute of Western Australia	30
BIRDSALL-JONES, Dr Christina, Research Fellow, John Curtin Institute of Public Policy, Curtin University of Technology, Housing and Urban Research Institute of Western Australia	43
DARBY, Mr Stewart, Director of Policy and Research, Real Estate Institute of Western Australia.....	30
EKELUND, Ms Dorte, Deputy Director General, Department for Planning and Infrastructure, Western Australia	2
EVANS, Mrs Lynne, Chair, Community Housing Coalition of Western Australia.....	17
FIJAC, Mrs Kerry Anne, Deputy Director General, Housing, Department of Housing and Works, Western Australia.....	2
GOOSTREY, Ms Debra, Chief Executive Officer, Urban Development Institute of Australia, Western Australia	59
GUISE, Mr Daniel, Best Practice Unit Manager, Community Housing Coalition of Western Australia.....	17
HASLAM McKENZIE, Professor Fiona, Director, John Curtin Institute of Public Policy, Curtin University of Technology, Housing and Urban Research Institute of Western Australia.....	43
HEMSLEY, Mr Warwick, President, Urban Development Institute of Australia, Western Australia.....	59
KITCHING, Ms Bronwyn, Executive Officer, Shelter WA	23
MARCELINO, Mr Victor, Councillor, Urban Development Institute of Australia, Western Australia.....	59
McCLUGHAN, Mr Colin Jackson, Executive Officer, Community Housing Coalition of Western Australia.....	17
RODENBURG, Mrs Veronica Anne, Chief Executive Officer, Yaandina Family Centre Inc.	43
ROWLEY, Dr Steven, Senior Lecturer, School of Economics and Finance, Curtin Business School, Curtin University of Technology, Housing and Urban Research Institute of Western Australia.....	43
RUDDOCK, Ms Amy Elizabeth, Executive Officer, North West Region, The Chamber of Minerals and Energy of WA	73
SATTERLEY, Mr Nigel, Member, Urban Development Institute of Australia, Western Australia; Satterley Property Group, Western Australia	59
STEWART, Ms Heidi, Research Manager, Shelter WA	23
THOMSON, Mr Neil David, Assistant Director, Microeconomic Policy, Department of Treasury and Finance, Western Australia	2
THORN, Mr Michael Thomas, Director, Policy Division, Department of the Premier and Cabinet, Western Australia.....	2

Committee met at 8.48 am

CHAIR (Senator Payne)—I declare open this meeting of the Senate Select Committee on Housing Affordability in Australia. The Senate established this select committee on 14 February 2008, and it is due to report on 16 June 2008. The terms of reference for the inquiry are as follows:

The barriers to home ownership in Australia, including:

- a. the taxes and levies imposed by state and territory governments;
- b. the rate of release of new land by state and territory governments;
- c. proposed assistance for first home owners by state, territory and the Commonwealth governments and their effectiveness in the absence of increased supply;
- d. the role of all levels of government in facilitating affordable home ownership;
- e. the effect on the market of government intervention in the housing sector including planning and industrial relations laws;
- f. the role of financial institutions in home lending; and
- g. the contribution of home ownership to retirement incomes.

This hearing has been convened to receive evidence in relation to the committee's inquiry. These are public proceedings, although the committee may agree to a request to have evidence heard in camera or may determine that certain evidence should be heard in camera. I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee. If a witness objects to answering a question, the witness should state the ground upon which the objection is taken, and the committee will determine whether it will insist on an answer having regard to the ground which is claimed. If the committee determines to insist on an answer, a witness may request that the answer be given in camera. Such a request may, of course, also be made at any other time. Any claim that it would be contrary to the public interest to answer a question must be made by a minister and should be accompanied by a statement setting out the basis for the claim.

The Senate has resolved that an officer of a department of the Commonwealth or of a state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted.

[8.50 am]

EKELUND, Ms Dorte, Deputy Director General, Department for Planning and Infrastructure, Western Australia

FIJAC, Mrs Kerry Anne, Deputy Director General, Housing, Department of Housing and Works, Western Australia

THORN, Mr Michael Thomas, Director, Policy Division, Department of the Premier and Cabinet, Western Australia

THOMSON, Mr Neil David, Assistant Director, Microeconomic Policy, Department of Treasury and Finance, Western Australia

CHAIR—I welcome officers attending this morning representing the Western Australian government. Shall we commence without Ms Ekelund being here?

Mr Thorn—I am happy to proceed without Dorte. We expect her to arrive shortly.

CHAIR—Thank you very much. I will ask you to make an opening statement, but I would also like to say that the committee appreciates the assistance of the state government in appearing before today's hearing. The New South Wales government declined to participate last week, so we are very grateful for your government's engagement, particularly given our terms of reference and the serious nature of the issues which we are pursuing. Would any of you like to make an opening statement?

Mr Thorn—Thank you. I do not have a formal introductory presentation. Also, you will be aware that we have not lodged our submission with the committee yet, but I can assure you that it will be with you shortly, either at the end of the week or early next week.

We are a cross-section of agencies that have been involved in housing issues here in Western Australia in recent times. The state government has actually commissioned a fairly substantial review of housing matters called 'An economic review into land and housing markets', which Mr Thomson and I are heavily involved in, so we do have a reasonably good handle on many of the issues that form part of your terms of reference.

I think the long and the short of housing issues in Western Australia is that we have both a supply and a demand problem. We do not believe, however, that land issues are a critical part of that—certainly not in the metropolitan area. We are happy to note that there are significant housing issues in regional Western Australia. I understand that you spent yesterday in Karratha, where you probably had a bit of a firsthand look at some of those issues. I think the other critical housing issue facing all Western Australians is that of housing for Indigenous people.

That is really by way of background in terms of where we are and what we know of the issue. I thought that today we would make ourselves available to the committee to answer any

questions that you might like to put to us and, I suppose, to follow up with further information if we are unable to answer your questions directly today.

CHAIR—Thank you very much. The committee appreciates that. You can tell by the number of senators around the table the level of interest that there is in this inquiry, both from senators who are formal members of the committee and from those who are participating. So I will have to manage the allocation of questions as best I can without a fight breaking out! I will start with one question, Mr Thorn. You referred to the economic review into land and housing markets, which I gather that you and Mr Thomson were particularly involved in. Can you explain a little more to the committee about the nature of the review and its aims and objectives?

Mr Thorn—I will flick that one directly to Mr Thomson.

Mr Thomson—The review was established just over a year ago, and it has six terms of reference. The first of the terms of reference focuses on regulatory issues, basically looking at the impacts of the regulations on new housing and land development in Western Australia and also at some of those interjurisdictional issues such as Commonwealth regulations. By the way, I have a copy of the terms of reference and I am happy to submit those if you want.

CHAIR—That would be very helpful, thank you.

Mr Thomson—The second of the terms of reference looks at the role, interaction and planning of state agencies and also the local governments in the supply and development of land and housing. The third of the terms of reference refers to the adequacy of data management within the Western Australian planning system. Then the fourth of the terms of reference looks at the overall policy in terms of housing supply and land supply. This is just a potted version, but the fifth of the terms of reference is specifically looking at whether there are any market failures in the private market for residential land, land development and housing. The sixth of the terms of reference refers to the capacity constraints which Western Australia has currently been facing—any bottlenecks in the actual delivery of on-the-ground housing and land.

CHAIR—In construction and—

Mr Thomson—It is not just construction but also development, because it is a major aspect. Even looking at planning issues, it is a major capacity constraint there. That is a potted version of the terms of reference, but I do have a copy that I am happy to submit.

CHAIR—Thank you. I will ask you to table that, thanks, Mr Thomson. When is the review to be completed?

Mr Thorn—We hope to have that finished by the middle of the year. We are in the drafting stage at the moment.

CHAIR—And the report will be made public?

Mr Thorn—It certainly will be, yes. Our intention is to release a sort of draft, penultimate review report for public comment—and I imagine that that will be out before your committee wraps up, so it might be possible for you to have a look at that review report.

CHAIR—That would be interesting. Thank you very much.

Senator HUTCHINS—Could you expand on what you mean by ‘market failures’ in the fifth term of reference and what you may anticipate that is going to flesh out?

Mr Thomson—Obviously, market failure is an economic term, in a sense. One of the aspects we looked at is looking at the depths of the market—for example, in the land development sector. At this stage, we think it is a competitive market, so we have not focused on that issue, but I am happy to read out the subpoints here in the terms of reference if you want the detail.

Senator HUTCHINS—I think that would be helpful, because, coming from the east, we are continually reminded by our colleagues that the streets are paved with gold over here, and ‘market failure’ is an unusual term to hear. It would be helpful, I think, to the committee.

Mr Thomson—I will read the full terms of reference, and I think we might be able to work from that basis. They read:

5. Examine whether there are market failures in the private market for residential land, land development and housing (including rental housing). This is to include:

- the depth of the market for housing and land and key growth corridors of the Perth metropolitan area and regional centres—

so it also refers, obviously, to regional centres, looking at the market and delivery of land and housing. The second dot point is:

- the extent to which market power is exerted by developers by controlling the supply of land during periods of strong demand ...

The third dot point is:

- the impact of State Government land taxes, stamp duties and other related taxes on the competitive incentives in the housing and land market ...

And the fourth dot point is:

- the market impact of Federal Government funding of, and policies on, rental accommodation.

Senator HUTCHINS—That is much clearer. Thank you for that. When do you have to report?

Mr Thorn—We are planning to have completed our review in the middle of the year, but, as I suggested to you, Chair, we would hope that we will have a discussion draft of our final report out in May.

Senator HUTCHINS—Is that to the Premier?

Mr Thorn—It is to cabinet, yes. Ms Ekelund might like to comment, however, on some of our experiences with the market here in Western Australia in recent times.

Ms Ekelund—Firstly, I apologise for my lateness. I had some car troubles. Essentially, I suppose we would like to think that the market is fully responsive to demand. What has happened in Western Australia is that the development industry has not been able to respond

fully to the demand pressures that have been placed on this economy. As mentioned, there are capacity constraints which we have been experiencing and significant competition for skilled resources. And, of course, I am sure the committee would be aware, after your hearings yesterday, that the competition from the mining industry for skilled resources is substantial.

Effectively we have found that, in Western Australia, particularly the metropolitan market for land and housing is geared to something in the order of 15,000 to 18,000 blocks per annum. The underlying demand for housing has been substantially more than that. There has been a correction in the last 12 to 18 months within the market, partly because, I guess, the industry has responded by very high prices, and we have now had a situation where people are not able to cope with those prices. But we certainly have graphs that show that the price curve has been going straight up, and there was a point in mid-2006 where we hit the peak of the market and land purchases basically started to dwindle. Interest rates may well have had some impact there.

We have a situation now where we have quite a substantial amount of supply of both housing and land in the market, but the development industry is seeking to retain the price at a higher level. There is a lot of concern within the development industry and indeed within government about the prospects of negative equity in housing, and we certainly have been experiencing negative equity trends on the outskirts of our urban areas.

So there are a number of factors at play which are not allowing the market to respond fully to those sorts of price and supply signals. We have a lot more supply now, but the development industry is trying to keep it under control. So there is not full flexibility in the market either for responding to demand, and the development industry is probably operating like a bit of an oligopoly at the moment in keeping prices firm. But it is certainly offering plasma TVs and landscape packages et cetera, which reveals that the underlying costs of land—the price of land—are going down.

Senator HUTCHINS—Is that because the developers have bought at the high end of the market? Is that part of their response to this?

Ms Ekelund—It is a bit of a mixed bag. There are certainly many developers—big, long-term developers—within our market who have bought ‘en globo’ land—raw land—very cheaply, many, many years ago and have been securing abnormally high profits through the boom period over the last few years. However, because of the prosperity, en globo land—raw land—prices in the recent past have gone up. There certainly are some smaller developers who probably have overextended themselves and bought land at too high a price. Meanwhile, the input costs—the costs of labour, the construction industry and, indeed, raw materials—have gone up, and there will be some people that will lose out by having bought land at too high a price in the recent past.

Senator HUTCHINS—Does the Western Australian government have an ability to compulsorily acquire land? I know in my state, New South Wales, it does happen under certain circumstances.

Ms Ekelund—We do. In terms of the housing market, though, we generally have not. We might compulsorily acquire to secure infrastructure corridors and environmentally sensitive lands, but certainly our Department of Housing and Works, our redevelopment authorities and

our LandCorp—our government land developer—generally do not compulsorily acquire; they purchase land in the market as any developer would.

Senator EGGLESTON—I was very interested in your comments about land release, as the Institute of Public Affairs in particular cite the rate of land release as a key factor in the increasing prices of houses in Perth. They say that production of housing lots in Perth peaked in 2003 at 8,744 and by 2006 had declined to a release of 4,870 in that year. You said there was more land available now. I wonder what the actual number of lots being released is and what the total release of lots was last year.

Mr Thorn—Having flipped through the documents that I have here, I can say that the pool of vacant residential lots in Perth and the Peel area, which is the metropolitan area and Mandurah, has risen from 30,000 in 2004 to 38,000 in 2007. I think that the figure that we have used—and we will confirm this in writing to the committee—is something like 70,000 for the lots that are available for development and are at some stage within the development chain. I am aware of what the institute has asserted, but I do not believe—and the government does not believe—that that is the issue. As I think I said in my opening remarks, we do not believe that land supply in itself is the key issue that is driving up prices. There is a whole range of other factors. What usually goes hand in hand with that sort of analysis is that government should be releasing more greenfields land, which is almost invariably on the fringes of the city. I note some of the remarks that Ms Ekelund was just making about the price signals that we are seeing in the marketplace at the moment suggesting that there is significant buyer resistance to actually moving into the fringe suburbs, those on the urban development front.

There has been quite a bit of work by various research organisations, including AHURI and others, that suggests that the market is changing, that it is being driven by demographics and that it is being driven by a number of other factors such as changing lifestyles et cetera. So the market is less inclined these days to move to what have been traditionally the areas of supply for first home buyers, for instance. That having been said, one of the issues for this government is to determine whether or not there are impediments and barriers to bringing greenfields land to the market expeditiously at minimum cost to developers. That is one of the things that Mr Thomson was referring to: trying to understand and get to the bottom of our regulatory systems to ascertain whether or not we can streamline processes and minimise the costs to developers and home purchasers. But, in short, I do not believe that the institute is right as to the release of land and as to its subsequent assertion that that is having a negative impact on first home buyers. But we will let you know and we will give you a specific response to that.

Ms Ekelund—I will elaborate a little bit on that. There is no doubt that the amount of blocks or lots available was extremely tight in the market for a while, and what we are wanting to articulate is that that was not because there was not enough zoned residential land but that the development industry and to some extent the regulatory environment, whether that be local government or the state government, were not able to produce stuff quickly enough. Certainly the development industry did not foresee the level of demand and get itself ready to provide a greater supply. As Mr Thorn said, there are about 70,000 lots that have been approved but are still in the developers' pipeline and have not yet come through.

Senator EGGLESTON—So that is why there is the difference when you are talking of figures like 70,000 when IPA mentions that in 2003 there were 8,744 lots available and when the last figure they give is 4,870 in 2006.

Ms Ekelund—Yes, because the development industry has completed those lots and they are available at the end of the pipeline. I believe what they are referring to with ‘at any point in time’ is the amount of lots available at a point in time. It certainly dried up at one point, but the number of lots produced over the year was probably closer to 20,000.

Senator EGGLESTON—Somewhat machiavellian people have suggested that, because of the higher cost of providing services to outlying areas, such as public transport, there may be an element of government policy in seeking to restrict development in outer areas by slowing down the process of releasing lots, preferring to see medium-density development closer in. What do you say to that?

Ms Ekelund—I would say that is absolutely not the case in Western Australia. Unlike the rest of the country, the proportion of single dwellings as a component of our housing stock has sadly increased over the last decade. As a person who believes in more sustainable housing outcomes, I think there should be a mix of housing opportunities. But in Western Australia it is relatively much cheaper to flatten the dunes, level the sand and put a slab on the ground. We have a very efficient cottage building industry, which substantially favours single dwellings, and the government has not placed any resistance in the way of that. Also, unlike other jurisdictions, we have very actively facilitated the construction of infrastructure to enable development to occur and we do not have the same level of infrastructure charges imposed on developers. So, if anything, I would suggest that we have a very favourable environment for greenfields development within this state and have actually been a little slow in facilitating a whole range of other housing forms. As Mr Thorn said, the market is actually putting good pressure on inner and middle ring areas and, if anything, we have perhaps not been active enough in facilitating that sort of housing outcome.

Senator EGGLESTON—You yourself just said that you favoured medium-density development. Is that a government policy?

Ms Ekelund—We favour a diversity of housing options. We are very clear about the changing demographics in our community and, whilst I appreciate that your committee’s terms of reference for this inquiry relate to affordable housing, we are very keen to pursue the concept of affordable living. We appreciate that many members of our community are seeking affordable homes and get pushed to the edges of our community, where they unfortunately bear a disproportionately large transport task, with less access to facilities and services. So the affordability of their living is perhaps not fantastic, but they are the most disadvantaged and therefore they bear the greatest transport costs. We would like to ensure that people have access to facilities and services no matter where they live, so we have policies which encourage opportunities for facilities and services to be located close to homes or vice versa. Now, getting closer to people might mean decentralising some facilities and services, but it also might provide greater encouragement to people to live in middle ring areas. And we do have a policy to that extent. We do not have very clear targets and we have been taking some time to ramp up the policy, but the policy framework for the metropolitan area is called Network City, which encourages an integrated approach to planning that is cognisant of transport and other services.

Senator SIEWERT—I want to go to affordable housing for people on low incomes. What we found in eastern Australia is that those on low incomes who are in private rentals are doing it toughest. Some of the remedies that have been put to us are greater diversity of housing and greenfields developers catering for single people, which they are not doing now. For example, they are not catering for people who want smaller units. The planning is not flexible enough. You touched on the fact that you have that Network City policy. What are some of the initiatives that you are looking at that overcome some of these problems? I presume that those issues are just as relevant here, because I have seen the media. I live here so I know that we are dealing with the same issues here as they are in the east.

Ms Ekelund—I will mention a couple of initiatives in the planning framework, but I am sure some of my colleagues would like to add information about specific initiatives. I am pleased that you have mentioned the rental side of the market. Again, your terms of reference certainly do not articulate that you are interested in that part of the market. Certainly it is a very significant worry to us that the substantial increase in rentals is going to squeeze a lot of people out of the market. I guess we are not only keen to facilitate a variety of housing products to respond to that but also very conscious that the whole financial framework within which the country operates is not currently conducive to encouraging investment in low-income rental accommodation. We would certainly encourage the federal government to look at initiatives which can help facilitate investment in that part of the market. And we are certainly conscious that there is a bit of activity in that part of the market.

Having said that, I guess there is a belief that high-density housing is cheaper. But in fact it is much more expensive to construct apartments. Medium- to-low density multiunit housing might be acceptable in terms of the cost, but, really, the cheapest housing product in this community is the cottage or the small cottage. There are some opportunities for multiunit housing but the higher the building gets the more expensive it gets, and the apartments that get built in Western Australia are principally at the medium and high end of the market. We are currently competing with the construction of commercial office space within apartments and I am sure senators would have noticed the very tight commercial market in Perth, too, which some commentators are saying is the tightest in the world at the moment, with just 0.3 per cent vacancy in our commercial floor space. So the apartment market is one that we cannot really look to for affordable housing. But we believe that there is certainly some product in the medium and low to medium density range.

I guess we are also conscious that, when we facilitate supply generally, some more affluent people will be moving out of their homes and freeing them up for other people, and that will have a ripple effect. So, as well as targeting affordable product, it is the whole supply equation we need to look at. I am sure that the committee has been advised by people that one of the fundamental problems we have in Australia is that we are not constructing as many dwellings as the underlying demand warrants. So anything that we can do to stimulate supply of new housing in all sorts of forms we are encouraging. And we are working with local governments to develop housing plans for their communities, which include a diverse range of housing options.

Senator SIEWERT—That leads me on to my next question around looking at alternative tenure types, such as community housing and co-ops. We have been given evidence on derestricted mortgages and community land trusts. How active is the government in trying to encourage alternative tenure types? And how active is it in working with community

organisations? Again, in the east, we met some pretty impressive community housing organisations. How active are you on alternative tenure types and working with NGOs?

Mrs Fijac—We have embarked on a course of action at the Department of Housing and Works to grow our community housing sector, which has, historically, been pretty small in Western Australia. But part of that strategy includes some fairly heavy investment in capacity building of the sector, which is, as I said, still quite small. We are, at the moment, instituting some regulatory processes and policies which will precede legislation in that area, as well as encouraging providers we call growth providers, which can take advantage of receiving Commonwealth rent assistance and have all the advantages of construction GST free. That is a big advantage to those organisations compared to public housing, because we do not have those advantages.

At the moment we are in the registration phase of that. We have selected our first growth provider. The state has allocated \$210 million to invest in the sector over the next four years. That strategy is moving along quite well. We have also transferred management of 150 public housing properties to one of our larger providers as well in an attempt to increase the viability and cash flow of that particular organisation. So we are moving along that path, but it is not that quick. You cannot do it overnight because the organisations in Western Australia are fairly small. We are encouraging organisations to band together to form stronger and more viable organisations. In the interim while we are in that phase we are trying to bolster public housing stocks. The state government invested in public housing \$417 million in one phase last year and \$238 million in another phase so we can grow our public housing stocks by 1,164, as I think it is, over the next four years.

Senator SIEWERT—What percentage of the housing stock is that?

Mrs Fijac—Our housing stock in total is about 38,000 at the moment.

Senator SIEWERT—So what percentage is public housing of the overall housing stock?

