



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL
TERRITORY**

**STANDING COMMITTEE ON ECONOMY AND GENDER
AND ECONOMIC EQUALITY**

(Reference: [Inquiry into Housing and Rental Affordability](#))

Members:

**MS L CASTLEY (Chair)
MS S ORR (Deputy Chair)
MR J DAVIS**

TRANSCRIPT OF EVIDENCE

CANBERRA

FRIDAY, 16 SEPTEMBER 2022

**Acting secretary to the committee:
Ms J Cullen (Ph: 620 50435)**

By authority of the Legislative Assembly for the Australian Capital Territory

Submissions, answers to questions on notice and other documents, including requests for clarification of the transcript of evidence, relevant to this inquiry that have been authorised for publication by the committee may be obtained from the Legislative Assembly website.

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Amended 20 May 2013

The committee met at 12.45 pm.

DONNELLAN, MR ANDREW, Secretary, Greater Canberra Inc.

MACLEAN, MR HOWARD, Convenor, Greater Canberra Inc.

WUOLANNE, MR AYMUN, Committee Member, Greater Canberra Inc

THE CHAIR: Welcome to our public hearing today of the Standing Committee on Economy and Gender and Economic Equality and our inquiry into housing and rental affordability. Before we begin, I would like to acknowledge that we meet today on the land of the Ngunnawal people, and we respect their continuing culture and the contribution that they make to the life of this city and the region.

Thank you to the three of you for attending our first session today. We are live streaming. We will need to do a clean between each session; that will apply after you. Could you speak one at a time so that Hansard is able to record your responses clearly, and please identify yourselves the first time you speak and state the capacity in which you appear today. As I said, we are recorded and broadcast live. If you take a question on notice, please clearly identify that. Just acknowledge that you have read and understand the privilege statement before you speak. You can do that when you identify yourself. I am happy to take a brief opening statement. I do not know whether it is a group approach or who would like to go first.

Mr Donnellan: I think Howard will be giving the bulk of our statement, and we may have a few comments to add at the end.

THE CHAIR: All right. Over to you, thanks, Howard.

Mr Maclean: I have read and understood the privilege statement. Thank you for the opportunity to appear before this inquiry. The housing crisis is the largest policy challenge facing our city. Canberra has the highest housing costs in the country. It is the most expensive city to rent in, and it is the second most expensive one in which to buy. The housing crisis impacts every person in this city and every aspect of our society and our economy. It is the principal driver of poverty and homelessness in our city, as families working full time struggle to afford shelter. As we speak, there are thousands of children in Canberra who are in poverty due to our elevated housing costs.

However, the impact of the housing crisis is not just restricted to our most vulnerable. It is the largest brake on the discretionary income of the middle class. It makes it hard for businesses to compete and attract skilled labour because a \$90,000 salary in Melbourne checks out to be about the same as \$105,000 salary here after housing and tax costs are accounted for—for the average house, that is. Everyone in Canberra knows someone who has left our city because they could not afford to stay here and imagine a life where they could raise a family.

Cheaper housing is how we build a stronger, fairer city—a city with opportunity and prosperity for all, a city that can achieve net zero while meeting our future infrastructure challenges. We should take the measures that are most effective in reducing rents and housing costs. We believe that all policy options that increase

housing affordability should be pursued, but we should focus on the ones that do the most. Off-market residential and commercial vacancies do have a negative impact on our housing market, and, in principle, we support a vacancy tax on residential property to encourage the full utilisation of our housing stock. However, Canberra already has a very low residential vacancy rate by national standards. We also already have a tax on vacant residential properties, as does the commonwealth on foreign investors. An additional tax on off-market vacancies would be a good tax, but its impact would likely be modest. There simply are not that many habitable, well-located homes that are kept off market at the moment.

Canberra's rental market woes are driven by scarcity. There are not enough homes where people want to live, and this drives up costs and rents. A consistent finding in academic literature is that increasing the supply of homes in places where people want to live reduces rents and makes housing more affordable. We need to build more homes. We need to build homes in places close to jobs and amenities where people want to live.