Mrs Fijac—Public housing would be over 95 per cent of the total housing stock. We are looking to decrease the public housing proportion and increase the community housing proportion over time. That is our strategy. That is the medium-to-long-term strategy, while the short-term strategy is to increase public housing stock. We have also introduced shared equity products into the market. We have been doing shared equity loan products for a long time to help assist as to affordability but last year we ramped it up and introduced the First Start scheme, which I think you heard about yesterday so I probably do not need to go into that in a lot of detail other than to say that the department is putting \$300 million worth of equity into that scheme and \$600 million worth of loans, and it is geared at the moment at providing 3,000 loans over the life of the scheme. We have approved 1,000 to date.

Senator MURRAY—I want to return to supply. Basic economics says that if supply increases to match demand you get price equilibrium and that if supply exceeds demand you get price falls. In my view, you do not have a situation in this state where supply is either meeting demand or resulting in price falls, which means it is a problem. You know that we do not have a free market in land and that it is a monopoly. Monopolies produce inefficiencies. My concern is about how we can address that and I want to ask you two questions which you might want to

answer on notice in due course. The first question relates to the objects of Western Australia's LandCorp act, in particular the one set out in section 3(d), which requires the agency to dispose of surplus government land assets to maximise the financial return to the state. This section, when read in conjunction with section 19, requires LandCorp to act on commercial principles—again the requirement that the agency ensure that it is maximising its return. It is obvious to me that if you tell a monopoly to maximise its profits it is going to hold back supply. Is the government reviewing that object and those principles under which LandCorp operates as part of its overall review?

Mr Thorn—Yes. I can say that we are looking at all of those aspects. I would not describe LandCorp as a monopoly. They are one of half a dozen land developers. In fact, the main land developer is the Department of Housing and Works, through its joint ventures with the private sector.

Senator MURRAY—So it is part of an oligopoly, as you are telling me?

Mr Thorn—I think we used that term earlier.

Senator MURRAY—And the other parts are all owned by the same owner, which is the government—is that right?

Ms Ekelund—I think the private sector is a much larger player in the residential market particularly in the metropolitan area.

Senator MURRAY—Would you explain that? Do you mean once they have bought the land from the government in some way? Take the prime supplier of land. The original supplier of land is the government—correct?

Ms Ekelund—No, not in this jurisdiction. Most of the land became free title. Certainly some of it was owned by the government, and Mr Thorn might want to elaborate on this. But not so long ago, whilst LandCorp was a significant player in the residential market, the previous government did make the decision to remove that level of competition I guess from the government and required LandCorp to basically sell all its residential lands to the private sector or indeed the Department of Housing and Works. The Department of Housing and Works produces most land development in partnership with the private sector, with a private partner. It is very influential in both the amount of supply and the price setting. So, even though the government gets involved in a private partnership in terms of injecting some land, it is the private partners who take the greater development role in terms of the market.

Certainly LandCorp is a very important player in the regions because the market just is not producing—and we talked about market failure earlier. There are very significant difficulties in the regions, which I am sure you have heard about like native title et cetera. Certainly, most of the land development that happens here is facilitated by private developers.

Senator MURRAY—Who have acquired the land which was originally granted to them or sold to them by the government.

Ms Ekelund—Either the government or farmers. Most of the speculation that is happening now is developers buying farmland throughout the metropolitan area and beyond.

Senator MURRAY—Despite being Perth based, I am not Perth biased. I think your answer satisfies perhaps some of the questions in relation to Perth, but I am interested in the rest of Western Australia. I think my question is pertinent there. We do not have enough time obviously to explore these matters. I wonder if, for the benefit of the committee, when you put in your submission you could fully outline for the committee who holds what responsibility for what land and where what I would describe in economists' language as monopolist pricing practices are likely to be more evident than where it is a more open market, which is the nature of your answer.

Ms Ekelund—Certainly there are examples where community service obligations have also been factored in. Where the private sector would not go and develop land, particularly in some of our remote communities, LandCorp is subsidising land through community service obligations to enable some of these communities to have additional housing.

CHAIR—Would you be able to put examples of that in your submission please?

Mr Thorn—We will endeavour to do that.

Senator MURRAY—Thank you. That would be very helpful. My own simplistic view is that, if you take out the profit motive from LandCorp, you would actually improve matters, but we will leave it at that.

Mr Thorn—There is no consensus within government about that.

Senator MURRAY—I am sure there is not, because the money men will want their monopolistic profits. The second area I want to question you on is efficiency. Frankly, it is never your fault; it is the parliament's fault because the parliament lays the obligation down in the legislation. The Western Australian Land Authority Act 1992 established LandCorp to develop and release land in WA. That act requires LandCorp to comply with the provisions of approximately 36 state acts for each land release and it has to comply with the 2003 National Charter of Integrated Land Use and Transport Planning. The effect of that obviously is, if managers are doing their job, it takes time. The Rudd government has accelerated an initiative of the previous government to re-examine the role of excess regulation in our society. On the face of it, having to comply with 36 acts sounds ludicrous but may well have good intent and good outcomes. Is the review going to be examining that area as well?

Mr Thorn—I will have to take that question on notice because you have gone into an area which I am not that familiar with, frankly. My only observation is that legislators have sought to have a level playing field for government land developments and they do not want to give those developers a leg-up relative to the private sector.

Senator MURRAY—The point of my question—and as Ms Ekelund quite correctly made the point—is that sometimes the supply of land is delayed or lagged because of the difficulties of complying with the law and making sure that all the boxes have been ticked, which is why I said

it is not your fault—parliament told you to do that. But it seems to me that, where you have so much compliance in the machinery of final land release, it must be an impediment to supply.

Ms Ekelund—I think it is fair to say that both LandCorp and all other developers need to go through a number of hoops in order to facilitate land development. We have a number of redevelopment authorities where some of those hoops have been removed, but certainly there is a substantial legislative framework to work your way through.

Senator MURRAY—You have said you will take my question on notice. If you do not intend to review excess regulation, I would ask, as a citizen and as a political figure in WA, that you reconsider and put it in your review, because it would seem to coincide with the commitment of both the Rudd government and COAG to review excess regulation.

Mr Thomson—One of the terms of reference of our review is to look at the regulatory burden on development. I would like to clarify that LandCorp is subject to the range of taxes and regulations that apply to private developers, on the basis of competitive neutrality and because we want it to operate in the market. Equally, it is on the same footing as private developers. A different question, of course, is looking at whether those regulations are onerous.

Senator MURRAY—For the private sector as well.

Mr Thomson—Everyone must face the same raft of regulations. On that issue, from our review it is quite apparent that all government levels—local government, the Commonwealth government and the state government—have opportunities to reform the way regulations are imposed on the development of housing.

Mr Thorn—I think we will report that regulations have certainly had some perverse effects on the market. I think that is one of the issues Senator Murray was trying to get at. We talked about providing housing for low-income households. Ms Ekelund talked about what our housing stock looks like in Western Australia: it is extremely homogenous. We stopped building low-cost apartments back in the 1970s as a consequence of some regulatory changes. The intent of the legislators at that time was not to do what has actually transpired, but it reflected what the market was seeking: primarily, single residential development. That has resulted in Perth having one of the highest levels of unoccupied bedrooms in the country. An enormous investment has been put into housing but you cannot access it, in terms of where the people are.

CHAIR—I think you should get a very large truck and put them on the road to Karratha. We were up there yesterday. It is a very large truck that you are going to need; I am not denying that.

Mr Thorn—But the thing is that people like this mode of accommodation. It is going to take time to change their preferences.

CHAIR—But a lot of people don't think you can, I might say, Mr Thorn.

Senator FIFIELD—Mr Thomson, are thresholds for stamp duty indexed in Western Australia?

Mr Thomson—I am not an expert on stamp duty, but I am happy to take any questions on notice. If you would like, I will take that specific question on notice.

Senator FIFIELD—I was also going to ask: if not, when were thresholds last adjusted? When was the rate last adjusted?

Mr Thorn—In the last budget there were significant changes, including lifting the threshold for first home buyers to \$500,000. One of the things I planned to do in our submission was attach, for the committee's benefit, a copy of the tax review that was undertaken through 2006 and 2007 which details a significant report on taxes including stamp duty in Western Australia.

Senator FIFIELD—That would be helpful.

Mr Thomson—I have a little bit of detail about those generous arrangements in relation to—

Senator FIFIELD—Your ministers will be very happy with your choice of word.

Mr Thomson—There was considerable reform in the 2007-08 budget when the stamp duty exemption threshold for first home buyers was doubled and resulted in the most generous stamp duty threshold fall in the country. The exemption from stamp duty went from \$250,000 to \$500,000 phasing up to \$600,000 for home purchases, and from \$150,000 to \$300,000 phasing up to \$400,000 for vacant land purchases.

Senator FIFIELD—Does that mean now first home buyers will not pay any stamp duty on properties up to the value of \$500,00? Is that correct?

Mr Thomson—That is correct.

Senator FIFIELD—It might be helpful—and, no doubt, if the stamp duty regime here is as generous as you say, your minister would probably be very happy for you to do this—if you were able to provide the committee with a table which compared Western Australia's stamp duty regime with other jurisdictions. I am not sure if that is within the capacity of—

Mr Thorn—I think I have seen the minister's media release on that!

Senator FIFIELD—That would be helpful. In New South Wales, we did not have the benefit of any government witnesses; they pulled out at the last minute. We have a better opportunity of getting comparative information from you, so that would be very helpful. Would you be able to provide the committee with the revenue figures for stamp duty for the last five years?

Mr Thomson—Those figures would be available in the budget papers and I will look into it and endeavour to get them.

Senator FIFIELD—Would the Treasury also have a figure for the revenue which would be forgone as a result of the new thresholds?

Mr Thomson—Yes, we would have those figures.

Senator BARTLETT—Have you done economic modelling of any sort on the costs to the economy as a whole in the west of the capacity constraints that you have identified and, in totality, the impact that is having on productivity? What would the economic gain be if all these capacity constraints were removed?

Mr Thorn—I am not aware that that work has been undertaken.

Mr Thomson—It is a very difficult question couched in a very general way, Senator.

Senator BARTLETT—Using the Karratha example, it is very clear that you are not getting labour to the community—service workers, the NGOs, the public sector, school students. There is all that extra expenditure and impact from driving up wages so people can afford to live in the area. It obviously has not just a social cost but a cost to the economy as a whole. I know it is hard to do in a nice neat package, but I thought there might have been some work done on what this is costing us beyond the immediate angst.

Mr Thorn—I think the best thing we can do is check and see whether we can identify any work that has been done either in government or in the universities, but I would be surprised.

CHAIR—I will just ask you, Mr Thorn, one concluding question. I must say that after spending only a day in Karratha yesterday—and I think the committee and I totally acknowledge that that is a snapshot at best and perhaps an insight—it seems to me that the presentation you made this morning was relatively relaxed given the context of metropolitan issues that you have been discussing. They have obviously been looked at and there are still issues. But to a greater degree it sounds like the government has been making some appropriate interventions and reviews both in terms of home ownership and the other issues that you have discussed with other senators.

I have to say that after leaving Karratha yesterday the only word that stuck in my mind was ‘dire’. It is not necessarily dire for the employees of the great investors in Western Australia. It seems to me they are looked after as best as they can be in challenging circumstances. But your public servants—your teachers, police officers, state officials, community workers—and small businesses, who are trying to respond to a burgeoning economic environment, are simply not capable of doing that because of the housing situation. It seems to me ‘dire’ is potentially an understatement. I am interested in whether you can tell us what particular actions your government is looking at in relation to those sorts of issues. Whether you do it now or you put some additional information in your submission is a matter for you. But as a resident of the eastern seaboard and regional New South Wales, that is certainly the impression I was left with yesterday.

Mr Thorn—I think it would probably be best if we gave you a considered response to that. We are on the cusp of a state budget, so there are some things that are being floated at the moment that we do not necessarily have a resolution to. We fully appreciate the challenges in the north in particular and they are different depending on where you go. We can categorise our workforce as those in the private sector, those in the public sector and those who are dependent on the public sector—on public funds, for instance—which is probably most of our education system and all the NGOs who are providing welfare services et cetera. I think you are right that the mining and resource sector is doing its best to look after its own workers where it can. But I

think you then fall into problems with government workers—there is no question of that. In some places it is costing the state almost a million dollars to acquire a four-bedroom home for a family. That makes it very difficult to respond. You do not get much bang for your buck when you are paying that sort of price.

I think another part of the problem are essential workers. There has been little debate about the problems that cleaners, waiters and people like that have with housing in these areas. For instance, Broome, which has been a traditional destination for backpackers, is now being avoided by them because they cannot find affordable accommodation. That is having a negative impact on the tourism industry because they cannot be housed. The tourism industry is dependent on them to work as cleaners in hotels, as waiters in cafes et cetera.

Then you have got your key workers, be they teachers, firemen or police officers. We acknowledge that is a problem. In the final category is the Indigenous community in those areas and we are confronted with the same sorts of problems there. We have some of these perversities that we will have to deal with in future. For instance, in the Pilbara there have been good inroads made into getting Aboriginal people into employment. Many of those people are living in public housing, which Mrs Fijac is responsible for. As you know, people are in that housing based on their incomes. People are moving into employment and are now receiving significant incomes, which is going to potentially push them out of that public housing into a rental marketplace or a first home buyer marketplace that is probably going to be unaffordable to them. We are creating another problem. This is just a personal issue, but I am left to speculate on what is going to be the long-term incentive for many of those families to stay in employment.

CHAIR—You might want to look at the *Hansard* on that for Mr Parry before you respond to the submission.

Senator SIEWERT—I was going to make another comment, but I will refrain until later. I would also look at NGOs.

CHAIR—Community organisations?

Senator SIEWERT—Yes, community organisations which supply community services and are about sustainable communities. The point is that we do not have sustainable communities in the Kimberley and the Pilbara.

Mr Thorn—We are aware of those problems. We have had discussions with Mr Neville.

CHAIR—Thank you. I appreciate that.

Senator MURRAY—That is why I focused on LandCorp.

CHAIR—Indeed. Thank you for doing that, Senator Murray. We did a little bit of that yesterday. Senator Fifield developed a special bond with Mr Moloney! I thank each of you for appearing here today and for your assistance to the committee. As I said in my introductory remarks, we are very grateful to the Western Australian government for that, and we look forward to receiving your submission.

Mr Thorn—Thank you very much. We will trawl through the *Hansard* and try and find out the answers to those questions you asked.

CHAIR—Thanks very much.

[9.46 am]

EVANS, Mrs Lynne, Chair, Community Housing Coalition of Western Australia

GUISE, Mr Daniel, Best Practice Unit Manager, Community Housing Coalition of Western Australia

McCLUGHAN, Mr Colin Jackson, Executive Officer, Community Housing Coalition of Western Australia

CHAIR—Welcome. Thank you very much for your patience. I am sorry that we went slightly over time in the last session. Do you have anything to say about the capacity in which you appear?

Mrs Evans—I am the chair of the Community Housing Coalition of Western Australia and also a preferred provider of housing.

CHAIR—Thank you very much. I will ask you to make an opening statement briefly, and then we will go to questions from members of the committee.

Mrs Evans—We have prepared a summary of our submission, which has not been presented as yet. Would it be all right if I read that?

CHAIR—If it is relatively brief. Then we can ask questions. Thank you.

Mrs Evans—The Community Housing Coalition represents 130 providers of community housing in Western Australia. These are rural, metropolitan and remote providers. The community housing sector in Australia houses a diverse spectrum of people with a diversity of needs, and as a result community housing provides a broad range of housing options and is in a good position to meet emerging needs and trends in affordable rental housing. The diversity and flexibility of community housing offered by providers gives it its strength.

The Community Housing Coalition of Western Australia notes that the committee's terms of reference focus on issues around homeownership, but our work in Western Australia, and the work of our partners and members, leads us to believe that the problem facing Australia is housing affordability as a whole, rental affordability in a private market being a major component of this problem. The focus on homeownership rather than housing affordability in general has led to negative outcomes in the past. The cohort of homeowners who are now struggling to pay their mortgages attest to the need to now turn government's attention to the issue of rental affordability. Furthermore, the large numbers of people arriving in Western Australia every week put further upward pressure on rental costs. Responding to this challenge would require a great deal of collaboration and innovation involving all tiers of government.

Senator BARTLETT—You would have heard the previous evidence, I guess, about the state government's desire to expand the proportion of community housing relative to public housing overall. I presume that is something you are supportive of.

Mrs Evans—Very supportive.

Senator BARTLETT—Do you think there is a stronger role that could be played at federal level in enabling that to happen reasonably promptly? The evidence we have had from New South Wales is that, if we are talking about affordability, the private rental sector is where the real pain is—without being too dismissive of everybody else. Is there a need to try and get some rapid expansion beyond just some gradual shifting around, or is it better to do it gradually and monitor it as we are going?

Mrs Evans—There is the National Rental Affordability Scheme, which is to encourage developers to build 100,000 properties, and the Housing Affordability Fund. They are two important initiatives. There was a lot of talk previously about deregulation. There seem to be a lot of bureaucratic processes—Commonwealth, state and local—which seem to hold things up. We would like to see an improvement in those, but through a collaborative effort from those three tiers of government.

Senator BARTLETT—Is there a need to re-examine the adequacy of laws relating to tenancy? Is that a key aspect with regard to housing need and availability, which seem to be intertwined with affordability? You are a landlord as well as a provider, I guess, so you probably have differing perspectives on that.

Mrs Evans—Personally I do not believe so, but my colleagues may feel differently.

Senator BARTLETT—But it has not been a focus for you?

Mrs Evans—No, it has not been. It is just the lack of available properties and affordable properties, especially for smaller households, and the lack of ability, from an infill point of view, to build just a single accommodation rather than a multiple accommodation.

Senator MURRAY—You mentioned single accommodation. Is that for single people, individuals?

Mrs Evans—It is for individuals but also for smaller families, instead of a four-bedroom house, for example. If you think of one block that can be subdivided, it is usually subdivided and one other big house is built on the back of it. We would think that perhaps on that half a block there could be a number of smaller houses built which could provide more accommodation.

Senator MURRAY—If there are a thousand people wanting community housing, do you have a figure as to what proportion would be single individuals?

Mr McClughan—I think one of the councils has done a bit of a study and they reckon about 30 per cent of those people looking for housing are single.

Senator MURRAY—I will tell you why I wanted clarification. In Western Australia, and in Perth in particular, there is huge placement every year of individuals, many of whom are relatively indigent—and those are students, who are placed individually right through the whole city, including in the western suburbs. There seems to be a machinery that is established. Regardless of colour, creed, gender or whatever, they get placed. And yet that same ease of

placement which the universities have does not seem to apply to individuals from the community sector. Would that be a right observation?

Mrs Evans—I think the universities own a fair bit of the land around and have quite a lot of accommodation. I would be biased, because I am the CEO of a single-men's service and they are probably the hardest people to find accommodation for. Even within the sector it is quite difficult to get recognition for single men, to find them accommodation and to find them accommodation that is close to other infrastructure facilities and work. So I probably have a biased view.

Senator MURRAY—My question was really about whether the sorts of systems which are used to provide accommodation for many tens of thousands of single individuals, which are the university systems—and I would correct you: I suspect most students are placed privately, not in university owned land, because the universities just do not have enough—could be considered in the community world as well. But you are far more experienced than me. It has just always surprised me that every year a flood of university students can be placed but there is always a problem with individuals who are poor or struggling.

Mrs Evans—Anecdotally, I think students are finding it quite hard to get accommodation in the current climate.

CHAIR—I am interested to know—and I put this question on notice for the government as well—what mechanisms there are for organisations like yours and for other players in this whole industry to have your voices heard by government. Are there regular forums? Are their policy development processes? You are the umbrella organisation for all the people who belong to you, and you have the real knowledge about the needs and the areas where there is crisis. You know that because your people are telling you that. How do you interact with the government? What kind of two-way process is there to ensure policy reflects that knowledge?

Mrs Evans—We do have a number of forums—and perhaps Colin or Daniel would like to answer that. The Department of Housing and Works is our funding body but we do have a number of forums and we do raise a number of issues.

CHAIR—And what is the response? It is one thing to raise the issues but I am just wondering what the response is. It is the interaction with the development of policy that matters—you raise issues and you get reports and responses back from government. I do not want to name a place in Western Australia, because I will get it wrong, but if you know that something is happening in one particular area and you feed that through the mechanisms, how then do you get a response from government about what they are doing about it?

Mrs Evans—Just recently, the review of community housing in the Department of Housing and Works has made an enormous amount of difference. There has been a recognition of community housing within the Department of Housing and Works. There was a big push to hand over a lot more houses to community housing. In the current climate it is a lot easier for us to raise issues about specific areas of need. A lot of money has been freed up to give to community housing providers and our service is one service that has benefited from it. It has not been difficult recently but it has been difficult in the past. I believe we will all benefit from this new era of putting more focus on the importance of community housing.

Mr Guise—Some of our members have been quite innovative. They are going out on their own and getting private equity and doing partnerships and moving into areas. One example is up in Broome, where one of our providers has started a 34-unit project for key workers in the community and also NGO workers. I do not know whether you heard about that up in Karratha yesterday, but it is a project they went into and managed themselves.

CHAIR—Which organisation is that?

Mr Guise—It is Foundation Housing, which is one of our growth providers. It was a \$9 million project over 30 years, from what I have heard from them. We are starting to see examples where the sector is willing to innovate. It is increasingly seen as a stable investment model for people who are looking for very long term property projects.

Senator HUTCHINS—Mrs Evans, you said that one of the biggest difficulties you have is in finding accommodation for single men. Your organisation represents 130 providers. Do you have much involvement from the major companies in Western Australia? Do they assist you by providing rental or other accommodation, particularly for single men, who are in demand over here?

Mrs Evans—The growth providers have been doing some innovative investments—

Senator HUTCHINS—Who are the growth providers?

Mrs Evans—Currently, because of this regulation system they are AccessHousing and Foundation Housing. I believe there will be an announcement of a further one: Southern Cross—I am not sure whether that is public knowledge yet, but it is now. I have not been known for keeping my mouth closed, sorry. Then there is another tier of preferred providers. All of those providers are being encouraged to build more community housing and have more community housing options. Obviously all of us who are trying to build housing clearly welcome investment from other areas. Housing men is just not sexy. It is really not something that anyone wants to do currently.

Senator HUTCHINS—So you do not have that much involvement from private industry?

Mrs Evans—No.

Mr McClughan—There is one project down in Bunbury at the moment being jointly managed by the Bunbury Housing Association and DHW. I think they have 18 men at the moment. The intention is that they get up to 40 men. That would be a significant increase for that area.

CHAIR—Would that be hostel type accommodation?

Mr McClughan—Yes.

CHAIR—We have had mention of Broome and Bunbury. Can you give us some idea of the regional spread of your association?

Mr McClughan—Basically we cover most of the regional areas. Daniel, our best practice manager, has travelled to Albany and Bunbury and I think he is due to go to Geraldton, Port Hedland and Kalgoorlie. What we are doing there is going through the various aspects of training on risk management, asset management and rental assistance. So we have training going on there. We are represented in all the major regions throughout this very large state.

CHAIR—And are we mostly speaking about hostel type accommodation? In the context of the discussion we have had today can you give us an idea of how accommodation is characterised across your members?

Mr Guise—We house a wide array of people. Indigenous housing organisations are also members of ours. We represent people who are housing people in very remote areas all the way through to urban and regional hubs as well, so it is a spread. One of the identified problems for the Pilbara and the north-west is community housing. There is not currently community housing in Newman, for example; there is public housing in Newman. There is not an association that is doing that on a wider scale. Certainly the department is backing efforts to create associations in those areas. We had a meeting in Port Hedland about three weeks ago on that issue. There is some movement there and hopefully we can get something going.

Senator SIEWERT—When we were in the east last week, when we were in Campbelltown in New South Wales, Argyle Community Housing told us about the Blue Chip initiative. As I understand it, a consortium of community housing associations across Australia are putting forward a submission to provide community housing across Australia. I was wondering whether you were involved in that consortium.

Mr McClughan—I am not sure if the definition is correct, but there is a group of growth providers—25 in total—who are called PowerHousing. I think they are the ones who are trying to drive the bulk of development of new affordable housing.

Senator SIEWERT—Are you part of that?

Mr McClughan—Two of the growth providers are within our membership, but we as a peak body do not get involved in that.

Senator SIEWERT—I was interested to know whether Western Australia was participating in that. It sounded like a very good initiative. I want to go back to the question that was asked earlier in terms of what the federal government can do and how you see the federal government playing a role. I do not think we can consider homeownership without looking at the impact on those on low incomes and the issues we talked about in terms of access to affordable rental accommodation. Have you looked at the issues and thought what role the federal government can take to address those issues? We heard evidence in the east around the need to address negative gearing. Nobody said to get rid of it but they said that it should be modified by looking at the interaction between negative gearing and capital gains—those sorts of issues. Do you have any opinion on those issues? What could the federal government do to assist, beyond what they have already done in the package that has already been presented? What else do you think they could be doing?

Mr Guise—I think we would probably have more personal opinions rather than an opinion of the organisation as a whole. Given that we are more involved in community rental accommodation then, looking at that, one thing the government could do would be in tax relief. A recommendation came out of a boarding and lodging house review that suggested that tax incentives for people who were willing to construct private lodging houses would be beneficial, given that the number of beds in WA had decreased in that sector.

Senator SIEWERT—The other issue put to us was that a lot of organisations said to get rid of the first home owners grant and others said it should be means tested and capped. Do you have an opinion on that?

Mrs Evans—I have a personal opinion that, yes, it needs to be capped or at least means tested because I believe it has been abused. There needs to be more collaboration between the federal, state and local governments around R-codes and things like that that can slow down planning initiatives, flexibility and sustainability issues. I really applaud the government's initiatives to deregulate or nationalise certain things because I think that will make a difference in trying to speed up planning approvals and things. I think that would have to come as a collaborative effort and not just imposed on state or local governments.

CHAIR—Thank you very much. We look forward to receiving your submission and we appreciate the perspective that you have brought to us today. It complemented the evidence from the WA government on community housing very effectively.

Proceedings suspended from 10.08 am to 10.22 am

KITCHING, Ms Bronwyn, Executive Officer, Shelter WA**STEWART, Ms Heidi, Research Manager, Shelter WA**

CHAIR—Welcome. I invite you to make a brief opening statement, and then we will go to questions from members of the committee.

Ms Kitching—Shelter WA welcome this inquiry and we agree substantially with many submissions from others, including National Shelter. I believe that we will support substantially the submission, when it eventually comes, from the Community Housing Coalition of Western Australia, and other not-for-profit, non-government peak bodies that have been working in this area for many years. One thing that Shelter WA was concerned about was that there was a very short time frame for responding to these important terms of reference and that this condensed time really did not allow full research to give to the committee a thorough, well-considered and evidence based response to the terms of reference.

Shelter WA notes that rental affordability is the major issue and that responding to the shifting demographics of our population—including, as has been noted, the increase in single person households and the increasingly mobile workforce that we have—is also one of the major issues, and that is particularly around rental. We support the responses from others, in that we do not feel that land supply on the urban fringe is a suitable remedy to this. We support, in essence, many of the responses and opinions that have been presented that, in WA particularly, our zoning and density limits have restricted the diversity of dwelling types that have been available to market, which has had an impact on the affordability of homeownership. That is our opening statement, and we are happy to respond to questions.

CHAIR—Thank you very much for that. In terms of your recommendations, and recommendation 2 in particular, can you give us a little more background, please.

Ms Kitching—Shelter WA made many recommendations.

CHAIR—It is the whole of general recommendation 2, I think, about penalties on trusts.

Ms Kitching—I think Shelter WA is concerned, and it has been mentioned here, that negative gearing and capital gains tax exemptions significantly benefit a higher income cohort rather than a lower income cohort and that perhaps people in those groups are able to take advantage of opportunities to develop and establish trusts and other entities that can in some ways not respond to the regulation that is imposed on private individuals. Recommendation 2 is about some of those inequities being investigated.

CHAIR—Some of your recommendations are described as ‘specific recommendations’. I am just trying to characterise them myself. In fact, I might come back to that later.

Senator BARTLETT—I want to ask about a couple of those recommendations as well. As you say, a fair few of them are broadly similar to some of the other submissions we have got from the community sector and people like yourselves. I was curious about recommendation 8,

regarding the First Home Owner Grant. A lot of people have talked about it being targeted in some way in regard to need. I was curious about why you would prohibit Australian citizens from accessing it unless they have been here for at least five years.

Ms Kitching—Again, Shelter WA did not really have time or resource capacity to fully model and explore that particular question. Anecdotally, what has come to Shelter WA is that people who have benefited—there has certainly been a group of people who have benefited—from the First Home Owner Grant have not necessarily been Australian citizens and have not necessarily been a first home owner per se—maybe a first home owner in Australia or in Western Australia but perhaps not in other parts of the world—and some of the issues around Australia investing in Australia were of concern to Shelter WA. I would like to have the opportunity to re-evaluate that particular recommendation, particularly around the five-year limit on Australian citizenship and recipients of the First Home Owner Grant, and to look specifically at what impact that would have. Shelter WA are concerned too for humanitarian entrants and refugees that come to this country, and we are concerned that there certainly is not a level playing field for those people when they are trying to access rental properties or to gain a foothold in homeownership.

Senator BARTLETT—There would be even less of a level playing field if they had to wait an extra five years before they could access support.

Ms Kitching—Indeed.

Senator BARTLETT—The other recommendation that stuck out a bit, so I was just wondering about the rationale behind it, is recommendation 6, about new land release not reducing WA's arable farmland. Obviously that could constrain the amount of land that might be able to be accessed for new housing, which I would have thought might have some supply aspects. I was wondering about the thinking behind that in regard to how that would help with housing affordability.

Ms Kitching—I guess that recommendations 5, 6, and 7 are around some of the concerns that have been voiced by other organisations. Western Australia suffers from poor sandy soils; we suffer from a number of environmental and ecological concerns, particularly our water supply and the salinity of our land. Shelter WA supports using more effectively and more efficiently the land that is already developed or already has infrastructure embedded. I think it was noted earlier that development on the urban fringes runs the risk of negative equity. The living costs and transport costs in those areas, particularly for people to get to employment centres, is a greater impost than for people who are living in the middle ring and inner ring of the city centres. So I support all of recommendation 5, that new land release should be conservatively managed; recommendation 6, that we really need to be very cautious about our arable farmland and our future food and fibre production; and recommendation 7, that we start to look at using the areas that already have infrastructure before we start sprawling into greenfield sites.

Senator BARTLETT—My final question goes to additional recommendation 3, dealing with Commonwealth rent assistance, which you recommend should be reviewed. That, again, is not inconsistent with the evidence of some other people about the need to look at value for money in that area. I am just wondering whether you or an organisation of some of your member groups have done any work with regard to the impacts of rent assistance, the inadequacies of how it operates at the moment or changes that could be made beyond just increasing it—which may

make people feel good in the short term but might just flow straight through to rent increases. Have you done or are you aware of any research that has been done in terms of local application of the impacts of rent assistance?

Ms Kitching—Shelter WA has done a number of papers. I think the most recent that we did was in 2005 looking at the impact of Commonwealth rent assistance. Our national shelter has also done some work on this, as I believe have a number of groups, including the housing summit group that was formed in mid-2007 under Professor Julian Disney.

Senator BARTLETT—I am thinking specifically of Perth or Western Australian studies. I keep being told Western Australia is different. I think it is different in some ways—and all of the markets around the country are different, so I am not just being flippant. I am interested in whether there is locally focused research in that area that you could point us to. You do not have to elaborate on it now.

Ms Kitching—I might take that on notice and respond. Off the top of my head I could not answer that. But certainly we are concerned that Commonwealth rent assistance was taken out of the Commonwealth-state housing budget, was folded into another vehicle—the Social Security Act—and has really failed to deliver affordability for people in receipt of rental assistance. I think the breakdown of figures shows that it makes rentals affordable for about a third of people; another third, because of the exemptions of some parts of their income, are arguably not really in rental stress in the first place; and for another third it is completely inadequate. So I guess when we look at the \$2 billion-odd that goes into rent assistance, yes, our concern is that it is a very blunt and inadequate instrument for at least a third of the recipients.

Senator SIEWERT—Firstly I would like to ask questions as to the additional recommendation you made on public housing. I tried to get some figures out of the department this morning, but I think I did not make myself clear as they gave me a different set of figures.

CHAIR—Better than nothing, though!

Senator SIEWERT—Yes, Chair.

Senator BARTLETT—Maybe you were too clear!

Senator SIEWERT—Yes, maybe I was, although I was trying to be non-conspiratorial. Ms Kitching, your recommendation says that public housing should be at least six per cent of total housing. What is it in WA at the moment?

Ms Kitching—We believe it is around 4.2 per cent overall. Roughly 4.2 per cent of total housing stock is public housing.

Senator SIEWERT—Are you including community housing in that?

Ms Kitching—No.

Senator SIEWERT—So what percentage on top of that is community housing at present?

Ms Kitching—Less than one per cent.

Senator SIEWERT—What the government department said to me when I did ask that question was that they were hoping to grow it. They said that they were increasing their investment in public housing; they had just put in another \$417 million and they had already put in \$238 million to grow the stock by 1,164 houses. Are you aware of what percentage that would then increase the four per cent by? Do your figures include those figures or are those new figures?

Ms Kitching—They would be new figures. The rental waiting list for the public housing authority in Western Australia, Homeswest, currently stands at around 17,000 people. Many of those people have no hope of being allocated a public housing property within the next five years. We are often talking seven to 10 years and we know that in some regional areas people have applied for properties that do not even exist. Indigenous extended families are applying for five-bedroom houses and migrant families are applying for properties that public housing does not have in those regions. Whilst we applaud the increase by 1,164 properties over the next four years, we really do not see that making a big difference to the public housing waiting list or to the stock of low-cost, affordable rental properties. We applaud the initiatives by the state government to resource, support, regulate and encourage community housing growth. We see all that as being probably one of the quickest, most efficient and most effective ways of getting rental properties that are affordable for people who are in those low-income ranges, particularly those who might have other impediments to accessing the private sector, the private market.

Senator SIEWERT—There are a couple of points there that I would like to follow up with questions. When we were in Karratha yesterday we were told—and we were all really quite astounded—that there was a waiting list in Karratha of only 100, which is only one in four. For the supply of properties there were 100 on the waiting list, so one in four people were waiting. Yet all day we had a series of people, particularly those from NGOs, coming in and telling us about the particular circumstances they were facing in Karratha. What you are telling me is that there are 17,000 people on the list. That seems inconsistent with what we were told by the department. Given we know that in Karratha there is a housing affordability crisis and a housing crisis, I fail to see how there can be only 100 people on the waiting list when we know there are 17,000 on the list around Western Australia.

Ms Kitching—Yes, that seems a bit odd. But, having said that, I would not be surprised. I think the income eligibilities for a successful application for the waiting list for public housing probably restrict a number of people—even those who have part-time employment in the Pilbara and Kimberley that would immediately put them over the income eligibility for public housing.

I think people have known for many years that the hope for public housing was a fairly distant one. I would perhaps speculate that, rather than waiting and hoping for something that may never come, people do not even bother applying. So it would not surprise me that there are only 100 people on the waiting list; but it might be due to factors such as knowing that their being allocated is never going to eventuate.

Senator SIEWERT—Which is what we know is happening on the disability waiting list in Western Australia.

Ms Kitching—Absolutely.

CHAIR—Do you mean disability housing?

Senator SIEWERT—No. To apply for disability support funding et cetera in Western Australia, people are self-selecting off the list. We know that is happening.

Ms Kitching—That is happening on the public housing mainstream waiting list too. The restriction on people gaining priority eligibility is similarly becoming more difficult, and a range of other supporting evidence is needed to establish their priority need. So not only is the full waiting list blown out, but people who are in urgent, crisis and priority need are also waiting longer and finding it extremely difficult—and they are looking at other avenues, of which there are very few.

Senator SIEWERT—That leads me to my next question. We have heard evidence from our inquiries in New South Wales that, instead of servicing low-income people, public housing has been narrowed down to meet more specialised needs—for example, people who have been deinstitutionalised and do not have anywhere to go. It is servicing people with special needs rather than, as it has traditionally done, servicing those on low incomes, particularly to help them into homeownership. Is that similar to your experience in Western Australia, or is that not an issue here?

Ms Kitching—Absolutely. In Western Australia, the public housing authority used to see around 8,500 properties a year become vacant and available for re-letting. That turnover is now half that, or less. The people who are in rented public housing are staying longer because they have very few other options. The people who are struggling to be maintained in public housing are often those with a very high level of complex needs who need additional support and have other impediments, impairments or personal circumstances that prevent them from effectively negotiating private rental or other housing options. So, not only has it been increasingly more targeted, as you said, to the greatest need, but the people in greatest need are staying for longer because they have security of tenure. Interestingly too, when we look at the personal satisfaction and wellbeing of older people, it occurs at both ends of the spectrum—those who are in public rentals or subsidised, low-cost, affordable, secure rental accommodation and those who own their own home. Homeowners and people who are renting affordable properties through the public system do not experience affordability issues and they feel secure, well and comfortable in their housing situation.

Senator SIEWERT—That is what we have heard. It is not necessarily about homeownership—although people want that—but about the security of long-term tenure.

Ms Kitching—And having that rental level managed so it remains affordable in the long term.

Senator SIEWERT—You have made a series of comments around the First Home Owner Grant. I think you were here when I asked about whether we should get rid of the First Home Owner Grant. I asked that question of a number of witnesses last week. They said they would just get rid of it, but not the funding. They said they would want the funding to be put into something that they thought would be more useful in dealing with housing affordability. Your recommendations are more around keeping it but capping it—that is, means testing it, in terms

of income, but also linking it to the affordability of the house. So you would prefer to do that rather than put the funding that is already allocated for the first home grants into another initiative to help housing affordability. Is that the most effective way of spending it?

Ms Kitching—I think there are a number of other purses that the government can look at pursuing before it starts to remove entirely the first home owners grant. I think Shelter WA supports subsidies or grants for low-income first home owners who are trying to access the market, and particularly for those with special needs and family circumstances—extended families, disabled family members—who really have very few other options. I think the first home owners grant is a wonderful thing and it does allow people to get into the market where otherwise they might not be able to. The Western Australian government's shared equity products are similar in that vein and we certainly support those opportunities for people too.

I think where Shelter WA would like more exploration is in the areas of capital gains tax exemptions and the very generous negative gearing regulation in this country. I think there is a whole lot of forgone revenue in those two purses that could be more effectively targeted, managed or regulated to gain a far greater source of income for government to spend on other products. So Shelter WA supports targeting the first home owners grant very carefully.

We have talked about R-code and density restrictions in WA really limiting the choice of housing options that are available to the market. That has similar impacts. When you inflate people's purchasing capacity and you offer a very limited range of products that are really at the upper end of the scale of price, you are playing to one particular sector of the market and that really disadvantages people at the lower income end. So we would argue that not only does there need to be a review of the first home owners grant but there needs to be a look at what kinds of houses and properties are available for people to access once they have any sort of support. I think at the moment in Western Australia it is not affordable for people who are in the lower 50 per cent of the income range. People just cannot even break into the market, and that is partly about what is available for them to purchase.

Senator SIEWERT—Since you touched on the issue of R-zoning and what is available on the market, what would you do about fixing that?

Ms Kitching—I think there needs to be a comprehensive review of R-code zoning. I know that many local governments now are experiencing increasing numbers of people applying for relaxation or reviews of the R-code density zoning restrictions on their buildings. You heard from Kerry Fijac and Dorte Ekelund from the Department for Planning and Infrastructure this morning, and they talked about the shift in the kinds of properties that were available as a result of the R-code impact from the late 1960s and 1970s. Small multi-unit blocks of flats and two-bedroom apartments have really reduced substantially as a proportion of the market in Western Australia, which has really made it quite difficult. So I would certainly look at reviewing all of that.

Some of our regional development commissions—for example, the Peel Development Commission and the Subiaco and East Perth regional development commissions—have been able to bring together local government to look at a more regional planning model, which ties in a little bit with Network City, which was mentioned earlier too. Those regional development commissions seem to be able to manoeuvre around, or over, R-code restrictions. I think that the

issue is about local governments increasingly being asked to look at their R-code zonings and review them and increase the density allowances, coupled with what we know are the pressures on the supply of affordable, mixed-use and different types of dwellings, the use of our precious infrastructure and the retention of our delicate land.

CHAIR—There being no further questions, I thank you very much, Ms Kitching. I also should have said at the beginning thank you very much to Shelter WA and to you, Ms Stewart, for your submission. You indicated that you found the time frame onerous, but it is a very comprehensive submission, so we appreciate that detail and your time here today. Thank you very much for assisting the committee.

[10.53 am]

ARNOLD, Mrs Anne, Chief Executive Officer, Real Estate Institute of Western Australia

DARBY, Mr Stewart, Director of Policy and Research, Real Estate Institute of Western Australia

CHAIR—Good morning and welcome to the inquiry. May I thank you on behalf of the committee for your submission to the inquiry. I ask you to make a brief opening statement, and we will go to questions from members of the committee after that.

Mrs Arnold—Thank you very much for the opportunity to be with you this morning. I think this is a very important endeavour and we are delighted to be able to put our point of view forward. The Real Estate Institute represents about 1,200 real estate agents and their staff in Western Australia and in many ways is the advocacy group for property owners in this state as well, as they do not have any organised voice. So we have, obviously, a very real interest in affordability across tenures, including ownership, rental and public housing. All these systems interact, and we would like to advocate this morning for a systems approach to housing affordability. A lot of the debate seems to focus on first home ownership. We believe the problem is very complex, its causes are complex and there are no simple answers. But, if we do not see the whole thing as a system, we limit our opportunity to find sensible solutions to the problems that we face.

We believe particularly that state taxes are beginning to have—and in fact in the past have had—substantial impact on our potential to provide affordable housing to the people of Western Australia. Stamp duty now on a median priced house in Western Australia, if it is factored into a 25-year mortgage, costs the mortgage holder \$160 a month. So a first home owner buying a median priced property, at around \$460,000, is paying an extra \$160 a month in mortgage payments simply to take account of the \$19,200 they have to pay in stamp duty when they buy the property. That is a problem for the state.

Land tax seems to militate against people holding multiple properties to rent, as investors. We also have a state government that appears to vilify the landlord class, instead of nurturing that group, who are the providers of rental housing for people who are not able to be accommodated in the public rental system. So there are a number of issues, which we would be happy to elaborate on in answer to your questions.

CHAIR—Thank you very much. Mr Darby, do you wish to add anything?

Mr Darby—I think the other major issue that we certainly see—and I guess it follows on from the comments that the last representatives put forward to you—is the issue of the diversity of housing stock. WA has a love affair with single detached housing, and we have seen the proportion of multiresidential affordable housing actually go backwards in real terms over the last 10 years. For us, having housing diversity is a major issue because we think it is important for affordability, particularly in the rental sector.

CHAIR—Yes; I see that in the conclusion to your submission. In your submission you also note that you see the supply side as being basically stymied by competition for scarce human resources. Do you mean specifically in relation to construction or more broadly than that?

Mrs Arnold—In the most recent boom—probably 21 months ago, when the boom really peaked in land supply—the real constraints were around providers of planning services for land. Correct me if I am wrong, Stewart, but land spiked something like 87 per cent over two years—

Mr Darby—Something like that, yes.

Mrs Arnold—The house price rise was more modest. So the land component really took a beating, and a lot of that was around restrictions. Government agencies and local government find it extremely difficult to acquire planning services in this state. In fact, even private developers do, but they of course can afford to pay. So a lot of that was around that issue—and simply people who can drive bulldozers who are working on the mines. It is almost a cliché to say that the mining sector has taken all the people away from Perth, but it is actually quite true. The competition for those people is severe, and the mining sector pays very attractive packages for them to go north. So people to build roads and put pipes in the ground and things have been very difficult to find over the last five years. It culminated in the middle of 2006 in a massive land shortage which really drove the whole market.