The government has announced a housing policy of 30,000 homes over the next five years, but we need a plan that will actually get us there. The fastest, cheapest and most effective approach for us is to simply legalise the construction of additional housing in our existing urban footprint by relaxing our planning and zoning controls to allow more homes to be built. We also know—from Auckland and other international examples—that simple, universal up-zoning across the city is far more effective than selective spot up-zoning of only certain areas of the city. Eighty per cent of our residential land in our city is zoned for RZ1, which prohibits multifamily and medium density housing. Another 10 per cent of residential land in our city is RZ2, which is still extremely restrictive.

Any serious attempt to create the conditions for a sustainable boom in housing supply which will drive down rents while also meeting Canberra's infill targets must involve reform to these two zones. At a minimum, we should immediately legalise unit or separately-titled dual occupancies in all of RZ1. We should go further and look at adopting New Zealand's medium density residential standards for all RZ1 and RZ2 areas, allowing triplexes and fourplexes. This will create the gentle density homes that Canberrans want and the houses we need to combat this rental affordability crisis.

There are other policy measures which would also contribute to a more affordable Canberra—and we support them—but, in our view, zoning reform of RZ1 and RZ2 is the most effective policy lever we have to alleviate the crisis over the medium and long term. The most powerful tool that we have to increase the rental and housing affordability is to legalise housing within our city.

THE CHAIR: Did you acknowledge the privilege statement?

Mr Maclean: Yes, I did.

Mr Wuolanne: I acknowledge that I have read and understood the privilege statement. Thanks, Howard, for going over the bulk of what we wanted to say. The terms of reference for this inquiry are focused on how reducing residential vacancies could improve housing affordability in the ACT. Implicitly, this acknowledges that more

houses being available on the market would be beneficial, and this is a sentiment that we strongly agree with. One often hears shockingly high numbers of vacant homes from census data. For example, we have seen headlines recently about one million vacant homes on census night, but we have to remember that this includes every home where the occupants were out that particular night or homes that are up for rent or up for sale. Often it is where renovations are being done. For some more realistic numbers of how many residential vacancies we have in the ACT, we referred to one source, the Icon Water data, that indicates around 2,400 potentially empty dwellings.

There are two main reasons we are not optimistic about policies aimed at reducing the vacancies in the ACT. Policies aimed at getting these 2,400 dwellings back on the market might have only a limited effect. There was a study of vacancy taxes in France that found they reduced vacancies by around 13 per cent. In this case, that would be about 300 dwellings. Even if we got 100 per cent of these dwellings back on the market, this would be a one-off additional supply of about six months' worth of dwelling constructions. The ACT saw 5,250 dwelling completions in the 2020-21 financial year, so, while this would be a modest bonus to housing supply, the effect would be small and short lived.

Mr Donnellan: I have read and acknowledge the privilege statement. I thank the committee for the opportunity to speak to you today. As you are aware, from what Howard and Aymon have just said and from reading our submission, our focus is on reforming the planning system to enable more housing. As you are all aware, the biggest issue in the ACT planning space right now is the Planning System Review and Reform Project. Howard has already explained our views about zoning reform, particularly in RZ1 and RZ2, and the substance of planning rules; but during the course of our engagement with the planning system review we have also identified that there are issues with the administrative framework around the Planning and Development Act or the new planning bill and the planning system more broadly that we believe are relevant to affordability and to decreasing the cost of delivering housing. I am happy to answer questions around our views on those issues. I think that concludes our opening statements.

THE CHAIR: Thank you. I will kick off with a question, and it is on that. Could you explain a little bit more about your concerns with the planning act, and go into that in a bit more detail please?

Mr Donnellan: Sure. We have been engaging with the Planning System Review and Reform Project since shortly after our organisation was founded, and we have been engaging with EPSDD through both the Environment and Planning Forum and through making public submissions as part of its consultation process. Obviously, the first deliverable of that reform process is going to be the planning bill, which is anticipated to be introduced to the Assembly later this year.

The planning bill will set out the whole planning framework for at least the next decade—possibly much longer—so it is quite important that we get it right. So some of the issues that we identified, we have written about in more detail. I appreciate that this is not the planning committee, and I am sure that we will have more to say on these issues before Ms Orr in a few months' time.

MS ORR: I was actually going to raise that, Chair. Can I just get some advice, because I sit on the planning committee and the bill will come to us. I am sure that these issues, as rightly have been identified, will fit in there, so can I get a bit of an idea of where the boundaries stop and start, and the parameters for questioning today.