CHAIR—What about skilled construction workers—tradespeople who can actually build the dwellings that we are talking about?

Mrs Arnold—REIWA probably does not concern itself with that. Anecdotally we would agree, although we understand that the market most recently has moderated and those skills are more available. There are still flow-throughs in the market, so finishing trades are still in short supply, but for bricklayers and people who pour concrete, we understand it is loosening in that end of the market. I do not see that as a major issue.

From our point of view the structural problems in skilling government, both local government and state government, to perform its statutory functions in terms of land release and housing and development approvals are an ongoing issue. My view is that, if it is not dealt with and if governments are not able to somehow facilitate better training and better apprenticeships, to fast-track people, to do contracting or take whatever options are open to them, it will be a problem that is with us for a very long time. There is a disconnect. There are not enough people taking the courses in universities, and that is going to flow through the market for a long time to come, I think.

CHAIR—Mrs Arnold, could you comment on the environment outside metropolitan Perth. We spent yesterday in Karratha—

Mrs Arnold—Yes, so I heard on the radio.

CHAIR—which I conceded to the government this morning can only possibly be a snapshot experience. It was not an in-depth examination but it did actually provide us with quite startling evidence in some ways. A number of witnesses who happen to be in the same industry as you appeared before us in different capacities, but I wonder what observations you have to make

about the market in an area like that—Karratha, Port Hedland, Dampier and so on—and if you see there is a light at the end of the tunnel for those communities.

Mrs Arnold—I might defer to Stewart. I will first say that that is an enormous difficulty, but there are widespread structural problems in areas that we would not think of. In the south-west of the state, for example, housing affordability is becoming a real issue. Even in quite modest regional areas, rental properties are expensive. There has been a displacement of people: if they cannot settle in a major town, they shift out, so a small village or small town nearby is affected by that and rents start to rise.

One of the issues that we have raised, as Stewart said, is the lack of medium-density housing and housing choice and smaller options for people which would have a lower land component and therefore, presumably, be more affordable. In Bunbury they have the most homogenous housing stock. You simply cannot rent a one-bedroom flat. Older people who want a smaller house have real difficulties in places like Bunbury and Busselton. So it is not just those real hot spots like Karratha—but we accept that those are obviously very interesting—and they have been a long time coming. Many years ago, for my sins, I was on the Western Australian Planning Commission and did a lot of work in Karratha to try to free up some land up there. If you had any time to drive round the town—

CHAIR—We did.

Mrs Arnold—you would have seen many vacant lots which just sit there doing nothing, begging for something. There seems to be a problem in accumulating those lots and putting some dwellings on them in a sensible way.

CHAIR—May I interrupt to ask if you think that is about LandCorp and how they operate?

Mrs Arnold—No, I do not believe so.

CHAIR—Because they seem to be the only people doing any private development.

Mrs Arnold—Stewart may have some insight into this; he has done a lot of work on it. So perhaps if I could just to hand over to him.

Mr Darby—I can reflect on Karratha from the point of view of time spent in the department of planning between 1995 and 2000. We were very aware at that time of the resources boom that was in the pipeline and at that stage had said, ‘We obviously need to have a process in place to bring land on quickly.’ But native title was certainly an issue in Karratha, as it has been in Kalgoorlie and Kununurra—the three Ks. They were major towns locked up with native title issues, and so you saw a very tight land supply in those areas. Until such time as you could resolve the native title, you really could not move ahead with land development in those areas.

CHAIR—Native title has a totally different impact in my state of New South Wales, obviously. Do you mean in the urban centre of Karratha?

Mr Darby—Yes.

CHAIR—So, not just in the external areas but in the urban centre of Karratha, native title still plays an important role?

Mr Darby—Yes, the crown estate. Effectively, if it is crown land, it is tied up under native title.

Mrs Arnold—Because it has not been extinguished on crown land.

Mr Darby—Pretty much everything outside the south-west of Western Australia is crown estate, so you rely then on the state to be the developer—whereas in the south-west of the state there is a lot more freehold land, so land development south from Geraldton right through to Esperance is probably a lot easier to handle in Western Australia.

So, certainly, yes, there was a process in place to suggest that they should have land supply design in train and things like that, but it was native title that actually held things up in the north-west. I do not think you can put your finger on any one specific issue there. They knew the boom was coming, but it was a case of having to resolve native title to get land supply going. And there is always the mismatch between the development phase of a major project, which is the construction phase, and the demand for housing then is a short-term issue, and the long-term requirement for housing by the operational workforce on the ground. So there is a bit of a mismatch between the housing needs of the two separate groups. I see Senator Eggleston nodding, because, I think, he appreciates that issue—well and truly.

I will give you a quick insight into what is happening in the south-west of the state. As Anne said, the peak of activity in the south-west was in 2006, but we have seen a rapid turnaround in activity in the last 18 months. That is predominantly because we saw a lot of speculative investor activity happening between 2004 and 2006. That has had significant implications for land supply and investment housing, to the point where we have actually seen an amazing turnaround. We have actually got excess housing stock now in the Perth, Mandurah and Bunbury areas of the south-west. That is reflected in the volume of listings that are available for sale in the marketplace. We are now actually starting to see downward pressure on prices in the outer corridors of Perth, as we have in Mandurah and also in Bunbury. Mandurah has come off three quarters of negative growth and is likely to have arrested that issue now. We are seeing that anything up to 30 or 40 per cent of the listings that are available in both the Mandurah and south-west markets are now to do with land supply. I think we overshot the mark in terms of what happened in 2006 and the affordability issues that were tied up with that excessive activity. We have now seen an oversupply and I guess we are seeing some serious corrections happening in the marketplace at the moment.

There are probably issues that others do not necessarily want to talk about. I guess we see that whole picture from the point of view of understanding the housing system and how it relates to what actually happens up-front in the land development and building industry, and what the flow-on effects are in the established market.

CHAIR—Thank you, Mr Darby. I appreciate that.

Senator HUTCHINS—Mr Darby, I want to follow on from both your comment about the housing stock in that area and Mrs Arnold's comment about the lack of multiresidential

affordability—you talked about single-bedroom places. Is the problem down in the south-west that the houses are four bedroom and two bathroom? We had the department representatives here earlier and they said they have got an oversupply—I will use my words—of four-bedroom, two-bathroom places. No-one wants to live in them. They have not got places where people want to live. Is that what has happened down in the south-west?

Mr Darby—Yes. The sausage machine is very good at producing that product. The land development and building industry are very good at producing the four by two. It has obviously attracted a lot of investor interest and hence we have seen an oversupply of that product. You only have to look at the census data to see that in the Perth metropolitan area we have actually seen a decline in the proportion of multiresidential property. There has been a marginal increase in the south-west but it is nothing of significance to actually help the whole affordability issue. You are absolutely right: there is an excess of that four-by-two type stock.

Senator HUTCHINS—We had Shelter WA say that land supply on the urban fringe was not a remedy—that is what I briefly took down. I hope I am not verballing them but I got the impression they were saying that putting people out on the urban fringe was not a solution to the housing affordability crisis. What is your comment on that?

Mrs Arnold—We take the view that you cannot be either/or. The real issue with Perth is that that is traditionally how the city has grown. It is simplistic to say, ‘It all radiates out and you visit economic externalities on people who live on the fringes of cities.’ The way Perth has grown means that its regional centres, which are usually around 20 kilometres out of the city, are major employment centres, major job generators, major retail centres and major entertainment centres. Perth is in many ways an unusual city when compared with Sydney. It is not a city where everyone goes into the centre. I think something like 15 per cent of employment is in the CBD of Perth; the rest is regionalised into the middle and inner ring suburbs. Our view is that we cannot afford to back a winner and hope that it is medium density in middle ring areas and restrict the growth on the fringe. The reality is that, when your population is growing as fast as Western Australia’s is, you have got to look at all aspects. We would say that the product that is produced on the fringe without services, without opportunities for people to be employed locally, without entertainment and without infrastructure both soft and hard, is not attractive and does not really solve the problem. As Stewart has obliquely referred to, it tends to produce that four-by-two product. There is not much incentive to produce something different. In fact, there are quite considerable disincentives to producing multiresidential developments.

We see it as a two-pronged thing. We think governments should be looking at opportunities to put density developments in the middle-ring suburbs. Indeed, we have been advocating with the Minister for Planning and Infrastructure over the last fortnight to change the R-codes. I heard Shelter refer to the fact that the R-codes militate against getting that variety—and we would support that. In particular, the government have just moved to remove an anomaly from the R-codes, where you could actually subdivide lots under the R20 coding, which would indicate a minimum lot size of 500 square metres. For the last eight years they have allowed you to subdivide down to 450 square metres under that code. They are moving to remove that. We think that is a very retrograde step. There are, we think, something like 40,000 lots in the metropolitan area that might be able to produce two dwellings per lot and which will be removed from the process by that.

I think the fringe is vilified. There are good things about the fringe as long as it is developed well and as long as people have opportunities on the fringe that are equivalent to the opportunities in the inner and middle ring suburbs. Unduly restricting supply on the fringe has caused a lot of the problems that we have seen in places like Melbourne, which breaks out around nodes where they restrict. We believe that government should be facilitating development wherever it is possible and reducing the impediments.

Senator HUTCHINS—That is interesting, because we were in Campbelltown last Thursday, and the general manager of the council there said that there are medium- to high-density units at Glenfield, which is 35 minutes from the city by train, and at Campbelltown, 55 minutes to the city by train. The council cannot attract people to go and live in them—they still want their quarter-acre block. South-western Sydney is a fringe area and people still want four bedrooms and two bathrooms.

Mrs Arnold—The research shows that it does tend to be for family formation years. It is a product of the sell that people get from the housing industry, with the greatest of respect to the housing industry. It is the easy thing for the industry to produce. They do not have to market it particularly; they do not have to really think about the consequences, so they keep producing it. They tell people, ‘If you don’t have this stuff, no-one will want to buy your house when you want to sell it,’ so it perpetuates itself. However, there is much more potential for building interesting multi-res in inner and middle areas. Perth is really interesting. I think 57 percent of Sydney’s build every year is medium density, whereas Perth’s is 15 to 20 per cent. We naturally and intrinsically have a higher median house price because we have larger houses on larger lots. We have in-built affordability pressures simply because of the housing type and its location, when compared with places like Sydney, where you build multiresidential as a matter of course and the whole construction industry is geared to it. Here it is much more difficult and expensive.

Senator SIEWERT—That kind of development is at the high end of the market: high-end, luxury units. The people that we are talking about in terms of housing affordability stress are not the ones that can access that end of the market.

Mrs Arnold—Absolutely, and the Shelter people were saying exactly what we have been saying: the blocks of ‘flats’ which were built in this city in the sixties and seventies are actually the last residue of affordable housing for very, very many people who are up against it in the rental market. I think something like 70 per cent of the smaller units that were built in that period are available in the rental market. They are in the renter portfolio as opposed to the purchaser portfolio—and thank goodness, because there would not be anywhere else for people to live. The last time we seriously built medium density in the middle and inner ring suburbs was in the eighties.

Mr Darby—Yes, in the seventies and into the eighties. We used to build 35 per cent multiresidential in Western Australia, and that dropped to 15 per cent over a 20 year period, which is pretty phenomenal. I did some research on this when I was with the government in the department of housing. There were planning measures that were put in place in the early eighties and then again in the mid-nineties where you could actually see a quite dramatic step down over two discrete periods. The fruits of that now are the issues of affordability and lack of housing diversity.

Something I would also like to come back to very quickly about the land supply on the urban fringe is this: what is important is that in Western Australia, 80 per cent or better of first home buyers actually purchase an established property. So they are not the major players out on the urban fringe building new dwellings. I think there is a bit of a misconception—people always believe it is the first home buyer who is out there on the urban fringe, but it is actually the pioneer who wants to go out there and build a bigger and better new home every time; they want to leapfrog forward and they know that the services will catch up in due course. I think it is important not to lose sight of that: that the established market is a very important place for the first home buyer.

Senator SIEWERT—The issue around the R-zoning—and it is an issue relating to housing affordability—is that a lot of the areas where you could increase density are existing areas where people are selling off their backyards, and that is not going to provide affordable housing, because that land, in the inner city or in the ring around the city, is high-price land. So my question is: are there still significant areas in Perth where we could be increasing R-zoning but which are still going to be affordable? And how do we ensure that that is used for affordable housing rather than for the high-end of the market as we have got already? For instance, there are plenty of apartments in East Perth but they are all at the upper end of the market—North Perth, Northbridge, and all around there. All those new developments are all at the upper end of the market.

Mr Darby—I think part of our problem has been predicated on the basis of the introduction of survey stratas that were introduced in the Western Australian housing market in 1995 and 1996. They came in at the same time as the Infill Sewerage Program was occurring in the middle-ring suburbs of Perth. That gave people the capacity to subdivide off their backyard and build a separate house, whereas previously they would have had to go through the hard yards of probably knocking over that existing property and then developing, maybe, a triplex—three multi-unit dwellings. So that is one of the major step-downs that we saw in the whole housing diversity issue: the introduction of that survey strata—effectively, like a green title subdivision right—fed into the problem.

Mrs Arnold—Essentially, the land component, instead of being divided across three dwellings, was then divided across only two. And the land is where the price pressures are, basically. We think there are opportunities in Perth for density development that would not be expensive, in well-located suburbs, and I guess we would point to the areas in the city of Joondalup, and in Sterling. Sterling has actually done a lot of work. But Joondalup has been reluctant—is it Joondalup or Wanneroo?

Mr Darby—Joondalup.

Mrs Arnold—Areas like Warwick, Carine, Mullaloo—all that fringe, the coastal strip, that was developed from the sixties through to the eighties and nineties, is all now 40-year-old housing stock on relatively large lots. It is pretty poor-quality housing, generally. Some of it is expensive but not a lot of it; it was pretty much first home buyer stuff at the time it was built. We see opportunities for somebody to take control of that. But whenever it has been mooted in the past, the local government has been very reluctant to bite that bullet, simply because of the nimby manifestations in the local community. I will give an example. The council explored, in

Warwick, the notion of putting some apartments above the shops in a small neighbourhood shopping centre. It was a dying shopping centre; it had become irrelevant.

Senator SIEWERT—Which one are you talking about? This is my area!

Mrs Arnold—It was a little neighbourhood shopping centre in Warwick, or Kingsley or somewhere. And they explored the idea with the local community—they had a facilitator—and they looked at options for putting apartments above the shops. And they proposed giving some density bonuses to the people who lived in the houses opposite the apartments. So the idea was that you would get a little node that had a bit of vitality and so you would give the shops a reason to stay open as well. And the local community just said, ‘No.’ They said a flat out ‘No’, and the local government simply was not prepared to pull it on and do it. So I guess it requires leadership on the part of the state government.

One of the things that REIWA believes it would be useful for the state government to, perhaps, do is to say, ‘Look, the population of Perth is going to grow by X thousand people over the next 10 years; on a pro rata basis, XYZ local government, your share of that growth is this number of people. You go away and work out with your community how you will accommodate that in your community.’ There are millions of options: densifying around transport nodes, giving dual occupancy rights to everybody in the thing, choosing areas that might be densified. But it does not seem reasonable for there to be an option of, ‘No, we are just not going to do it.’ It seems to me that we need to have a carrot approach inside a stick framework that says, ‘This is what you have to do, but we will help you; we will provide expertise and facilitators and help you work with your community to work out how you want to do that.’ I guess the pressures that prevent that from happening now are the same ones that manifest themselves in local governments declining to approve developments because of the pressure that comes on in the community.

The R-codes add to that whole thing. They are a very blunt instrument for achieving what is actually quite a complex urban form. For example, to take away the right to subdivide on a strata at R20 and to simply say, ‘Well, get the government to code to R25,’ has massive implications. R20 would give you—I do not know—one in six dwellings in a community that would be entitled to develop to the higher density. If you go to R25 everything is entitled, and it changes the urban fabric drastically. So governments need to finesse some of this with local government and support them to deal with it and to work with their local community. That is hard yards, and we accept that, but we have offered our support. I think the real estate sector is really interested in having a variety of housing types and styles to transact with buyers, because the demography is changing; people do not necessarily want an enormous house anymore.

Senator EGGLESTON—I would like to ask about planning controls and regulation on the release of land. The IPA did a report in 2006 on the price of housing in Perth and the release of land, and they came to the conclusion that the overwhelming reason housing is too expensive for first home buyers and ordinary middle-income families is that land is massively overpriced. They thought this could relatively easily be fixed by easing the planning controls, in particular, on the release of land for housing. Earlier today we heard that, while there is more land available, there are about 70,000 lots in the pipeline being evaluated for release. Do you think there is a case for significantly streamlining the process under which land is available for release in Western Australia? Would you say that it is overregulated and needs to be reformed?

Mrs Arnold—Yes.

Senator EGGLESTON—Would you like to enlarge upon that?

Mrs Arnold—‘Overregulated’ is probably the wrong word. I think one of the problems with the system in Perth is the very poor interaction of the various processes that deliver land. There is a planning process, which is reasonably pure and probably not that complicated, but when it is meshed with the environmental assessment process it can cause long delays. The other issue is the complexity of the planning approval process, which can sometimes mean that a preliminary subdivision approval can attract up to 47 separate conditions that have to be met before the land is deemed able to be finally approved for subdivision. That does seem to be pretty absurd, and it also seems to be pretty absurd that all of those things are individually applied. You would imagine that there would be some way that we could somehow contract to have contractors say what they are and then allow everybody to go away, and a bit of self-assessment could probably go on.

I think that to look at this 2006 boom in land prices—and the price is now hovering not much below what it was at its peak—and blame it on the planning approval process is probably not entirely valid. I think the land development sector, during the period, behaved as you rationally would as a provider of a product. They had the product, people wanted the product and they priced accordingly. They had shareholders to satisfy. The market is not run by people who are in it to make sure that poor people can afford to buy land; they are in it to make a profit for their shareholders.

So I think it was a combination of forces. I think there were some hold-ups at the peak. They were not necessarily to do with subdivision approvals but really around issuing of titles, weren’t they, Stewart? I will get Stewart to talk about that because he is very familiar with that issue, which did impact the market in that period.

Mr Darby—I think that the extent of speculative activity had a large impact and it was almost as if the horse had bolted. The land development industry was also preselling the land 12 to 15 months into the future, so they were effectively bringing forward demand. They created an artificial situation which of course bid up price. I think that is one of the things that people fail to understand enough about. We have been able to show retrospectively that in the time between when a sale was occurring and when the title was released the lag was significant, but in fact the market had turned down when product was still being presold. I think that is one thing about which there was a real lack of understanding of the process and the implications of preselling well ahead of the market.

The smarter developers probably chose not to sell their product too far in front of the market, but certainly there were examples of sales 12 to 15 months in front of the market. I think that had some major implications. Of course, there was a lot of press at the time about people camping out and people buying multiple blocks and all those things. That has come to pass. As I have said to you, we have seen that the sort of stock that is actually back in the marketplace now is very significant, and that is just a reflection of exactly what has happened. I do not think there was enough understanding or enough controls in there. That had an impact and bid up the price of land and, of course, that has flowed through to house prices.

Senator EGGLESTON—The report of the IPA compared Perth prices with Houston in Texas, which happens to be one of our sister cities. They found that Houston was one of the most affordable cities in the world whereas Perth was in the severely unaffordable category. They noted that Houston:

“has some of the least-restrictive land-use and construction rules in the nation. Those factors help supply to keep pace with demand and keep prices within reach of a broad range of potential buyers.”

It seems that all this business of regulation and requirement to meet the requirements of different offices within the government does play a part. Do you think it would be possible to set up some sort of one-stop shop which would enable land to be released more quickly, including title release?

Mrs Arnold—That issue has been raised in the past, and government in Western Australia from time to time has had an office of special projects, where it has seen particular projects as being critical to land supply so it has facilitated those and streamlined the approval process. Our view is that the government dropped the ball at precisely the wrong moment in about 2005. Up until then there had been a body in Western Australia called the Housing Industry Forecasting Group that was run out of the housing department. It consisted of representatives of all the key players in the housing market and key participants from government, including Treasury and so on. It had some capacity to forecast demand 12, 18, and 24 months out and it had a capacity to flag to government agencies servicing requirements that were coming up. In many cases, that is also an impediment—can you get electricity, is there going to be water et cetera? So government was able to more cleverly align its infrastructure program to what the housing industry would require in the future. The group had a lot of credibility with government and, for various reasons, government shut it down in 2005, which was precisely when it needed it the most to be able to at least draw together that group of people to flag what was to happen. And it did give some cross-government coordination.

The government has moved more recently to re-establish the group and it is now reporting to a ministerial council. Obviously, that might be helpful in the future but it was not helpful at the time of the crisis because it was not in existence. There is certainly a role for government to play in better coordination of its agencies. For every person who will be pleased that we removed impediments to land supply, there will be somebody who will be unhappy that we are not looking at making sure that environmental and servicing conditions are met. I do not think that any of us would want to go back to the days when people were plonked on the urban fringe with no transport and substandard housing and roads and so on. There is always a price to pay. But there is no doubt that with work and cooperation we could improve the situation enormously.

Senator BARTLETT—I want to ask you a few questions about the few paragraphs in your submission that deal with land supply and affordability effects, and you have addressed these to some extent already but there are a few comments in there that I find particularly interesting. You have already said a few times that, despite all the rhetoric about there being a supply problem, you have an oversupply at the moment. I presume that that does not include rental properties. There is not an oversupply there.

Mr Darby—That is right.

Senator BARTLETT—You have mentioned increased speculative activity and media hype around a perceived shortage of land as a cause of the problem. This is probably one of my prejudices, but I always thought that the real estate industry was an industry most responsible for media hype. I am trying not to have a shot, but it is part of your job to hype up investment opportunities and that sort of thing. I am interested that you made that comment. I wonder if you could expand on that further, because we have, as you reflected, a pretty continuous mantra from some that the core of it is a supply problem and all of the things that flow on from that.