THE CHAIR: For me, I am trying to understand if this group believes that the answer to housing affordability is more houses. If this group has identified that planning is the issue, then I would like to understand their views on what this issue is.

MS ORR: Yes, okay. Maybe if we talk more about the supply of housing and less about the planning bill, that might be a better way.

THE CHAIR: Okay.

Mr Donnellan: I can just quickly say that we are keeping this focused on what is relevant to affordability.

THE CHAIR: Yes.

Mr Donnellan: Just quickly, there are a couple of issues that we did identify. Firstly, we believe that any statutory framework that has a significant impact on housing affordability—a potential significant negative impact or a potential significant positive impact—should be putting housing affordability at the centre of the core concern. So we raised issues around the objects of the planning bill and the principle for good planning, and making sure that economic prosperity and socioeconomic equity and housing affordability were included there.

We have also raised issues around how ACAT appeals cause issues, particularly for social and public housing providers. They add significant risks and significant costs to delivering housing, particularly of the medium-density and higher-density typologies that we would like to see more of as part of zoning reform measures. Those are the main issues with the statutory framework that we think are relevant to this inquiry's terms of reference. We believe that affordability needs to be explicitly identified as a core concern of the statutory framework, and that needs to flow down through administrative regulations and decision-making processes. And we believe that there needs to be some reform to the way that tribunal merits review works to minimise risks and lower costs for people who are aiming to deliver medium-density housing.

We do not want situations to arise like the one recently, where one social housing developer spent a quarter of a million dollars defending an ACAT case. Housing ACT is defending, I believe, three ACAT cases right now in one suburb. That is adding significantly to the cost to the taxpayer and to these social housing organisations in delivering that housing.

Mr Maclean: More broadly, if I might just add, the academic literature strongly suggests that housing affordability and rental affordability are strongly related to supply. Supply in the territory is regulated by our planning framework, so it is very difficult to have a conversation about how we bring rental prices down without talking about the processes and how we create and decide where we locate housing in the territory.

MS ORR: Just on that, and looking at the supply stuff, the main consideration we are looking at through our terms of reference on the committee is a vacancy tax. I think that you have said, in your very well-articulated submission, that a vacancy tax in theory is something that would increase supply. Why do you think there are limitations for that as an avenue within the ACT to help with housing affordability and supply issues?

Mr Maclean: Because the number of vacant properties in the ACT is currently very low. If somebody owns a home that is fit to be rented out, there is not a better market for landlords than right now, and the idea that they are not doing that and that we could create a substantial number of additional rental dwellings via an additional rental vacancy tax in addition to the vacancy tax that we already have implicitly, by applying land tax to it, is pretty small. I refer to Aymon's earlier comments about there being potentially around 2,400 vacant homes in the ACT that use below 50 litres of water per day. We think that that is a realistic assessment of how many there might be.

The impact of an additional vacancy tax would probably be quite modest—maybe around 13 per cent. A lot of these vacant homes will be homes that are vacant for various reasons. We think that one of the largest ones may be because a resident is very elderly or recently deceased, and the estate is in the process of disposing of the home. So we think that vacancy tax is good. Off-market rental residential properties are a drag upon our rental market, but we are realistic about how many additional properties an additional tax may create.

MS ORR: In terms of that sentiment that, “Yes, it is good because in theory it does this, and you will see X amount of improvement,” and picking up on the idea of being realistic, government has finite resources and can only direct these resources in certain areas. So would it be fair to say from all the evidence that you have given so far that prioritising a vacancy tax over some of these other measures would not necessarily be a good way to prioritise?

Mr Maclean: In our view, the best method that we have to increase large amounts of additional housing supply is zoning reform. And zoning reform is quite cheap. All we need to do is go through the effort of redesigning the zoning rules and equivalent planning processes. That is not free, but compared to the amount of additional housing construction that we have seen in Auckland following the 2016 Unitary Plan, this, for government at least, is a very cheap way to create a lot of additional housing in quite a short space of time, in planning terms.

MS ORR: So, in answer to my question, what you are saying, if I have understood correctly, is that prioritising other measures would see much bigger impacts on housing supply reform than going after a vacancy tax as the number one priority.

Mr Maclean: Yes. Our view is that the government should pursue the methods that work best for the amount of effort that they involve, and the policy that we think is best suited to that is zone reform of RZ1 and RZ2.

MR DAVIS: I have a supplementary on that, and I am going to ask the same question,

but in a different way. Given that in your opening statement you remarked—I will paraphrase—that “housing and rental affordability is the greatest policy challenge that the territory government is currently facing”, would it not then behove the territory government to do more than one thing at a time in this space? Could the territory government not, as a show of demonstrating the seriousness, both implement a vacancy tax and pursue zoning reform?

Mr Maclean: It absolutely could, and we would encourage that, but we are aware that the amount of bandwidth that the territory has to pursue multiple policies in one space is limited. So if the territory does have the resources to simultaneously pursue and enforce an additional vacancy tax and do zoning reform at the same time, we would welcome that, but we are also aware that EPSDD has limited numbers of staff and the ACT government has limited numbers of staff. So in the event that there is a trade-off between different programs, we would encourage the ACT government to prioritise zoning reform over an additional vacancy tax.

MR DAVIS: Could I put a hypothetical to you as it pertains to the vacancy tax, because I do take your point—and it is a serious one—about the limitations of the public service to develop and then implement new policies. The government says in its submission that we currently have a vacancy tax, and it is land tax, though, as you would know. It is land tax charged at the exact same rate as if that property were occupied and being added to supply.

Do you think there would be scope, in a simple way, to create new thresholds upon which land tax is charged for an inexplicable and extended vacancy of a residential property? Rather than reinventing the wheel, do you think we could use the framework that we already have to not just disincentivise current property owners from keeping their properties from market for a long period of time but to disincentivise that interstate and international investment in the territory?

Mr Maclean: As a general principle, we think that the land tax system should be simple rather than complex, on the basis that most systems of taxation and policy should be simple rather than complex; it makes it easier for people to navigate them. Our own impression is that if a residential property that could be rented is vacant for a long period of time, and paying the rates and forgoing rental income that could be gained from that, it is usually because the situation is quite complex or complicated in terms of potential ownership or other things that are happening there. If it is inexplicable, then it is usually inexplicable because there is some difficulty that might be shrouded from view. So we are not sure, with a policy like that, how many additional properties it would really create. That would be our concern. Given that we may be talking about a few dozen or a few hundred additional properties, is that the best use of the territory’s resources in a way that also increases the complexity of our land tax system?

Mr Donnellan: Can I also add that our understanding is that when it comes to international investment, as you mentioned, there is a commonwealth-level taxation policy regarding vacancies. Another major issue with the practicality of implementing a vacancy tax regime is enforcement. We would need to make sure that any change to the current vacancy tax settings is backed up by appropriate resourcing of the Revenue Office to be able to apply that fairly and consistently across property owners.

That comes into what Howard was saying: that simplicity is a virtue when it comes to these regulatory regimes.

MR DAVIS: That makes sense.

THE CHAIR: From my understanding, with respect to the commonwealth government—what did you say?—Australian investors get taxed if their property is empty. Is that what I should understand?

Mr Donnellan: I believe it applies to overseas investors.

THE CHAIR: Overseas investors.

Mr Donnellan: Obviously that does not cover the whole range of property investment in the ACT, but—

THE CHAIR: Does that then stop the ACT government having an additional?

Mr Donnellan: It does not, but my point is that, when it comes to that subset of foreign investors, our understanding is that there is already the additional disincentive for them to keep their properties vacant that is enforced at a commonwealth level, although we have not done detailed analysis across that area.

THE CHAIR: Okay.

MR DAVIS: You are a very well researched group, so do you know how we measure vacancy? When we talk a lot about the vacancy rate being only 0.5 per cent or 0.8 per cent, how is that determined, in your view?

Mr Donnellan: I believe the ACT government's submission did outline that the most accepted methodology for measuring vacancy rates is based on Icon Water data and using a standard of, I believe, less than 50 litres of water consumption over the billing period. They also have an alternative methodology of using Evoenergy metering data, as well, to bring in units that do not have individual water meters. But we are not deeply researched into the efficacy of that methodology; that is just what the ACT government has stated.