Mr Darby—I am more than happy to respond to that. It is important to understand that the land development sector markets pretty much its own product. It does not rely heavily on the real estate industry. While some land developers are members of the Real Estate Institute, they rely heavily on their own marketing of product. We do not have an immediate role or relationship in that discussion about land supply and pushing up the price. We are one step removed from that notion of the real estate industry talking it up, because that was not the case at the time.

Senator BARTLETT—Sorry to butt in, but is that specifically just with regard to land? You continually see media stories saying how good it is that prices in this area are still rising and that there are solid growth opportunities in the real estate section. That is established housing more than land, but it is the same sort of principle, isn't it?

Mr Darby—No. We are quite specifically here talking about the land supply, because that was the issue at the time. That was the thing that drove up price: the lack of land supply. Land prices moved up and that flowed through into established house prices. That was a flow-on effect. You also spoke about the rental market. The rental market is the thing at the moment that is bearing the brunt of demand. But with the oversupply situation that we have at the moment we would also expect to see a break-out there. It is also important to remember that back in 2004—which was when the cycle started; it peaked in 2006—Perth was the cheapest mainland capital city. It was on par with Hobart, with a median house price of \$275,000. That was quite something at that point in time. That attracted a lot of investment activity. We also saw a doubling of population growth over a five-year period. There were some amazing forces at work in there. I do not think that anybody could have anticipated the upturn in economic activity that came on the back of resources growth. But I do not think that the system was able to respond quickly enough to it.

Senator BARTLETT—You also mentioned that it was a combination of factors, as it always is. One which you mentioned was increased first home buyer activity from the policy stimulus of stamp duty relief. That to me signals one of the dangers in one-off solutions, particularly on a macro level. They might work well in one area but your market is totally different in different parts, so you can create a demand stimulus. And it is the same with the first home owners grant if that is just ramped up—all those sorts of things. How do we avoid that? Is it a matter of making them better targeted to affordability? That is an overarching question that I have. There is a general assumption that increasing the supply will improve affordability. There is some relationship there, but it is not always the case. A lot of these measures are not necessarily targeted at affordability per se but just give you an extra bunch of money to get you in.

Mr Darby—In 2004 both first home buyers and investors were purchasing established property, and the stimulus that came from the July 2004 stamp duty relief really kicked the

market. That was the thing that really started things going, and Perth's prices at that time were such that it attracted investors. Both of those groups, because they were predominantly buying established properties, were effectively pulling property out of the market, and that started to create a tight situation—the spring started to wind up. So some of those policy stimulus ideas are very misguided. The increase in the first home owners grant to \$14,000 in 2001 was a very important stimulus for the new housing sector. That was well guided, because it focused on supply, whereas other stimuli have been a little less well guided. We should certainly be thinking about policy stimulus from the supply side in future, because we have already seen what we can do by creating demand pressures from policy stimuli.

Mrs Arnold—I suppose this is an unprecedented period in Western Australia's history. Apart from a slight blip in 2004, we have had continuous growth in house prices since the introduction of a GST—that is eight years. We had a critical period, as Stewart has just mentioned, between 2004 and 2006 when a series of things came together at the same time—the introduction of stamp duty relief for first home buyers, a sudden influx in population, a rapid influx of immigrants—

Senator BARTLETT—They were well-paid immigrants too.

Mrs Arnold—Indeed. We had wealthy people who had come from markets which were more expensive than Australia and they were bidding up prices in the inner suburbs, which was then reflected on the fringe. The development industry and speculators, on the fringe in particular, contributed to that. It was a very short period of time. There was a period of about six months in 2006 when everything came together to cause this enormous spurt in the price of land.

Senator BARTLETT—When you say 'immigrants', do you mean people from the east as well?

Mrs Arnold—Yes, but that is very minor in Western Australia; it is not a big issue. As a community, we have always been driven by overseas migration. Interstate migration to Western Australia has always been relatively modest, though it has probably been at higher rates than ever before.

Mr Darby—Yes. We had four years of outflow from Western Australia from the late 1990s to the early 2000s.

Senator BARTLETT—But internal migration was part of why you had greater growth than usual.

Mrs Arnold—It was partly from interstate migration. But the vast bulk of Western Australia's population increase is from overseas migration, essentially from the UK. They come out of expensive housing markets, they are educated, they look for houses and they bid up prices in the inner areas.

Senator BARTLETT—We had better tell Pauline Hanson that—all those English migrants are ruining it all!

CHAIR—Thank you very much for attending this morning and assisting the committee, and thank you again for your submission.

[11.40 am]

BIRDSALL-JONES, Dr Christina, Research Fellow, John Curtin Institute of Public Policy, Curtin University of Technology, Housing and Urban Research Institute of Western Australia

HASLAM McKENZIE, Professor Fiona, Director, John Curtin Institute of Public Policy, Curtin University of Technology, Housing and Urban Research Institute of Western Australia

ROWLEY, Dr Steven, Senior Lecturer, School of Economics and Finance, Curtin Business School, Curtin University of Technology, Housing and Urban Research Institute of Western Australia

RODENBURG, Mrs Veronica Anne, Chief Executive Officer, Yaandina Family Centre Inc.

CHAIR—Good morning. Thank you very much for joining the Senate Select Committee on Housing Affordability in Australia today. We have submissions from the Housing and Urban Research Institute of Western Australia. Thank you for those. I invite you to make opening statements before we go to questions from members of the committee.

Prof. Haslam McKenzie—I have had the management of some of these projects so I will go first. Technically, I think most of the submissions that we provided were based on an Australian Housing and Urban Research Institute project that we are currently involved in both in Kalgoorlie and most particularly in Karratha. That builds on several other projects that we have had in regional Western Australia. I assumed, from looking at the list of attendees for today, that most of your submissions would be from metropolitan Western Australia, so we particularly chose to give you a heads-up on some regional Western Australian housing affordability issues. I also included a master's student's submission on 18- to 30-year-olds' housing aspirations, which received an award for the university last year.

CHAIR—Do you know that we went to Karratha yesterday?

Prof. Haslam McKenzie—Yes, I was very aware of that.

CHAIR—It was a very enlightening experience. Would anybody else like to make some introductory remarks?

Dr Rowley—I am one of these British migrants who apparently are responsible for your housing affordability crisis. I have only recently come to Australia—I have been here for only a few months—but I have been heavily involved in UK affordable housing issues. I have certainly had some experience there. I have become involved with Fiona and Chris looking at the Karratha issues. It is quite an extraordinary place and some of the issues there certainly are not mirrored in the UK problems that we have had. I would like to say that I agree with an awful lot that the Real Estate Institute of WA said in their last submission in response to the lack of affordable

housing, the lack of variety in the housing product and many other things. I am certainly supportive of what they had to say.

Dr Birdsall-Jones—I come to this straight from three weeks field work in Roebourne, which I am not sure actually made it into the Karratha session of this committee.

CHAIR—It was referred to in passing certainly, but we did not ourselves get physically to Roebourne.

Dr Birdsall-Jones—My particular expertise is Indigenous housing, so I would certainly be both limited and privileged in that regard. There is one thing that I have written on Indigenous housing ideologies which, because I was in the field, I was unable to table for the committee. I have brought it along today. It deals with some of the issues of affordability, for both private rental and Indigenous people seeking to buy privately.

CHAIR—Are you willing to table that today?

Dr Birdsall-Jones—Yes, sure.

CHAIR—Thank you very much. We will receive that as a tabled document and distribute it to members of the committee.

Mrs Rodenburg—I live in Karratha and work in Roebourne, so my views about the housing affordability difficulties come from the point of view of both a resident and somebody who is particularly interested in the housing of older Aboriginal people. Yaandina has a residential aged care hostel as one of its program service delivery areas. For eight years we have had on the drawing board the expansion of that hostel. We just keep chasing the money. We cannot expand it, and 200 metres down the road people are dying under sheets of tin. I bring to you the viewpoint of a resident of Karratha and somebody trying to bring a voice to the needs of older Aboriginal people living in Roebourne.

CHAIR—Thank you very much for that. I am not sure if it is too personal a question to ask you, Mrs Rodenburg, but how did you find somewhere to live in Karratha?

Mrs Rodenburg—I am lucky enough because my husband works for TAFE, so he has a house. Like other, similar organisations, we are completely reliant on women whose husbands have housing. They are a wonderful group of women and a wonderful workforce, but it brings with it a whole other set of issues around training and development and that sort of thing. There is not enough housing stock. People who work in our sector are on award wages, so they cannot afford to purchase anything up there.

CHAIR—How can they afford the rent?

Mrs Rodenburg—Most of our staff either live in the local caravan park in Roebourne or their partners work for Rio Tinto or associated businesses of the mining sector and housing is affordable in that way.

CHAIR—Professor Haslam McKenzie, I will ask you a question then we will go to my colleagues. There are a number of us here today, so it is a strongly competitive environment for questions.

Prof. Haslam McKenzie—Just like the housing market!

CHAIR—Hopefully, this is less cutthroat. I found the submissions that you provided to the committee very helpful, and I must say that your colleagues in New South Wales last week were also very helpful. I found the material in preparation for yesterday's hearing very helpful. It was interesting that, almost paragraph by paragraph, the evidence that you provided was laid out in front of us as evidence from people who did not know what we had had the benefit of reading. Whether that is serendipitous or something else, I am not sure. It is always good in an inquiry process when the information in the research is reflected in the actuality of the evidence. I am interested in any observations you might like to make about the approach that government is taking, particularly the state government in Western Australia, to address the sorts of issues that you identify in your academic work but that are far from academic—they are very real. If there are gaps, could you indicate where you think government might take extra steps to fill those gaps.

Prof. Haslam McKenzie—In the process of doing this work, we have been tracking newspaper advertisements from 1978, looking at market trends, particularly in the Pilbara. From my perspective, state government in particular and to a lesser extent the Commonwealth have abrogated their responsibilities, because over and over again since 1978 there has been not only market evidence but also social security evidence that there is a very high and persistent and consistent demand for a wide range of housing in the Pilbara. We did not focus on Port Hedland because our particular research focus at the moment is not on Port Hedland. Nonetheless, I have worked in Port Hedland and I know that Port Hedland is now receiving some money, but in many ways it is a patch-up, it is a band-aid. It is not adequate and it is not appropriate.

The other point I would like to make is that we now have a crisis. We have market failure. Some of us are tracking the housing that is being built. We go to the Pilbara regularly. We go back to the same houses just to see who is living there and what is happening to those particular houses. What we find particularly alarming, given that we have climate change and all the advertisements and media that goes with that, is that the houses that are being built and are coming onto the market now—some of which are worth more than \$1 million and boring at best—are not climatically appropriate. They are inaccessible; it is almost impossible to have any sort of walkability or foot traffic between houses. Very few houses have a verandah for outdoor living. The Pilbara climate is difficult for the best part of seven months, but for five months it is actually a very pleasant outdoor climate. Very few houses are built off the ground; there is no venting; there is very limited appropriateness in terms of who is living in those houses and how they live.

From a state government point of view, I think LandCorp does have to bear some responsibility. LandCorp has a remit which is more appropriate for a private organisation rather than a government organisation. It has almost monopoly access to a lot of government land, not only in the Pilbara but throughout regional and rural Western Australia. It does not have holding costs, it is not beholden to risk and it participates in the market economy. There is no evidence that we have found that LandCorp is in any way undercutting the market to provide community

housing or anything else that may in some way mitigate the housing affordability issues, and that is not just in the Pilbara.

CHAIR—We had some interesting evidence from locals on that point yesterday in terms of what they perceive to be the basic value of a block and what LandCorp puts it onto the market for.

Prof. Haslam McKenzie—Steven is our econometrician. He is more able to give you some insight into the cost of bringing housing onto the market, which is not insubstantial but, nonetheless, the sale price is extraordinary.

CHAIR—I wish Senator Murray were still here. He would be nodding his head vigorously.

Dr Rowley—Wouldn't it be fantastic to get some evidence from LandCorp about just how much it costs to bring a lot onto the market? At the moment we do not really know how much they are taking in terms of profit for individual lots. Obviously the profit taking has a substantial impact on the price that local residents have to pay for that land. I know LandCorp have their hands tied. I find it a very strange situation where an organisation is responsible for providing land and is tied to government and has to make market levels of profit. They do provide something like 10 per cent of their new land release to the Department of Housing and Works for housing, but they sell that land to that organisation at market levels, which again is something I fail to understand completely. LandCorp have the ultimate role of providing affordable land to residents in Karratha, but I think that with their current remit they have failed to provide affordable land, and that is really what has caused a problem in Karratha over the last few years—that failure of affordable land coming onto the market.

Stewart Darby talked about native title. Clearly native title is a significant issue, but the way that land has come onto the market in recent years since those issues have been sorted out has been more of a trickle than large-scale supply. From the perspective of a private sector organisation, of course you are going to bring land onto the market slowly in order to maintain the land price rather than try to bring on as much as possible and have as great an impact on price as you possibly can. So there are issues in the way that LandCorp operates. I have to say that it is because they have to operate as a private sector company effectively to generate those profits, but there are many ways in which LandCorp could operate which would certainly improve affordability in Karratha.

The issues are not only with LandCorp. The product built in Karratha very much reflects the four by two product that we get in the rest of Western Australia, which, as Fiona said, is completely unsuitable for the Pilbara. The development industry will provide that sort of product because it is easy to provide and, unless the development industry is challenged, they will continue to provide that sort of product. The development industry is fantastic at responding to challenges. If you provide a different land product and allow a much higher density of development, the development industry will respond and provide a product which the market will take up. But you have to allow the developers to respond; you have to provide a land product they can work with. Unfortunately, the current way, where you have your 400 to 600 square metre lot, is not conducive to providing affordable housing—certainly not in areas like Karratha. There are many problems in Karratha, and the lack of appropriate and suitable land is one of them.

Prof. Haslam McKenzie—LandCorp is just one government agency involved here. The provision of headworks is also a moot issue, not only in the Pilbara but throughout Western Australia and metropolitan Perth. The planning processes are very long. It is difficult to understand why decisions take so long at a local government level and also at a planning agency level, which I think has in many ways made the housing affordability issues more intense.

CHAIR—The Commonwealth has proposed a housing affordability fund, which is a half-a-billion-dollar fund targeted, as we were advised in Canberra last week, to deal with speeding up the planning process as to questions of infrastructure, development costs and so on. Is that an initiative which you have made any study of and do you think that will assist in the planning processes?

Prof. Haslam McKenzie—I cannot say that I personally have, but I have one PhD student and one master's student currently doing it, so, while I have not been doing the work, I feel as though I am immersed in some of it. The intention is laudable; however, I think the practice in Western Australia will be thwarted because we have a very complicated and unreformed local government sector. There are certainly changes afoot and that may change in the future—when that will be I do not know. You also have a fairly complicated state government agency arrangement which does not make it particularly easy. I note that New South Wales planned a restructure of the planning processes, and I think that is laudable, but I cannot see that happening—

CHAIR—I think planning with New South Welshmen is terrifying!

Senator HUTCHINS—I am a New South Welshman too.

Prof. Haslam McKenzie—I think local government in New South Wales, interestingly, has been very antagonistic to the changes. But, in facilitating things for property owners, property developers, homeowners, people in the accommodation industry and clients, it will be a whole lot easier to have some sense of immediacy in planning for a house, for accommodation and for infrastructure generally.

Senator EGGLESTON—Professor Haslam McKenzie, you mentioned headworks. What do headworks comprise in Western Australia?

Prof. Haslam McKenzie—Usually it is water, sewerage, electricity—have I missed anything?

Senator EGGLESTON—Roads, I suppose.

Prof. Haslam McKenzie—Not usually. It is the infrastructure that makes a house in a metropolitan or urban environment functional.

Senator EGGLESTON—Do we have any idea of the average cost of headworks?

Prof. Haslam McKenzie—That also is a moot point, and it is very much dependent upon the instrumentality in which that house is being built. For example, in Kalgoorlie the local government authority owns the sewerage, and it is very efficient and very cost-effective.

Mrs Rodenburg—Is it the same with the power—is the power owned by Rio Tinto in Karratha?

Prof. Haslam McKenzie—No. There are different degrees of normalisation, so in some towns in the Pilbara the electricity is owned by the companies. That is also a moot point, because there is argy-bargy between the companies, the local government authorities and the state in terms of state agreements. But generally, where there are normalised or normalising towns, head works are likely to be cheaper than is the case with the state because it is in the company's interests to get that electricity functioning. But that is not the case in the Pilbara in terms of water.

Dr Rowley—UDIA would be able to answer your question about the extent of head works. I read some evidence from them—which I think was not published, and you might want to take that up—that head works were actually more expensive in Perth than anywhere else. I could not tell you why that is. Perhaps they can.

Senator EGGLESTON—Yes, I have heard that is the case. But where I am going to is the cost of head works in terms of the price of the land. In Western Australia, and I think in most other parts of Australia, the head work costs are charged up-front, so they have to be paid at the time of purchase, whereas in the Northern Territory, I believe, they are amortised over a five- or 10-year period, which reduces the head works component of the price of land. I would have thought that was a model which could be copied elsewhere, with some reduction in the price of land and thereby housing.

Dr Rowley—Anything that reduces the up-front cost for a developer will, or certainly should, reduce the price of the final product, because of the holding costs and the interest that they have to pay. So it should have an impact on affordability. Anything that speeds up the planning system as well will have an impact on the final price of land, and making the planning system more responsive to market signals will no doubt have an impact on affordability. How you do that is another question, but certainly in the UK we have gone through the Barker review of housing supply, and it is all about making the planning system more responsive to the market and to changes in market signals. I think that is certainly the way that Western Australia needs to go. It needs to look at streamlining the planning system, making it more responsive.

Senator EGGLESTON—That is a very interesting comment in view of some evidence that was given earlier this morning, in which we were told there were something like 70,000 blocks in the process of going through approval before release. It is said that the release of land is a key factor in the high price of housing at the moment. It would be very interesting to perhaps receive some more information from you about the UK's expedited process of approvals.

Dr Rowley—Certainly the Barker review of housing supply is a fairly substantial and well-reported document which I would be happy to pass on. It is widely published on UK government websites and it does provide plenty of information in the UK context. But on the issue of the oversupply of land, it is the oversupply of a standard product, the oversupply of the 400- to 600-square-metre blocks suitable for the four-by-two home. Perhaps there is not an oversupply of land suitable for the range of housing which would supply the bottom end or the lower income end of the market. So I think we have to be careful when we talk about an oversupply of land.

We have to look at what that land is suitable for, what we can develop on that land and what product we can provide on that land.

Senator BARTLETT—I am interested to know if you have done any work on the impact of the shared equity schemes the state government has done here—whether they have been beneficial from a housing affordability and need point of view or whether they have just increased the amount of money and demand.

Dr Rowley—I have not personally. I would love to have the time to do so, but I think shared equity and key worker housing is an excellent product in the right circumstances. Again, I can talk from a UK experience to say that key worker and shared equity housing is not that effective in areas such as London because, say, you buy 50 per cent of the house but the house is still worth half a million pounds. It is still not affordable to many key workers. But in certain market areas key worker and shared equity housing is an excellent product and certainly one that I think should be expanded in Western Australia, because it can provide an affordable product and give people access to housing that would not necessarily have that opportunity without it.

Senator BARTLETT—That goes to my next question, which is about measures that might be recommended at a national level. We have had a few initial programs put forward by the new government. You have mentioned—I think it is in your submission, Dr Rowley—ensuring that initiatives like the affordable rental incentive scheme deliver housing required by those most in need rather than the type of housing that investors believe will generate the best results. I do not know if the new scheme has been finessed yet, I suspect not, but how do we do that, whether with that scheme or with any sort of measures? How do we actually target to need? You have tried to make a distinction between affordability as a broadbrush term and need, which is perhaps targeted towards people more in need rather than a statistic.

Dr Rowley—The definition of housing need is different from the many uses we use of affordable housing or housing affordability. Need does refer to—in fact, I can provide you with the definition from the UK context. Need refers to:

... households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market.

In order to really calculate those in housing need, you need to look at housing submarkets; you need to look at substitutable markets. Really delve down to look at those currently in need and those who are trying to form households who perhaps cannot or those who would perhaps fall into need in the future. You can try to identify what sort of housing they would require, because you really need to supply a product to those who are most in need. To do that you need to identify those most in need and identify the type of product that they require. If you do not do that and just rely on the private sector to provide a product then the private sector—as a private sector should do—will try to provide the product that provides the best return to them, not necessarily providing the product which is suitable for those most in need. So any laudable initiative like the national rental incentive scheme is a wonderful initiative, but it has to be targeted at those in need and not providing a product that perhaps has the best resell value when the incentives within this scheme run out.

Senator BARTLETT—Should that sort of principle apply to all of these sorts of schemes, the first home owners scheme, or even negative gearing?

Dr Rowley—The problem with affordable housing, or trying to bring housing within the means of many of those on low incomes, is that it is quite easy for people to abuse the system and make fairly swift gains. Somehow you have to keep that housing affordable in perpetuity. You can do that through legal agreements. In the UK occupancy restricts them, so only those from the local community can access housing or key worker housing, so, again, you are restricting the market to certain types of individuals. But when you are looking at land discounts, you have to make sure that those who benefit can then pass on the benefits so that if they do sell a house they do not make immediate financial gains and those houses remain affordable in perpetuity. That is one of the challenges of supplying affordable housing: it is making it affordable in perpetuity. If a household does manage or is able to access market housing then that housing needs to be released to others who do not when you have such a limited supply.

Senator BARTLETT—I wanted to ask about some material of yours, Professor Haslam McKenzie, about tax zoning. It came up a bit yesterday, partly in terms of fringe benefits tax and the zonal tax regime in general. Is that an area that may be able to assist—I am thinking of initiatives at a federal level, but perhaps also under a more general principle—regional development and reorientating the tax zonal system or having exemptions from fringe benefit tax in certain regions?