MR DAVIS: That makes sense. My last follow up on the question of units: what would your organisation's position be in a situation where a developer has built an apartment building—say there are 600 dwellings in an apartment building—and they are selling it off the plan? They reach a point at which the settlement certificates are offered, the property purchasers are now moving in, and it is 50 per cent sold. The developer has other assets; the developer has good cash flow; and the developer can afford to hold that property and essentially wait for someone to come and pay the sticker price. Do you think there is a role for government to, through policy, carrot and/or stick a developer to bring those properties either to sales market or to rental market in a shorter period of time than what might exist in those scenarios?

Mr Maclean: In regard to this general policy area, we are aware that, in the current structure, the way that additional housing is added in the ACT has strong cartel risks,

purely because there are relatively few developers and market players that create most of the housing. While we acknowledge that that is a problem, part of our view about the best ways to approach it is to simply allow there to be more competition in the housing market in a way that, if we created up-zoning in RZ1 and RZ2, suddenly everyone who owns RZ1 and RZ2 land, if the price of housing is high, can simply enter the housing or redevelop their house to add additional ones, rather than it being a handful of large property developers.

With respect to the substantive of your question regarding that precise circumstance, we have not formed a view, I believe, as an organisation, about what to do for the best in that circumstance. It is definitely not an ideal situation, but we have not currently come to a view, based on our research of the evidence, of whether government intervention in that area would be a good or a bad thing, on balance.

MR DAVIS: Thank you.

MS ORR: I am in awe of how you come to your views as a group. I wish everyone put that much effort into it. I was wanting to have a little bit of a look at the comments that are in your submission around housing affordability and whether a vacancy tax actually helps to put houses that are affordable onto the market. What is your research on that, and what is your view, because there are some pretty interesting bits in your submission?

Mr Maclean: The balance of our research is mostly focused on additional housing supply in general, rather than just being about additional housing created by vacancy taxes. One thing that gets missed quite a lot in public discussion about housing is that housing works like a hermit crab line. Okay, that is a bit of a weird analogy! Basically, if you build a lot of very fancy luxury housing for people who are very wealthy, they are likely to move out of the middle-class housing, or older, more affordable housing, into that wealthy housing, allowing everyone to effectively move up the chain.

Most people do not have two houses that they use as residences—houses that they split their time between. Most people have only one primary residence, particularly in a given urban area, and this is how creating additional housing—even expensive housing that is designed and is marketed towards people with quite high discretionary incomes—means that you end up with less pressure at the end. Our research says that creating additional housing supply from any means—vacancy tax or up-zoning in a given area—reduces rents for everyone in that area because it increases competition on both a hyper-localised and citywide scale.

MS ORR: Under that rationale, do you think it is fair to say that it is going to take a long time for there to be any improvement in the lower quintiles of housing affordability?

Mr Maclean: One of the features of housing is that, because we are talking about durable goods that take a while to build, there are very few, very quick measures that we have that can substantially alleviate the current situation in a way that is durable over time. We think that supply is the fundamental issue over the medium and long term, and we think that there is a place, in demand-side mechanisms, to help the people who are vulnerable to deal with the current market. But in order to create a

market that works over the medium and long term, we need to make sure that supply can effectively keep up with the population demand in our city.

MS ORR: Is the hypothesis that a vacancy tax will suddenly put a whole heap of properties on the market and increase supply—therefore improving housing affordability—a problematic hypothesis that might not be as simple as it appears?

Mr Wuolanne: I think all we would say to that is that process makes perfect sense, but I think it is the first step that we might disagree with, that you would get a rush of new properties onto the market from that vacancy tax.

Mr Maclean: I think part of this is that if you own a \$2 million house, let's say in the inner south, and you are keeping it vacant, the total rates and land tax on that is—it is just a rough ballpark figure—about \$30,000 a year. You have to wonder who is out there copping \$30,000 a year in rates and taxes who is not renting it out, but would rent it out if the bill was \$50,000 a year. I suppose that forms the fundamental core of our concern, which is that we do think that an additional vacancy tax would put new houses on the market; we just think that the quantum is probably very low.

MS ORR: Thank you.

MR DAVIS: Starting from the bottom and working my way up, the government does have a pretty ambitious policy to build or buy new public and social housing to increase the net supply of public housing in the territory by at least 400 dwellings over this term of government. But one of the pressure points that I have heard as a non-minister—so, not taking part in these questions—is the skills shortage and the shortage of adequate supplies: copper wire for electricity, lumber for the frames of the homes et cetera. That is putting pressure on the government to meet its own ambitious targets.

Do you have any anxiety that opening up land supply or concentrating advocacy around opening up land supply and zoning changes—which you have advocated for—may create a situation where, essentially, we do not have the materials nor the skilled labour to build the amount of homes we need to build currently? I wonder if you have any reflections on those tensions and what risk that might pose in pulling developers and skilled workers away from the government's infrastructure plan to build more public homes?

Mr Maclean: To quickly cover this off, RZ1 and RZ2 reform is a very long-term policy. We know that when you rezone areas to allow for additional residential development, you are still creating housing 20 years later. A good micro example here is the Deakin and Forrest State Circle apartment blocks that you have probably seen. They were rezoned by the NCA in 2004. One of the last houses to be redeveloped into an apartment block was just sold today, 18 years later, and there is still one residential home there which has not been redeveloped. So when we talk about this, we are taking a bit of a long-term view. A lot of these problems—particularly with material prices and concrete prices—are very much due to the supply shocks of 2022. I would be surprised if they are persistently high, going forward five to 10 years, in a way that is substantially above trend.

With regard to the competition factor, we want to create the market situation where it is a profitable and good business for a large number of tradespersons and people in the building industry to move and set up operations in Canberra. I think that the better way to consider this is not the idea that private home construction for additional homes for Canberrans is competing with the government, but rather that it would create a larger pool of labour that the government can rely on to build its own public projects, both in terms of infrastructure, like the light rail, and in terms of public housing. In short, a larger housing construction industry in Canberra helps the government build public housing, not the reverse.

MR DAVIS: Okay. While we are talking about public and social housing, I commend you publicly for your advocacy, particularly in supporting the YWCA for its development proposal in Ainslie. But that goes to a broader challenge for government and the community more broadly—the resistance of low income families or low income people to move into established areas. What challenges do you see there for the committee to reflect on, and what recommendations would you have for government to essentially combat NIMBYism in our city and welcome a diversity of residents into established suburban areas?

MS ORR: I note we have 15 minutes to answer that, though!

MR DAVIS: Yes, it is a tough one.

Mr Maclean: The most important thing to remember is that NIMBYism, as it is talked about, forms because development has very wide, dispersed benefits, including to people who are not alive yet and who are not in our city yet and do not have a voice. But the costs of those developments are highly focused and they are frequently focused amongst people who have a lot of free time, so the voices that the committee hears will come from those people, predominantly. You will find that the vast majority of Canberra residents are not opposed to building more public housing and building more housing in general; they just potentially will not turn up to a three-hour long meeting on a school night to talk about it.

So I suppose the best thing for you to do, as legislators, is to balance the concerns of 30 people in the room against a territory of 450,000 people. Unfortunately, I think it will take leadership from the Assembly to articulate the case about why you represent everyone that voted for you, not just the 30 people that may be saying the stuff about a given housing development in an established suburb.

Mr Donnellan: And that involves adjusting the way that we do public consultation processes to expand to demographics that do not traditionally participate as actively in those processes. That tends to be people who are busy and working, to put it bluntly.

THE CHAIR: Can I ask, how would you improve that?

Mr Donnellan: In our planning bill submission, we outlined that we want to see principles of consultation that aim for representative sampling of the community rather than a system based on people who are the most vocal. We do not have specific policy recommendations with regard to how that would be accomplished, but that is something where EPSDD and CSD and other relevant agencies would be able to do

some further research.

Mr Maclean: Also by taking a whole-of-territory approach rather than a localised approach to how we do decisions.

MS ORR: I think that is an interesting proposition of how you do the initial consultation, but you have also raised the point there of appeals and how those can get captured by a vocal—

Mr Maclean: We think that you should get rid of them.

MS ORR: Okay.

Mr Maclean: Just all third party ACAT appeals. We already do not allow them in the town centres. You already are not allowed to appeal against a McMansion being built next to you; why should we allow only ACAT third party appeals for duplexes and other forms of medium density? It creates this problem where we introduce this arbitrary barrier to affordable housing in established suburbs, which literally does not apply to any other typology.