Prof. Haslam McKenzie —I think it would assist. I do not know to what degree it would assist, but it certainly would attract people. The second part of that is retaining people. The zone benefits have not really changed for the best part of 15 years, and the cost of living in a remote community is very difficult for people living in a metropolitan environment to fully understand. There are some anecdotal stories that we have been told for this work we are doing in Port Hedland, where people buy a new car and have to drive to Geraldton, which is the best part of 12 hours, to have their car serviced, in order for it to be insured. The costs associated with that—and that is just a minor example. So I think zone allowances do need to be addressed. I think they would go some way to attracting people into the community. I think it is then up to the community to retain people.

Mrs Rodenburg—For our organisation, we pay \$1.49 an hour in zone allowance. That is hardly bearing up under the increases of costs of living up there.

Prof. Haslam McKenzie—Last year, when petrol in Perth was \$1.10, it was \$1.58 in Tom Price. In Roebourne this week it is \$1.73.

Senator FIFIELD—Firstly, I thank you for introducing me to the concept of a ‘building vernacular’ in terms of styles of housing, which is interesting, and also the concept of ‘hot-bedding’—and the reassurance that that is different people occupying the same bed but not necessarily together. I am sure that reassured us all! From evidence from the last couple of days, LandCorp very much has become the villain of the piece. I must say that I am surprised that LandCorp is structured on a basis that requires it to pursue commercial objectives first and really only to consider community objectives if the government pays a CSO. I would have thought that such a body really should be in the business of being a land facilitator or regulator.

Dr Rowley, I think you, and also Professor Haslam McKenzie, indicated that in Karratha it was really primarily the structure of LandCorp which dictated that they slowly dribble land out to maintain the value of the land and to get the best possible return themselves. Another perspective that was put to us yesterday by LandCorp as to how the current situation arose was words to the effect that no-one could have anticipated the boom or the demand for housing, the quantum of the housing—

Senator MOORE—The size of the boom—

Senator FIFIELD—The size of the boom and the quantum of the housing. I do not think anyone would reasonably expect them to be able to determine precisely the quantum—but the fact that a boom was coming. I would be interested in your comments on that perspective from LandCorp.

Dr Rowley—I am sure that is true, that nobody realised the extent of the boom. Certainly it is our interpretation—or my interpretation—that the land comes onto the market perhaps more slowly than it should, and certainly when we spoke to people in Karratha they shared a similar view. It seems strange to me that, when you are working on a large subdivision of 400 units or something like that, they come onto the market very slowly rather than in rather larger blocks. I am sure with economies of scale and so forth it would be cheaper to prepare this land and release this land on a larger scale, rather than in 10 units or 20 units. Now, in the last year or so, LandCorp are releasing on a larger scale certainly than the Nickol West release. But over the last five or six years land has come onto the market very slowly.

In an area like Karratha, where it was always going to expand, there was always going to be then a period of fairly gradual but quite substantial release over a period of time, as happened in, say, Kalgoorlie in the late nineties, which kept prices down in early 2000. It would have seemed sensible from a decision-making point of view up in Karratha. It is all very well saying, ‘Oh, we didn’t realise how big the boom would actually be,’ but I think everybody knew that Karratha would be under pressure, even though not as much pressure as it has subsequently come under. So you have got to make sure that land will come onto the market—and a reasonable amount—to have an impact on land supply, but that has not happened. When you are looking at 50 to 100 units coming on to a market with a population of 11,000 or 12,000, it is simply not going to have an impact.

I go back again to the type of probit that has been released—the size of the land parcel and what is likely to be built on that. You cannot blame the residents, because they are paying \$225,000 for a block of land. They are going to build the biggest thing that they possibly can. They want to maximise the value of the land. So really, if LandCorp could have tried to produce some way of high density in certain areas providing a differentiated product, not only would you have got more land coming through but you would have got land of a slightly different type providing housing of a different type which would be accessible to more in Karratha than what is currently coming onto the market.

The worry that I have is that a lot of the lots that have been bought in recent years will have been or will be built out with the four by two or the five by two, sold for \$1 million to \$1.2 million to an investor, who will then be able to generate a net income return of eight to nine per cent. If you compare that net income return with what is available in Perth—at the most, four to

five per cent—then it is a great opportunity for an investor. An investor looking for sustained capital growth and a good income return is going to be trying to access the Karratha market, which has serious implications for local residents who want to purchase accommodation—and certainly, for local residents not working in the mining industry, how do you afford an \$1,800-per-week house?

There needs to be an alternative product available, and LandCorp should be allowed to respond and provide affordable land that allows an affordable product to come onto the market. But they are restricted in a way that does not allow them to do that. As I say, if they are a private organisation trying to move commercial profits, they will operate in the way that they have done. Unfortunately—or fortunately—you cannot blame LandCorp for the way that they have operated. It is a commercial market.

Prof. Haslam McKenzie—Can I just add that, while the boom has been big and it is headline news, it is chicken feed compared to what is going to happen in 2010. The demand for housing is probably going to quadruple in the next 27 months. I do not know whether LandCorp or the state government are listening with both ears.

Senator FIFIELD—In Karratha?

CHAIR—I must say that I was struck by that sense of urgency.

Prof. Haslam McKenzie—It is very much dependent upon the Pluto project and Rio Tinto being able to achieve their increased production—

CHAIR—But they usually do.

Prof. Haslam McKenzie—Absolutely. And the lower Pilbara is no different to the upper Pilbara. Fortescue mines will ship their first iron ore in May, and BHP also have expansion plans. So I hope that they are learning from this and they are doing something about it.

Senator FIFIELD—But at the moment do you think they get it?

Dr Birdsall-Jones—There was a figure that I heard that I found absolutely amazing, at one of the desert knowledge workshops—a quote from the mining industries that, in the next decade, the mining industry as a whole feels that it will require another 86,000 workers. That is certainly in the north of Australia as a whole, within the mining areas, but it gives you some indication of the population increase that they expect will take place up there.

Senator FIFIELD—Phenomenal. Mr Haase, the federal member for Kalgoorlie, was suggesting yesterday that what LandCorp should have done was some form of land banking so that they would be prepared for any eventuality. Do you think that is something that LandCorp should pursue?

Dr Rowley—Yes. Having a ready supply of developable land that you can release when required is a sensible option and I think is what happens in many other countries. Many private developers in the UK will have land banks, and when the price reaches a certain level they all

start developing. Certainly, if LandCorp can produce ready-to-market lots and release when required, responding to the market, that would be a sensible way to operate.

Senator EGGLESTON—Isn't the problem, though, native title in those Pilbara towns?

Mrs Rodenburg—Yes.

Senator EGGLESTON—There is not land available to bank, so there needs to be some negotiation with traditional owners to perhaps come up with a formula under which land can be made available for construction workers when these booms are occurring.

Mrs Rodenburg—To add to that, a number of state owned buildings, buildings owned by the Department for Child Protection and other departments, will be handed back to the traditional owners. For us at Yaandina, which is the largest provider of child, family and community services in the Pilbara, this is an enormous problem regarding a number of our buildings. We have tenure until 2010.

CHAIR—Do you mean residential buildings or office buildings?

Mrs Rodenburg—These are buildings that we are providing services from. Our childcare building, which is owned by the Department for Child Protection, will go back too. Child care is another area of enormous difficulty in the Pilbara. That building will revert back to the traditional owners in 2010. We certainly have no assurances that we will be able to maintain or keep that building. A number of our other buildings are owned by the Aboriginal Lands Trust. I believe that they will be going through a similar process of being handed back to the traditional owners. It is a very difficult time for us. Our organisation has no housing at all for our staff. It is a very frightening position.

Senator EGGLESTON—What you have said does emphasise the need for some sort of agreement with traditional owners throughout the North West for them to be willing to let their land be used by various organisations such as yours as well as the mining companies.

Prof. Haslam McKenzie—I would add that Roebourne has a lot of serviced land. Roebourne has vacant land that is serviced. It could be built on. But it does not have a whole lot of other services—although it is only 40 kilometres up the road. There is no public transport. There is very limited infrastructure. Who will be marginalised if Roebourne suddenly becomes flavour of the month? There is the whole big picture and I do not think it has been well thought through.

Senator SIEWERT—I raised this during the inquiry hearing in Karratha yesterday. It seems to me that what we are talking about is sustainable communities and what we actually have in Karratha, in Port Hedland and what will be coming to a place near you in the Kimberley. I was in Kununurra in September last year. The cost of housing up there is going through the roof. Medical staff et cetera cannot get accommodation. I do not think there is a lot of thought going into how you build sustainable communities. As for NGOs, we were told yesterday that the average staff salary is \$37,000—I used to work for an NGO and I think that is about right—so they cannot possibly afford rent.

I also think it is difficult to argue in front of the broader Australian community that we should be helping people on salaries of \$120,000. They do not get it that housing is not affordable when you are on a salary of \$120,000. So I am looking for all of your ideas and suggestions as to how we start building sustainable communities in the Kimberley and the Pilbara—because I am trying to look ahead as to the Kimberley—given the huge disparities in salaries, the fact that you do not have a sustainable community if you are not providing essential services, given the NGOs, child care et cetera. What are the mechanisms involved? It is not just about land supply. Land supply is not going to fix the issues around the cost of service provision and the cost of living of those who are on just award wages.

Mrs Rodenburg—It is a commitment issue.

Dr Birdsall-Jones—There is a profile of a healthy and sustainable community that includes various types according to age, economic status, social type and ethnicity. Insofar as these are reflected in a town, the town can in fact become sustainable. A town like Kalgoorlie reflects that sort of profile. For all the problems that it may already have, it is inclusive. It is thriving. It has demonstrated that it is a sustainable community over a number of boom and bust cycles. If you look at towns like Karratha and Roebourne, they do not demonstrate the same demographic. At least 90 per cent of the population of Roebourne is Indigenous. You will find it in the last census as around 80 per cent; however, since the last census was conducted there have been more non-Indigenous people moving out of Roebourne. If you go to Karratha, you will notice that there is no aged care; there are no elderly people. People do not retire to Karratha. When they reach retirement age, however much they may like living in the Pilbara, they retire to what they call the 'coast'. They leave; they have made investments and they are doing reasonably well, but they do not stay. Karratha and Roebourne both present a very odd demographic profile in these terms. The two communities are so overdominated by certain groups with regard to ethnicity, culture and age. So there is part of the answer.

Senator BARTLETT—Is it the same at Port Hedland?

Dr Birdsall-Jones—To a certain extent.

Senator EGGLESTON—Port Hedland does have aged care.

Dr Birdsall-Jones—Yes, it does. It is in much better heart, I think you must say, than either Karratha or Roebourne. Broome has certain problems which are caused by the problem of affordability in that Aboriginal people cannot afford to live in town. The public housing is in the process of being sold off, and the Department of Housing and Works cannot avoid this. Because the property has become so very valuable, they must sell it off in order to turn those profits into more housing which is less advantageously or appropriately situated for people on low incomes. There is the same problem with Roebourne and Karratha. Public transport ain't great in Broome or anywhere in the Kimberley, and Indigenous people and other low-income people are being forced out to the periphery of the town. The old town—which 20-odd years ago was the town—is now a prime real estate area. The town has expanded by at least a factor of four.

Mrs Rodenburg—Homeswest have recently doubled the rent for their houses in Wickham and Roebourne.

CHAIR—Homeswest being the public housing?

Mrs Rodenburg—Homeswest is the state housing.

CHAIR—They increased their rental prices in Wickham and Roebourne?

Mrs Rodenburg—They doubled them, just from one week to the next.

Senator SIEWERT—How did they explain that to the community?

Mrs Rodenburg—The value of the properties. They explained it by the work they had done on it.

CHAIR—I think they left that out of their evidence yesterday.

Senator SIEWERT—Yes, conveniently they did.

Prof. Haslam McKenzie—To answer your question, Senator Siewert, there are some fundamental things missing in those communities: a responsive health system that is able to respond to the unique features of a remote community, and also a responsive education system—because if you are able to keep, for example, the 13- to 17-year-old cohort in the community, they are a ready supply of people not only for the mining industry but for the tourism industry and the supermarket. So finding ways to deliver in particular a quality secondary education system and a responsive, appropriate health service would go a long way towards making those communities. Housing is a part of that, but it is about a different way of delivering those two very fundamental features of our communities, which make for all of the things that Dr Birdsall-Jones has identified.

Mrs Rodenburg—Most of my colleagues leave town when their children start high school. We cannot talk about education in Roebourne; that is, more or less, Aboriginal specific. I have to leave this year because I cannot educate my children in the richest place on the planet. And we have no home; that is the other thing. We are talking about housing: there is no sense of home in Karratha. Our stuff sits in Victoria in a lock-up because our house in Karratha is too small to actually fit a lounge suite in. So the quality of housing as well as a sense of home are issues in Karratha. You live in a house there; everybody works hard in Karratha. Most people work 12-hour days. Their children are at a loss: there is nothing for them to do, they are getting into trouble. Those who have aspirations have to go away to school. There is nowhere to be healed if you are sick. If you need after hospital care or out of hospital care, there is nowhere for that to occur. If you have a caesarean, you cannot come back to Karratha—you have to be healed down here. Sometimes you can have a baby in Karratha; sometimes you can't. You cannot dry out from drugs; you cannot rehabilitate. You cannot age and you cannot get education, so there is no sense of home in Karratha.

Dr Rowley—The supply of affordable housing or the supply of new, affordable product should be all about communities. It should be directed at retaining those in the community who are necessary for the functioning of a sustainable community. Unfortunately, in a market that fails a lot like it has done in Karratha then it is the government's responsibility to provide an affordable product which will retain those people necessary for that healthy community. So the

government have to take on board the responsibility of keeping Karratha as a working town, which is so important to Western Australia, and providing an affordable product themselves to retain those important members of the community who will otherwise move away.

Prof. Haslam McKenzie—Did anyone tell you yesterday that the high school came very close to only being able to stay open for four days a week?

CHAIR—Is that because of the availability of teachers?

Prof. Haslam McKenzie—A lack of housing.

CHAIR—That is what I meant.

Prof. Haslam McKenzie—It caused an absolute furore in the Pilbara because, suddenly, all the smaller community kids thought: ‘Yippee, I’m going to Karratha because I only have to go to school for four days.’ There was absolute mayhem for 2½ weeks. There was a mad scurry.

Dr Rowley—Another side effect is the impact on tourism. If tourists have nowhere to stay because local workers or teachers and so forth are staying in all the hotel spaces then the tourism industry collapses, and that is a major source of revenue for the economy and a major source of jobs.

Mrs Rodenburg—There is an enormous knock-on effect because we are constantly having to retrain the state and federal staff, who NGOs like mine rely on. They are our contract managers and so on. They stick around for six months or so and then they are gone because the housing quality is so bad. Families do not want to stay; the wives and kids do not want to stay. There is a knock-on effect down here: the fly-in fly-out. I am here for six days because all my professionals are here in Perth; they are not in the Pilbara. I have had to stay in three different accommodation facilities as it is so difficult to get accommodation in Perth because of the fly-in fly-out staff, which impact up there and now impact here. I even had to stay a night in my children’s boarding house, which was very exciting, because there was nowhere to stay in Perth. So there are also those knock-on effects with the fly-in fly-out staff.

Senator HUTCHINS—It may have been Dr Birdsall-Jones or Professor Haslam McKenzie who said that, over the next decade, the mining industry will need another 86,000 workers. That is just the mining industry; it is not people who support the mining industry, so we are looking at nearly a quarter of a million people being located in that area. Is that roughly what—

Dr Birdsall-Jones—That is what I was told.

Dr Rowley—Is that Australia wide?

Dr Birdsall-Jones—No, not in the north-west; it is across the mining industry areas in the north of Australia.

CHAIR—We were placing them more in Karratha than—

Mrs Rodenburg—I have heard 30,000 banded around for the Pilbara. There are new things happening, south of Karratha, things west of Hedland—new mines getting bigger and bigger. Then there is the expansion and upgrades of the ports at Karratha and Hedland.

CHAIR—They are underway?

Mrs Rodenburg—They are underway, yes.

Senator MOORE—I have many questions, but the one I want to ask—and I asked this of the group of academics who came to us at Campbelltown the other afternoon—is whether this particular process has actually generated interest in your field of study and whether there has been more interest in people wanting to study this issue and become master's students and PhD students. The University of Western Sydney said they had some trouble for a long time attracting students and in fact were attached to another faculty, but they have noticed an increase. It is of interest to the research area whether that has occurred.

Prof. Haslam McKenzie—No.

Senator MOORE—That is a shame.

Dr Rowley—We think it is the only property course in Western Australia and our student numbers are very strong. But that is more a response to the booming job market in Western Australia for property related services than any interest—

Senator MOORE—Property industry types?

Dr Rowley—Yes. I go on all the time about affordability and affordability problems to try to educate my students that it is an issue and that they need to be aware of it and deal with it.

Senator MOORE—And that there could be jobs?

Dr Rowley—That is what they are most interested in. Most of them work, anyway.

Dr Birdsall-Jones—With regard to the Indigenous side of that, one does one's best, but there are not enough Indigenous students. Those that I have worked with have become vitally interested in this field and they do see the possibilities. So we could be looking at further development of Aboriginal academics in this field.

Prof. Haslam McKenzie—But in terms of research, zippity pip! Why would you hang around and be a PhD student for, at best, \$27,000? If you have any expertise in housing or economics or, dare I say, even geography, then why would you hang around the university? I have eight PhD students; seven now and one graduating on Friday, but none of them are interested in housing. Housing is something you do when you do not have anything else to do.

Dr Rowley—You could ask: why would you hang around being a lowly paid academic?

Dr Birdsall-Jones—Well, think that!

Dr Rowley—We have our interests.

CHAIR—On behalf of the committee, may I thank all of you for attending today and for the material you have provided to the committee which, as I said in my earlier remarks, has been very useful to us. I am confident in saying that there are probably dozens more questions each of us could pursue with you, but time does not allow that. I think you flagged for us some issues in the short and medium term, which we—I think I speak for the broader committee—cannot see government, with whom we have so far met, really grappling with the urgency that you suggest might be necessary. It is very interesting for us to contemplate where this might go. It has been a very useful period of time with you today. We appreciate your time in the middle of the working day. Thank you for your support for our inquiry.

Proceedings suspended from 12.38 pm to 1.21 pm

GOOSTREY, Ms Debra, Chief Executive Officer, Urban Development Institute of Australia, Western Australia

HEMSLEY, Mr Warwick, President, Urban Development Institute of Australia, Western Australia

MARCELINO, Mr Victor, Councillor, Urban Development Institute of Australia, Western Australia

SATTERLEY, Mr Nigel, Member, Urban Development Institute of Australia, Western Australia; Satterley Property Group, Western Australia

CHAIR—We will reconvene now with our next witnesses. I welcome you all here this afternoon. We have heard from some of your interstate and national colleagues in our previous hearings in New South Wales and Canberra and have been assisted greatly by their evidence. So we are very pleased to have you here this afternoon. I would also like to thank you very much for your submission, which has been provided to the committee. We have had an opportunity to look through that. I invite you to make an opening statement and then we will go to questions from committee members.

Mr Hemsley—Thank you very much. Can I commend senators on the commitment of time you are making to tackle this important national issue. It is encouraging to see that commitment of time and I wish you well in your deliberations. Debra Goostrey is our chief executive officer and will be talking in a moment. Nigel Satterley is a leader in our industry in Western Australia, has been operating his own business for over 20 years and is incredibly well qualified to give comment on this subject. Victor Marcelino is also a seasoned player in the property development field and equally well versed.

We are imagining by this stage that you have some pretty clear pictures and ideas of what some of the solutions might be, so having already made our comprehensive submission we will be keeping our commentary relatively brief and hoping that we can be of some assistance to you with some of the lines of thought that you are developing. I will hand over to Debra, to be followed by Nigel and Victor, to make some opening comments.

Ms Goostrey—You will see by our submission that many of the issues we believe have state based origins within Western Australia, particularly in some of the delays that have been caused through the now quite complex approvals process. That has led to increasing holding costs and delays being felt by the industry. We have looked at a number of strategies, including taxation and approval streamlining as well as contributions that the development industry themselves can make. I will not go into too much detail because you have had the opportunity to read the submission, but the comments being made today will be both against the submission as far as the UDIA position is concerned and from the experience of the developers in the room. Nigel, would you like to make some comments?

Mr Satterley—I would like to put forward two matters to the Senate and to this committee, and I commend you and the government for doing this. Firstly, under the old sales tax \$3 billion

was generated per annum by new homes, new land, residential construction, renovations and improvements, and under GST our peak bodies have come up with a figure of somewhere between a low side of \$20 billion to a high side of \$24 billion. We suggest that first home buyers be given full tax relief on their interest payments when they buy a property, established or new, to the value of \$450,000 and that the tax deductibility is for the first five years. Secondly, there is the issue of approval streamlining. We are most concerned with the federal government's environmental agency coming over the top, out of left field, with further approval issues. We need to be able to address that, so we ask, 'Who is the environmental approver—state or local?' The situation of affordability in the metropolitan area no-one is proud of and it is even worse in the regions. At this time there is an oversupply of homes and land on the market. It is a great oversupply and the highest ever of established properties. The other thing that our industry needs to tackle is the construction cost. To produce a block of land in Perth the cost is about 30 per cent higher than in Melbourne, comparing apples with apples. They are some of the issues, along with the approval process, that we need to address.

Mr Marcelino—I would like to make two suggestions in order to look at achieving affordable housing which we believe need to be found on the supply side. My two suggestions are made as a personal developer. The first is to encourage small dwellings in medium-density development by changing the planning controls to be based on plot ratio and height rather than dwellings by hectare. This would encourage more small dwellings on each development site. The second point I would like to make is to provide a land tax rebate for investors which would involve dwellings under, say, 120 square metres. This would encourage developers to build smaller houses to sell to investors, who would then rent them out. It would be easy to implement as the current rating and land tax systems administered by the state have information on the size of the houses. It would be less costly to administer than a valuation based system, where it is difficult to prove the market rental of each dwelling. This scheme could also be complemented by a stamp duty rebate to investors who purchase dwellings under 120 square metres for rental purposes. They are some of the options to provide affordable housing.

Mr Hemsley—If I may make some comments. Clearly the demand side for housing in this country has been growing and the rate of migration has contributed to that. To meet other imperatives in our economy we need to have migration to provide the level of employment that we need. That has an effect on the limited supply that is available. If one is not to tamper with that level of migration then clearly this is going to be an issue that is going to go on for some time. I am not suggesting that we are, as a country, in a position to tamper with that level of migration, because we do need that. That is a real issue and, when you think about it, there are an enormous number of people coming to our country and without a positive program to tackle it how are those people going to be housed? It is perhaps inevitable that there will be a shortage. That is on the demand side of it.

On the supply side of it, in some ways it is ironic that we talk about having a land shortage in this country when you look around and see how much land there is in Australia. So, clearly, it is a matter of zoning and servicing. These are resolvable issues. There surely cannot be a shortage of land in Australia, but there is a shortage of zoned and serviced land. That is where it needs tackling. I mentioned this land shortage to a taxi driver once; he was from somewhere overseas. He said: 'I just can't understand it. It's like saying you're drowning in the Indian Ocean and there is no water.' Obviously it is a vast continent. In very broad overview, we put many details

in our submission about the need to try and expedite that zoning and servicing issue. There are a whole lot of issues along the way that stand in the way of this happening.

I just pick up the point that Victor made about ratio. There used to be a system where, for a given piece of land in this state, you got a certain number of square metres that you could build on. It might have been that on a site you could build 1,000 square metres, so you could build 10 100-square-metre apartments or you could build two 500-square-metre apartments. Under the R-code that we have had for many years, you get a set number of apartments and they can be any size, so developers build large apartments, not small apartments, because if it is coded R-20 they can build 20 per hectare, whether they are small or large, and that really does not make sense. It is a very simple thing but in fact it has had a huge impact on where we have arrived at, with very few rental apartments being built anywhere because developers would rather build large apartments and have larger selling prices and larger profits. That is one simple little thing that we believe needs attention.

Land tax is another issue that militates strongly against people having rental properties. There is a system in this state, and it is similar in other states, that is a regressive regime: the more properties you have the higher the rate in the dollar. So it is accumulated. In WA the maximum rate is, I think, eight or 10 times higher than the minimum rate. So if you are an investor and you want to own 10 properties, you are going to pay a whole lot more land tax—not just 10 times as much; you might pay 30 times or 40 times as much land tax as someone who has just got one. So it really does work against companies setting out with an ambition of owning a large number of rental properties. When you think about it, it is a very artificial way to impose a tax and it has a very adverse impact.

They are a few of the issues. It is very good that this committee is examining these issues because in the course of your work I am sure you will be able to identify a whole lot of things—some major and many minor ones—but, all put together, they actually inhibit the supply of housing to the community.

Ms Goostrey—My very final comment is that land in Western Australia is now becoming more challenging to develop. The easily developable land has already been developed, so we are now getting into many more environmental issues, including acid sulphate soils. So there are quite significant issues challenging the development industry.

Mr Satterley—About 70 per cent of the land to develop south of the river down to Mandurah will need filling, and there are many environmental issues. Another suggestion is that the state and federal governments work together on the provision of infrastructure. Fifty-three years ago, two English planners—Hepburn and Stephenson—came here and planned our city, which gave surety to our industry for that period of time and longer. We knew where all the major roads were going and what land was likely to be zoned, so the supplying of major infrastructure—water, sewerage, schools, hospitals—could be worked up so that surety and joint funding of those was provided.

Mr Hemsley—One other issue which you all would have seen from time to time is the backlash from communities when densities are increased in areas. Increasing densities is one obvious way to provide more accommodation. In Melbourne, for instance, there is the SOS group—Save Our Suburbs. Certainly many of us would believe that, unless governments from a

very high level dictate higher densities around transport corridors, it will be incredibly difficult for higher densities to be achieved in a broad sense. Local authorities are very hard-pressed to stand up to local pressure, and if you leave it to be fought on a local government by local government basis it just will not happen; whereas if from a top-down view—say, from a state government view—they said that all properties that are within 500 metres of a railway station or a major transit corridor shall have a right to multiresidential development, you could increase the potential amount of supply overnight. If we do not do that we are going to see a continuation of sprawl. Time and time again, communities resist the call for greater density, and it is extremely difficult politically for local governments to stand up to that.

Mr Satterley—Housing affordability is one of the key things in Australia. Unless it is addressed, Australia will go nowhere because people will not be able to afford to come here as immigrants and we will never address the shortage of skilled and professional people. This issue is key to the future of Australia.

CHAIR—Thank you all very much for the different perspectives that you have brought to us with your remarks. Let me ask one question to kick off and then I will go to my colleagues. As I acknowledged at the beginning, we spent yesterday in Karratha. For those of us from the east coast, it was an interesting experience in terms of the different context of housing affordability from what we would see in the *Courier-Mail* or the *Melbourne Age* or, in my case, the *Sydney Morning Herald*. From the perspective of your institute and, I guess, from the perspective of the developers in some cases, what role is there for the private sector to get engaged in a community like Karratha as developers trying to assist with the flow of housing onto the market?

Mr Satterley—I suppose a town like Karratha has the unique problem of a huge surge in demand. Some of that demand will be long term but some of it will be short term. Because of the time you have spent there, you are possibly quite attuned to what the issues are.

CHAIR—I would not go that far; it was but a snapshot. I have been seeking to assure witnesses that we do not feel like we were immersed in Karratha, but we did get an opportunity to get some perspective.

Mr Hemsley—From the outside looking in, clearly when you look around Karratha there is no shortage of land. But there are clearly constraints on the land that might be available in terms of the zoning and, perhaps, native title issues and some environmental issues.

Mr Satterley—One of the most important issues is that it costs you Perth prices to construct, plus 70 per cent—in that range.

CHAIR—Perth prices plus 70 per cent for construction?

Mr Satterley—For construction of dwellings.

CHAIR—Going back to the constraints, you mentioned native title. From your experience, how does that operate as a constraint?

Mr Hemsley—That is a broad comment. Clearly there is a lot of land around Karratha and many of those other centres, but one or many of those constraints stands in the way of land being

released. I am not in a position to comment on the mechanics of how native title might affect Karratha. I am merely saying that one of those suite of issues is standing in the way of people going out there and building houses tomorrow.

Mr Satterley—Getting tradesmen to actually construct the dwellings there is one of the biggest constraints.

CHAIR—The lack of skilled tradesmen?

Mr Satterley—Yes.

Ms Goostrey—Karratha has a range of issues. There is a far greater risk to do any development around there. Native title is just one of the issues. It is an unknown and an uncertainty that goes through this. The tradespeople have the added disadvantage that they are so close to the mines that there are easy opportunities for them to move into other employment areas that may provide them with greater remuneration. We also have problems with accommodating those workers there. Certainly when I have had conversations with the government about this they say they are putting in a requirement that there be allocated areas for some of the essential workers that are being brought in. Another issue is that some of the development that is being done up there for the government is being done at rates that cannot be replicated in the commercial development industry, for a whole range of reasons.

CHAIR—What do you mean?

Ms Goostrey—They do not necessarily meet the same rate of return requirements that, say, a prospectus company would be looking to make.

CHAIR—Oh, you meant financial rates. Sorry, I thought you meant the pace of construction.

Ms Goostrey—Sorry, no—in terms of the rates that they actually get returns on. Your initial question was about what role the private development industry can play. There are opportunities for the private development industry, but the level of risk in developing up there will create challenges for the development industry in providing affordable housing.

Mr Satterley—And family infrastructure as well, as opposed to no family infrastructure.

Ms Goostrey—Yes.

CHAIR—Is there a possibility that the state government could provide enough incentives to attract developers to engage? You talked about the risks; what if the state government were to obviate the risks either through incentives or through compensation?

Ms Goostrey—The development industry will talk to government anywhere, anytime about what opportunities can be made available, but it needs to be done in the context of the development industry being a commercial enterprise. They can bring effective innovations to the marketplace, but there are challenges.

Mr Satterley—I think it is nearly impossible to get the families to go there because there is no family infrastructure for the mums and the children—

CHAIR—Of the vendors of the developments, do you mean?

Mr Satterley—If the husband goes there to work, the wife does not want to go there because there is no good infrastructure for women and for children—what we call community infrastructure.

CHAIR—No, I understand that. How would you characterise the role that LandCorp play? Again, I am from the eastern seaboard so I am still trying to understand the various players in the Western Australian context. Can you characterise the role that LandCorp play in a community like Karratha, where they manage so much of the release—in fact, all of it, as far as I can tell.

Mr Satterley—They are the government's developer, and LandCorp make a profit in excess of, I think—Warwick, about \$130 million?

Mr Hemsley—Yes.

Mr Satterley—So it is a serious business. They deal with the government assets in the main and, usually, they do not do joint ventures with the private sector in the regional areas. They develop that on behalf of the state and in most cases do a reasonably good job.

Mr Hemsley—Yes. I think they are well regarded and typical of—

CHAIR—Not by everyone we have met, Mr Hemsley.

Mr Hemsley—Okay. Fair enough. People might have a different view on what they have done in some country centres, but as a general comment they are considered to be a capable organisation and a professional organisation.

Mr Satterley—A premium developer.

Mr Hemsley—Yes. Maybe they have missed the mark or have not responded quickly enough in particular locations, but they have certainly got the capacity to operate effectively and professionally. Also, you do not know at what stage LandCorp might have been called to that location to render assistance. It is extremely difficult.

I suppose there are really two issues: there is that broad issue of affordability around the whole country in the major capital cities and then there are these unique issues in some of these resource towns, like Karratha, where things have changed so rapidly that everyone has been caught somewhat short. It is almost a subject in itself, really.

CHAIR—Indeed. The question remains whether the state government should be able to be described as a premium developer. It is a government.

Mr Satterley—This is what we call the law of the jungle. You are in the jungle and in our jungle you have got rats, weasels, snakes—they are all there. That is the business that Warwick and I are in. It is the development business, and you do have competition.

CHAIR—I was wondering which jungle you were referring to! We are politicians!

Senator FIFIELD—Through you, Chair—

Mr Satterley—The property development industry is under the law of the jungle.

CHAIR—Senator Fifield, what were you going to say?

Senator FIFIELD—Chair, I was just going to ask Mr Satterley, for the benefit of the *West Australian* newspaper, which category LandCorp comes into. Is it a rat or a weasel or a—

Mr Satterley—They are—what is the word to use?—a premium developer, commercially savvy, and I think they do a pretty good job for the state. Warwick?

Mr Hemsley—Yes, I think that would be the general view that the private development industry would have. To the extent that they largely focus on government assets, they are accepted in the role.

CHAIR—I have one last question before I go to Senator Bartlett. I know developers all over Australia are engaged at all levels of development. They attract a certain degree of notoriety in New South Wales on occasion, allied with certain aspects of local government, Senator Hutchins and I would probably agree! But it seems to me that the competition between developers is fairly fierce, certainly where I come from—

Mr Satterley—Absolutely.

CHAIR—Not a lot of the developers I have ever had in front of my committees would usually sit back in the chair happily saying that the government was a premium developer and that they were happy for them to fill that space. Why isn't there competition from the private sector to fill that space in north Western Australia?

Mr Satterley—Would we take our balance sheet to Karratha? I could not answer that question. If you ask whether I would take my balance sheet to Geraldton, the answer is no, but to Bunbury and Margaret River and Albany and those places, yes. So they do a lot of things that the private sector may not do. From our point of view, if the playing field is level, they are a serious competitor to Warwick and to us, and that is the law of our jungle.

Mr Hemsley—To the extent that they focus primarily on government assets, I suppose as an industry we accept that government has the right to develop its own assets. If they were to go out and compete fiercely for broadacres in the private market then I think we would have a different view. But, as an industry, we are accepting of the fact that the government develops its own land and there is a healthy respect for the way LandCorp goes about its developments and the quality of the products it delivers, so I suppose that helps there to be acceptance of their role.

Mr Satterley—They are a leader in certain aspects. The private sector does compete with the Department of Housing and Works, the other developer, but they cannot move as quickly as the private sector and they have a lot more governance. They can only pay sworn valuation price. The private sector can make a decision to pay market value plus five per cent and secure the asset; they cannot.

Senator BARTLETT—I notice in your submission that in your recommendations regarding term of reference No. 2 you suggest consideration of tax or other incentives to encourage building rather than speculation on lots. The issue of speculating came up earlier today with at least two previous witnesses. Firstly, do you have any greater detail about how that sort of tax or other incentive might work? Secondly, do you think it is the case at the moment that some existing taxes or grants or other types of incentives are operating in a way that encourages speculation or short-term rapid gain over that sort of longer term investment?

Ms Goostrey—I will give you a bit of background on where that comment came from, and then I suggest that my colleagues might like to add to it. We have been doing a lot of work with government in relation to land supply through our Land and Housing Reference Group. One of the things that came up was that there is actually a shortage of houses, not necessarily a shortage of lots. There is quite a difference in the building rate. So there is a difference between a lot being sold and putting a house on it and a lot just being sold. When we were in boom time a year or so ago, many of the developers were trying to limit speculators simply because they were trying to give first home buyers and other people who wanted to build on the lots the opportunity to come in.

Senator BARTLETT—Why would they have done that? I am not trying to sound cynical, but was it just out of the goodness of their hearts?

Ms Goostrey—There is a level of that. If you want to put it in purely commercial terms—I am sure these gentlemen will make their own comment—no developer wants to have an outcome where there are a lot of empty lots in a development. They want built form, they want communities, they want families moving in and they want activity. So from a commercial perspective there is an outcome for them. But there was also a lot of angst in the community at the time that first home buyers were just not getting a look-in. So there were certainly some outcomes that were of benefit to the developers, but overall it was in the best interests for Western Australians to encourage first home buyers and people that actually wanted to buy a lot, put a house on it and move into it. We have got a bit of a hangover from some of the speculators that came into the market early on when the markets started moving and that are now putting some of those lots onto the market in competition with the developers themselves.

Mr Satterley—There will be oversupply. There are 23,000 dwellings in the greater metropolitan region for sale, including in Mandurah. The normal balance is about 12,000. A lot of those are speculators. There are two things: the investor wants long-term investment; the speculators are the fast-buck people. In our case, towards the end we did it too late. We would only sell to people that would build on their block. If they did not build on it within a year we would buy it back at purchase price. You could not sell the block until you had a home erected. That eliminated the people trying to make a fast dollar and distort the market.

Senator BARTLETT—So you can put that into your sale contract?

Mr Satterley—Yes, we did that, but unfortunately it was too late in the cycle. But we would certainly use it if there was ever another boom.

Senator BARTLETT—What about the tax incentives? How would they operate, or is there a problem with the existing tax regime that encourages speculation?

Ms Goostrey—It was really coming through from some of the discussions we have had informally with government, in that there is quite a large tax burden put on through stamp duty and various other things, that there can be some differential tax for those who are putting a building on the land as soon as possible to proactively encourage people to build on a lot rather than simply purchase a lot.

Mr Satterley—And, simply, if you build a new commercial building, either an industrial building or a retail commercial property, the depreciation is a lot faster than if you build a residential property for investment. There are substantial differences.

Senator BARTLETT—What about notions that some have suggested of some sort of penalty or stick approach for people who just sit on it and try to get the capital gain—the speculators?

Mr Satterley—On land?

Senator BARTLETT—Yes.

Mr Satterley—Then you have to have that clause that we used. We did not have any trouble with that. You had to build before you could sell the block.

Senator BARTLETT—Or you pay higher charges or something like that if it is not built on over a period of time?

Mr Satterley—Yes.

Ms Goostrey—We would probably err towards carrots rather than sticks, but the outcome could be similar.

Mr Hemsley—At the end of the day, you cannot deny people the right to own land. Some people have legitimate reasons why they need to do that. They might be buying it for their children; they might be moving overseas for a while and so forth.

Senator BARTLETT—You are doing that. That is what you do when you are selling in that context. You are putting those conditions on it, so as long as it was clear at the start what the conditions were.

Mr Hemsley—Sure.

Senator BARTLETT—I appreciate your point.

Mr Hemsley—I think we need incentives to build rather than disincentives or penalties for not building because some people have a legitimate reason why they need to hold on to vacant

land. I think what one is trying to guard against is a rash of speculation where people buy half a dozen lots and have no intention of doing anything other than selling them in six months time.

Mr Satterley—To give you an idea where the market is in the cycle, last year there were about 9,200 lots sold. The 10-year average is 16½. This year there would be 10,000. We are predicting that, of the 10,000, 4,000 will be resale blocks from speculators selling and 6,000 from the development industry. This is down from the boom of about 22,600 lots. So you can see how the market is having a major correction.

Mr Hemsley—There is an incentive for developers not to sell to speculators, because when the market changes they are the first blocks to come back on the market in competition. So it is at what point in the cycle you realise this is going on, because they do not come and say: ‘I’m a speculator. I’m here to buy a block.’

Mr Satterley—They were checking and there was a lot of cheating going on.

Senator BARTLETT—That rats and snakes thing again!

Senator MOORE—No, weasels!

CHAIR—Weasels.

Senator BARTLETT—Weasels, sorry. I note you have also mentioned the importance of and the need to give greater priority to public transport provision, the urban fringe. It is an important, underacknowledged component of portability in its broader sense. Do you see that as an area where federal government could play a role? We have seen the federal level putting in significant amounts of money with regard to roads.

Mr Hemsley—Yes. Without being overly familiar with the intimate details of federal-state financial arrangements, it certainly would strike our industry that the earlier transportation infrastructure can be put in then the better it is. It is highly regrettable for suburbs to be developed and then the train comes five years later, because by that time people have built their double carport, they have bought their two cars, they have established a pattern of behaviour which relies on the car. They have put their kids into schools which do not utilise public transport because it was not there at the time et cetera. In an ideal world, the more up-front public transport can be then the more chance it has of working. I believe it is something that needs to be looked at because, really, appropriate public transport is one of the ways of increasing the supply side of the equation. People can live 30 kilometres out in a sustainable way if there is a good train line that is adequately serviced and so forth.

CHAIR—And you need parking at the railway station.

Mr Hemsley—Yes. And then you need the density around the railway station et cetera, and that gets back to my earlier point about having a top-down approach to density around transportation routes. I believe that is something that really needs a lot of airplay.

Mr Satterley—Senator, has anyone mentioned the shared equity products that you sell?

Senator SIEWERT—That is what I want to ask about.

Mr Satterley—I will answer the question for you.

Senator SIEWERT—It is exactly what I want to ask about because you have been advertising it on telly. Tell me about how the shared equity program is going.

Mr Satterley—It is a product from the UK and Scotland. It means that it is capped. You can only buy property which is either established or builder owned. There are 375,000. The government owns 40 per cent; you own 60 per cent. If you buy a home for about \$300,000, the weekly repayment is about \$285. I think the median rental price in Perth is about \$340. You pay the rates and taxes. You maintain the property. When the property is sold, 60 per cent goes to the people who live in the home and 40 per cent goes back to the government.

Senator SIEWERT—How well has that been taken up?

Mr Satterley—It is keeping our industry alive at the bottom end. Without that, the industry could nearly be facing what we could call a technical recession. In other words, the sales rate would be a lot lower than the current 200 lots a week, maybe 100 lots a week, being sold in Western Australia. It is having a big effect on the market.

Senator SIEWERT—Where is the land being bought? Is it around Perth or in a specific area?

Mr Satterley—It is in the regions as well. In the main, it is beyond the 15 to 30 kilometre radius of Perth. It is being fully understood by the consumer. It is a good product.

Senator EGGLESTON—I notice that one of the issues you raised was expedition of the approvals process. We have had some evidence today about the approvals process being too complex and slow and one of the major reasons for the delay in the release of land. What would you like to see done? How do you see it being improved?

Mr Satterley—There are two things. The first thing is the environmental issue, where they have actually called in the Fiona Stanley Hospital. I stumbled on it. No-one knew, and I had to ring the health minister, who was quite taken aback because of cockatoos, wasps and what have you. So we need to get the federal environmental agency to work with the state agency so that the state government can call the application back in from the local authority after 10 weeks if council has not dealt with it. In Western Australia the approving authority for normal things is really the state government, and I think that, if the local authority cannot or will not deal with it after 10 weeks, it should be called back in and an approval or an assessment given.

Senator EGGLESTON—By the state government?

Mr Satterley—Yes.

Ms Goostrey—Just to add to that, there are a couple of things that are critical to this. One is the level of duplication in the system between local governments and state agencies. The requirement at early stages of structure planning, which is controlled by local government, is to bring in high levels of detail. We are getting things through now where you actually need to

identify—this is when you have blobs on a plan—what public art and which specific trees are going to be retained, where you need to do a lot of engineering work to work out your final levels and it is way too early to do those types of things.

So we have problems with the level of detail early on in the piece. It causes delays, and then when you come to the actual process of getting subdivision clearance you have multiple agencies involved. Each of those can end up with some delays. There is what we call ‘stop the clock’, where there is an issue or clarification required, the statutory timeline stops and then sometimes it is difficult to get it going again. So the delays become incredibly expensive for the industry because of the holding cost and that adds to affordability problems.

Mr Satterley—And at local and state government levels they should pay good officers more money, because the good officers in government get pirated by the private sector.

Mr Hemsley—Generally speaking, there are not many situations in that approval process where there is a mandatory time within which agencies have to respond. Sometimes there is, but there are many issues where there is not. A structure plan can easily take a couple of years. You can deal with a local authority that seems to be under no pressure to finalise it. A couple of years can go very easily just on that aspect of the approval process.

Senator EGGLESTON—So that would be a major contributor to the high cost of land in Perth.

Mr Hemsley—It is a major contributor to limitations on supply. At the end of the day, the limitation on supply is one of the key issues. There is little that we can do about the demand. The demand is there. Limitation on supply is where the best work can be done in terms of reviewing the processes that we have in this country.

Senator EGGLESTON—Maybe there should be a single agency which deals with all the issues.

Mr Hemsley—The environmental and planning processes should be brought together. It would be fair to say that it is not really a topic of great conversation until a situation like the one now arrives so that people are aware of what their actions are causing and the results—it is not until there is a crisis. Human nature, unfortunately, works in that way. The pendulum swings quite widely, and it is not until it has swung right out here and it becomes a political imperative and people cannot afford things anymore that finally people ask, ‘Why has this happened?’ There are lots of little actions all along the way that have resulted in us getting to this extreme position.

Mr Satterley—I believe that a lot of politicians have trouble believing until you have a thing like this that the process is onerous and difficult. That also makes it hard for them to believe what we have to go through to get an approval. People with a legal background understand the planning side—that is terrific. But usually they are not the planning ministers. Politicians need to be briefed on how many boxes we have to tick and how many hurdles we have to get over to get a statutory development approval.

Mr Marcelino—In terms of the planning debate and sustainability, it is slow because too much consideration is given to environmental factors of developments and the socioeconomic factors are left behind. That needs to be done better.

Ms Goostrey—Developers are absolutely committed to the environment, but it is balancing all of the aspects of sustainability that is crucial.

Mr Hemsley—We know that the environment is incredibly important, but there are other issues as well that as humans we have to deal with, so there does need to be a balance.

Senator EGGLESTON—And you are saying that it is the local government that deals with environmental issues in the first place?

Mr Hemsley—No.

Senator EGGLESTON—That is what you said earlier.

Ms Goostrey—You have two levels of it. I said that there is duplication in the system. The Department of Environment and Conservation is the key stakeholder, but increasingly there are requirements by local government to give clarity.

Mr Hemsley—Also, the federal government has its powers.

Ms Goostrey—Absolutely.

Mr Hemsley—You can be dealing with—

Senator SIEWERT—They are covered under a bilateral agreement between the state and federal governments, so anything covered the EPBC Act is assessed by the EPA here.

Senator EGGLESTON—That is exactly right. The federal government only gets involved if it is a matter of national environmental significance.

Mr Satterley—Not any more. We have noticed since the change in government that there is more interest. Under the previous government, interest in Western Australia was stepping up.

Mr Hemsley—That said, the definition was quite broad even before the change of government, so it can become involved over some relatively minor issues.

Senator EGGLESTON—What are you saying? Is the federal government now becoming more involved?

Senator SIEWERT—The EPBC Act is very clear. All you can assess—and I know this because I have tried to get them to assess other things—are matters of national environmental significance. That has to be a World Heritage area, something on the National Heritage List or something on the endangered species. As Senator Bartlett whispered in my ear, they may be doing their job a bit more consistently now, but they are not assessing new things because what they can assess is very restricted.

Senator BARTLETT—A lot of the general public's broadbrush view is that this is about supply and demand and people are talking about there being not enough supply and too much demand and all that stuff. In your opening comments, Mr Hemsley, you talked about migration, which a few people before you mentioned here and there. We still need the migrants to come and build all the houses that people need to live in, including all the migrants. You talked about the effect of migration limiting supply, but you said earlier today that there is an oversupply of houses on the market at the moment. I am trying to get a picture of whether you see any particular problem with a population increase—whether it is from migration, people coming from the east or babies being born. Would that cause a significant problem in terms of housing supply, or is it just that the planning processes simply need to be managed adequately?

Mr Hemsley—I think we are hard pressed to do anything about that rate of demand because people will come to this state because there is economic activity here and jobs and so forth. So, one is hard pressed to do anything about that. It is on the supply side of the equation that I think the best work can be done. Mr Satterley did mention that there is an oversupply at present and that is something that has emerged in the very recent past. But as a general comment, and taking a medium-to-long-term view, we are going to be under continual pressure to keep providing more accommodation alternatives; otherwise, we will very quickly be in a shortage, and we will not be doing anything to solve the affordability problem.

CHAIR—Thank you for joining the committee this afternoon and for your comprehensive submission and, particularly, for your recommendations on the terms of reference. Our report will be produced in June and we hope you find it interesting.

[2.07 pm]

RUDDOCK, Ms Amy Elizabeth, Executive Officer, North West Region, The Chamber of Minerals and Energy of WA

CHAIR—Welcome. Would you like to make a brief opening statement?

Ms Ruddock—Perhaps I can open by saying Western Australia is experiencing unprecedented economic growth and that is largely from demand, particularly from China, for iron ore, LNG and other mineral and petroleum products. The North West, and specifically the Pilbara, is WA's primary resource-producing region and the catalyst for current economic conditions. To give an example of this fast growth, in 1986-87, the value of WA's mineral and petroleum industry was worth \$5.6 billion; 10 years later, in 1996-97, this grew to \$16.4 billion and in 2006-07 it reached \$53.4 billion. So it almost trebled in 10 years. In 2006-07 the Pilbara region produced 61 per cent of the total of that value of WA's mineral and petroleum production. That is about \$32.5 billion, so we are talking about significant amounts of money contributing to the economy.

The demand associated with the Pilbara region is, of course, driving considerable growth in production and placing increasing pressure on the region's social infrastructure. There are a number of existing operations that are undergoing expansion and there are major projects planned for the future. That will only further exacerbate this pressure in the region. The solution is really about having matched capacity for this demand and creating an inbuilt resilience to enable demand peaks to be managed in the future. Central to this, I think, is the capacity of government and industry to attract and retain a quality workforce, and I focus on 'quality' there.

I would like to talk about an opportunity at the moment called the Pilbara Industry's Community Council. This is an established group from 2006. It is an initiative by the Chamber of Minerals and Energy, working together with our members, being BHP Billiton Iron Ore, Rio Tinto Iron Ore, Chevron, North West Shelf Venture and Woodside. The formation of this group is recognition from industry members that there is a need to work together collaboratively to ensure that there are better outcomes for the communities across the Pilbara region. The purpose of the PICC is to work together collaboratively with all levels of government and the community in order to achieve two key priorities, the first of which is a shared vision and strategy for increased participation by Indigenous people in the region. The second is to focus on sustained townships for the region. So it is working collaboratively to identify what that strategy and vision would be and to identify each of our expectations and priorities.

Very briefly, I think the key points of PICC are about reducing duplication of effort by both industry and government and to work together in order to yield a good outcome. It is about coordinating and collaborating together to develop a long-term strategic plan for the Pilbara, given that this is a critical region for the nation's economy, not only the state's economy. In order to quantify some of the movement and growth in the region—we have seen this in the population work we have been doing—we are estimating that Pilbara population levels will rise by 44 to 54 per cent by 2021. Clearly, this is something that needs to be considered in planning for the future. I think that in order to achieve a better region for the Pilbara we need to work collaboratively with government and industry.

Finally, I think it is recognised that the scale of the task requires us to respond to the growth related issues and necessitates meaningful sharing of the potential and risks. We have to have a partnership approach and that is recognised by all of the parties in the PICC partnership.

CHAIR—Thank you very much. Ms Ruddock.

Senator EGGLESTON—One of the limiting factors, especially in the Pilbara and the Kimberley, seems to be native title issues affecting the availability of land in towns. It seems curious to me that the traditional owners in those towns are not apparently interested in coming into agreements with mining companies and other authorities to provide land for housing, either on a permanent basis or on a lease basis. I wonder if you would like to comment on that and tell us what the position of the mining industry is in terms of dealing with native title issues in the towns.

Ms Ruddock—Perhaps I will reflect on the comments that have been raised through our Pilbara Industry's Community Council land and accommodation working groups, where we have had representatives from the Office of Native Title, the Department for Planning and Infrastructure, LandCorp as well as our key industry partners to really work through what the key hurdles facing development in the Pilbara region are. The focus has been on having effective planning done in time to get the approvals through. The key hurdle has not necessarily been native title. The focus has been more on ensuring there is early dialogue with the Department of Environment and Conservation and the Office of Native Title—they are the key approvals that we need to look at for development of land in the Pilbara. I think, from the mining industry's point of view, they are very keen to see fast-track development and flexibility in the model. However, we are also aware of the approvals process and are keen to align all development with those requirements. We are trying to look at different ways to still adhere to the approvals process and to work together in order to achieve some of this land bank, project-ready land, as opposed to focusing on some of the native title issues.

Senator EGGLESTON—But you still have to deal with native title holders to develop the land bank.

Ms Ruddock—Yes.

Senator EGGLESTON—That applies to Karratha, the inland mining towns, Port Hedland and to the towns in the Kimberley. Can you tell us what kind of progress has been made in that area?

Ms Ruddock—As you would be aware from previous speakers, LandCorp is basically in charge, with the Department for Planning and Infrastructure, of ensuring the land gains the approvals. That means that the actual industry partners are not necessarily involved in that development.

Senator EGGLESTON—So really it is LandCorp that is handling this issue.

Ms Ruddock—Yes, LandCorp together with the Department for Planning and Infrastructure.

Senator EGGLESTON—Thank you.

Senator SIEWERT—I am interested in the first objective of PICC that you talked about—I cannot remember the exact title but it was for helping disadvantaged Indigenous people in the region. How are you implementing that?

Ms Ruddock—It is really about increased Indigenous participation in employment in the Pilbara, and all stakeholders recognise that it is essential that we work together collaboratively to achieve any outcomes. Clearly, this type of work is not short term; it is long term. As such, we have recognised that one of the key gaps with a lot of the investment that is being applied for this specific issue, which needs to be done collaboratively, is early childhood education. So this is really about working together in order to prepare children, both Indigenous and non-Indigenous, in the Pilbara region for future opportunities, be those opportunities for employment in the mining industry, in construction, in health services or in government et cetera. We are trying to work collaboratively with the federal, state and local governments in order to join up planning to address this issue. We have had the PICC come together in the past nine months through discussions. The federal government representative is now Mr Martin Ferguson, the Minister for Resources and Energy, who is also very keen to ensure we have some outcomes, so we are working collaboratively on building best practice models specifically for the Pilbara region.

Senator SIEWERT—On early childhood education?

Ms Ruddock—At the moment that is a key focus. We recognise that there are many different areas that we could focus on for Indigenous participation in employment, but what we are trying to do is to recognise the key priority areas and work towards progressing them in a collaborative way.

Senator SIEWERT—Does that mean you then will fund specific projects? Is that the idea?

Ms Ruddock—That is right. I think there is recognition that there is significant funding that has already been allocated to work together in looking at Indigenous participation in employment. Whether it is coordinated or not is another matter, and I think that there are very much well-intended programs and initiatives by both industry and government. For instance, we have seen that the Department of Education and Training have a lot of initiatives; the Department of Indigenous Affairs, along with all of the industry members, have specific programs; and, at the federal level, FaHCSIA and also DEEWR are looking at different types of programs. What we are trying to do through PICC is to coordinate all those efforts so we get what we hope will yield a better return.

Senator SIEWERT—So you are coordinating them, but will you be putting resources in as well?

Ms Ruddock—That is right. There are already, obviously, a lot of programs underway, so I do not think funding is really the issue here. I think everyone is very keen to address this issue, particularly in this climate, with the federal government being very keen to address the issue. So I think that funding is not really the concern; the concern is coordination.

CHAIR—May I ask you one question. I am not a developer; I am not a miner; I am not particularly good at these things. But if I understand the flow of processes in Western Australia,

as I have been able to learn about them over the last two days, particularly in the north-west: LandCorp holds the land effectively because it is Crown land; LandCorp releases the land because that is their job; LandCorp, you have just told us, does the native title liaison or negotiation—

Ms Ruddock—Together with the Department for Planning and Infrastructure.

CHAIR—together with the Department of Planning and Infrastructure—

Ms Ruddock—That is my understanding.

CHAIR—so another government department, that is good. But there is not enough land available to build the dwellings that are required to sustain the workforce population in the community. So if you go back to the beginning of the problem, it is with LandCorp.

Ms Ruddock—We understand that LandCorp is focused on the whole of the state of Western Australia—

CHAIR—I know, but I just want to talk about Karratha right now, in the north-west.

Ms Ruddock—Yes, and I appreciate that very much, Chair, that being my region.

CHAIR—Are you based there or in Perth?

Ms Ruddock—I am based out of Perth, and fly up.

CHAIR—You fly in and fly out?

Ms Ruddock—Yes, indeed. And the reason for that is that the Pilbara is quite a large region and commuting to Newman and also Karratha and Hedland is actually easier out of Perth, strangely enough. But a lot of the PICC work is actually in liaising with the directors-general of the departments and ensuring that the Pilbara region is also seen, and that the messages are brought to the Perth metro region so they can hear of the issues that there are up in the Pilbara, rather than the issues staying in the region itself.

We recognise that the whole of the state of Western Australia is a priority for the state government. However, we believe in the importance of the Pilbara region for the national economy and the state economy, given that, for example, just the PICC companies together, in 2006, provided \$7 billion worth of royalties and tax for the federal government and over \$1.6 billion to the state government for royalties and tax. And that is not counting direct and indirect employment and the offsets there. We are having discussions with the Department for Planning and Infrastructure and LandCorp, together with the other relevant agencies who provide approvals such as the Department of Environment and Conservation and the Office of Native Title, in order to work out where the hurdles are and how you can build a more flexible model to accommodate this real need in Karratha, Hedland and also in Newman. They are also very important areas.

We have not necessarily pinpointed one agency as the crux of the issue; it is more that you need to get a full understanding of where some of the hurdles lie. It might be a case of four different agencies working together but also being provided industry's plans for the future in where they see the need for further development. Obviously, you will also need more nurses, teachers and police officers in the region to accommodate such growth. So we are trying to work collaboratively on population estimates. We have industry putting forward their workforce planning in order for government to be able to plan for the future. Indeed, we are very keen to work out what the critical hurdles are in order to release land. That would be great. There is a lot of land up there, but it is not available land. When people come and look at the region they see vast amounts of land that they think is possibly for development, but the reality is that there is the approvals process to go through to get access. We are currently trying to work through that through the PICC process.

CHAIR—To assist the committee, on behalf of your members operating in the north-west, can you give us some idea of the sorts of what I will call community contributions they make in supporting and sustaining communities along the way. I read in evidence yesterday, for example, that one of your members—I assume they are a member—has been providing an office for a member of the community legal service in, I think, Port Hedland. I would regard that as a community contribution to an organisation which otherwise would not be able to find office space, I gather, given the state of availability. Could you provide the committee on notice with some information about those contributions?

Ms Ruddock—Sure. If I can just articulate some of the examples: just the five PICC member companies—clearly, we have other member companies doing much of the same across the state—

CHAIR—I meant the chamber, broadly speaking, in terms of members but also PICC.

Ms Ruddock—Yes. I can give examples just on the current PICC focus. The companies that I mentioned previously, BHP, Rio Tinto, Chevron, North West Shelf Venture and Woodside, collaboratively provide over 470 dwellings across the Pilbara region, like office dwellings and housing for relevant doctors or nurses and also some other community requirements. That is over 470 dwellings that they could use, particularly for their own workforce. However, they understand the importance of sustainable townships, which also helps with the attraction and retention of people in their own workforce. That is an example.

They are also contributing collaboratively. Millions of dollars are being put into different health education programs. They are not health programs for their own people; they are for the community. Considering that they were formerly mining towns, there is still a lot of reliance by the community on looking to some of the companies for assistance and certain initiatives. It will continue to work like this, but what we do need to see is enhanced support from government to ensure that we can accommodate future growth in the best and most practicable way.

Senator MOORE—I know that you will check the *Hansard* from yesterday's hearing when you get the chance. It will soon be available. Yesterday in evidence there was a contribution from one community group that described the situation as a 'crisis' and said it actually needed the kind of intervention that the federal government have undertaken in the Northern Territory because of the range of issues in the Pilbara. I wonder whether that degree of urgency has come

out in the Pilbara community—the group you just mentioned, which did receive mention yesterday. It was mentioned positively that this was an initiative that had happened. When you have a consultative committee making that kind of statement publicly, I just wonder whether that degree of concern, urgency and crisis was part of the discussion that your chamber has auspiced. Is that degree of concern raised at that level?

Ms Ruddock—I do not purport to have the answer for that. At the moment we have very focused scope and that is land and accommodation, education and training, and health services.

Senator MOORE—I think they are exactly the issues that this group said were in a crisis such as would determine a national intervention.

Ms Ruddock—Yes. We have not spoken of national intervention but we do see that the land and accommodation situation in the Pilbara is at a crisis for all of the Pilbara region and we do also see that there is going to be further pressure put on the region, given the amount of growth of oil and gas developments and also the iron ore expansions that we read of so regularly. So we do see the need to have all tiers of government working together. The Pilbara region, much like the Kimberley region, is a real area of focus that we would like to see all members working together on.

Senator BARTLETT—I do not know the history of and variation in the different parts of the north-west well enough, but it appears that in a number of the communities and towns the mining companies basically own some of the key infrastructure—power, sewerage plants and those sorts of things. I think the term ‘normalisation’ was used for places. As communities become normalised, that is one of the factors that come into play. Yesterday in Karratha someone was talking to me about another place—I might be wrong but I think it was Dampier—where the sewerage works are owned by the mining company. They have land available but they cannot increase the number of houses on the block because the sewerage works will not take it, which creates an issue of who is going to pay to upgrade the sewerage if it is owned by the mining company. Understandably the company does not want to pay to upgrade sewerage for the township. How do you overcome those sorts of potentially quite difficult blockages in dealing with basic supply issues?

Ms Ruddock—Normalisation is complex in nature. There is certainly not a one size fits all answer. I think that each situation, each town, is unique. Basically, it is unlikely that the exact circumstances experienced in the Pilbara towns would be replicated anywhere across Australia. The process of normalisation would be assisted by ensuring that governments work very closely with companies to improve regional development, specifically in isolated rural and remote areas, and to assist in that process of normalisation by ensuring you have conditions of greater economic diversity and purpose-built governance arrangements. I think that governments and companies must be committed to building up social capital by fostering community development, and a discussion that regularly ensues at Pilbara Industry’s Community Council is about how we can work better in looking at the future of some of the townships that still rely on the old practices and have not been fully normalised across the Pilbara. It is something I will take as a question on notice, but in context I think it is a complex issue that does require a lot of discussion between all parties.

Senator BARTLETT—From our end, without wanting to add another player into the mix when there are probably already more than enough, is there any particular role that could be played at a federal level beyond what is already being done? I think there are some fairly region-specific issues with the north-west which could benefit from initiatives at the national level tailored specifically at that level. Money is of course what everybody always wants, but there could be other things—exemptions or whatever.

My other question is about the housing itself. I have the impression that, at least in some areas and to some extent, mining companies are still providing and building housing. I am always wary of extrapolating too much from a brief experience, which is all we had yesterday in Karratha. I think the housing we saw was not mining-company owned, but I was still surprised—and it was actually mentioned in a different context by others this morning—that it seemed inappropriate housing for the climate, as well as being all the same. I do not want to blame anybody; however, I am curious why that is so in a climate like that. Why is there housing that does not seem to be particularly well-built for the climate, and why is it in that identical format?

Ms Ruddock—The Pilbara Industry's Community Council is trying to ensure that, in the discussions for future housing, housing is designed to meet the conditions in such areas and not just for cyclone conditions. As you mentioned rightly, we need to ensure that there is some respite from the heat that comes through with, obviously, the relevant structures to deflect heat. It is something that we would be keen to explore, and that is through local government guidelines as well as state and industry conditions. We are very mindful of the design components to meet the needs for the region and its conditions. I think that is something that has been identified from our discussions through PICC, specifically with some of the shire CEOs.

Senator BARTLETT—You have talked a bit about Aboriginal development already. With housing options, particularly as you try to increase the proportion of Indigenous people employed, there seems to be some reasonable progress in that area. There are flow-on problems when, if people get a job they lose access to their public housing and they then need to find another house et cetera. Is consideration being given to providing housing specifically for that sort of circumstance? I did not get a chance to question adequately this morning but there is some interesting material from the Housing and Urban Research Institute of Western Australia about the conceptualisation of housing for Indigenous people. Is that something that you have been doing a lot of work on or something that is on the radar?

Ms Ruddock—My understanding is that it has been brought up through the Regional Partnership agreements that are across Australia. It is not a chamber initiative but we do see the RPAs, as they are commonly referred to, as complementary projects to what PICC is trying to achieve. My understanding is that they are looking at the issue of Indigenous housing as part of the allocation. If you have a job you might exceed what the Homeswest allowance is. My understanding was that they had achieved a two-year time frame so that they could still have access to those homes, but I am not completely across the details. I am aware that it has been brought up at a level including mining industry and state and federal governments through the Regional Partnership agreements, the details of which are probably available through them.

CHAIR—Thank you very much for appearing before the committee this afternoon and for the information you have been able to supply to us from the chamber and from the PICC

arrangements. There may be some follow-up we need to do with you. We have absorbed a lot of information in the last couple of days and there are one or two issues you have taken on notice that you will come back to the committee about and the secretariat will be in touch with you about them.

Ms Ruddock—I appreciate the opportunity and I would like to congratulate the committee for actually going up to the Pilbara region to really understand the complexity of the issues up there. When we are up in the north, we sometimes feel that plans are given from maybe metro and also from Canberra, and it is really good to see you on the ground and looking at the issues from there.

CHAIR—Thank you, we appreciate that. We certainly found it enlightening to say the very least, although as Senator Bartlett says: ‘It is just a small opportunity. It is not an immersion therapy.’ In adjourning today’s hearing, I thank all of my colleagues for participating in the last two days inquiry and I also thank the secretariat and Hansard staff for supporting us in that process. We will reconvene in Brisbane next Monday. I declare this meeting of the Senate Select Committee on Housing Affordability in Australia adjourned.

Committee adjourned at 2.34 pm