MS ORR: I will look forward to hearing about this in the planning inquiry.

Mr Donnellan: We are happy to go into more detail when the appropriate opportunity arises.

MR DAVIS: Could I just ask a supplementary question, because I think it would be interesting to people watching at home. I assume there are thousands! Has your group done an analysis on the oppositions made to ACAT to private development, as opposed to that being built by the government or the not-for-profit community sector? Do you notice a disparity between community resistance to, essentially, poorer people moving into their neighbourhoods than development at large?

Mr Donnellan: We have not done a detailed analysis. We can say from our anecdotal investigations into this that we think there is a bit of a bias against social housing and housing in more established and wealthier areas. Part of this is that it is actually quite difficult to get data out of ACAT. Many reviews do settle at mediation, and mediation is private, so we actually cannot find out what those outcomes are. We also cannot account for the chilling effect of developers or Housing ACT or social housing providers choosing to make different decisions about where they attempt to build based on their predictions of the kind of community opposition they are going to encounter.

Mr Maclean: In addition, as previously mentioned, because public and social housing and supportive housing can be built in RZ1 as a multi-unit development and is thus subject to third party ACAT appeal in a way that building a McMansion on the same block would not be, our planning system creates the opportunity to appeal against housing for public housing tenants in a way that it does not for people who are well off. So the system itself structures itself against public and social housing, if that makes sense.

MR DAVIS: My last follow-up question on that. The government's policy, or the policy of the two governing parties in their agreement, is to increase the net supply by 400 properties over this term. Do you think that target is enough?

Mr Maclean: No.

MR DAVIS: Do you have an alternative target that you think the government should aspire to?

Mr Maclean: We do not. We would need to talk about that, but as a general principle we think that all forms of housing should be increased, and that includes public housing.

MR DAVIS: What do you think the government's position should be when they are met with community resistance for public housing in a particular neighbourhood?

Mr Maclean: This, once again, comes back to the idea of having a territory-wide approach to public housing development, and taking it from the principles of what is good for Canberra as a whole, rather than what is good for the square block in the view of the people who live on that square block, about whether new housing should be introduced. Keeping that idea about how much housing supply is related to poverty and homelessness in our city, rather than focusing on hyperlocal concerns about whatever the concerns may be—it changes from day to day, and it changes depending on the exact development—but keeping that wide view about the benefits of affordable housing in our city is key to that strategy.

MR DAVIS: I could keep going but the chair is going to stop me.

MS ORR: I have one too, whenever you are ready.

THE CHAIR: My question is: do we know what the figures are per suburb or per electorate, and even the amount of public and social housing in each area? Do we have stats on that?

MS ORR: Yes, I think that is probably a government question, though.

THE CHAIR: Okay. I just wondered if you guys knew, if you are suggesting that we need more. What would your approach be to that? Do you have any thoughts?

Mr Maclean: Our view is that general up-zoning also applies to public and social housing. If you increase the amount of homes that can be built all throughout the ACT, in all RZ1 and RZ2 places, including the number of homes that Housing ACT can build on the blocks that they own, then you manage to create more housing, effectively by altering the regulations that determine the upper limit on what can be built. Therefore the ACT government can build more without needing to acquire more land.

THE CHAIR: So, should there be a balance?

Mr Maclean: Between?

THE CHAIR: How many public and social housing properties there are in each suburb, or are you suggesting that we remove all barriers?

Mr Maclean: Our view is that having a balance between the different districts of Canberra in terms of where public and social housing is located is a good thing. We have not had a committee meeting where we have come to a formal position on this, but I think I can speak for the committee and the community when I say that we like the idea that Canberra is egalitarian and does not concentrate disadvantage or segregate by class as much. A lot of our concerns with how Canberra has developed over the past 15 years is that certain districts have become more segregated by class and income in a way that was not in keeping with the original Griffin plan that imagined a more egalitarian city. We think that if we increase the number of homes that can be built for private development and public development in tandem, then we can keep that vision and also increase the number of homes that are available for everyone.

MS ORR: I think you made the comment—and I am paraphrasing, so correct me if I am wrong—along the lines that you would always advocate for more supply. If I threw out a number and said that we should have 100 new homes in every suburb, you would say, “That’s great, but do more.” Is that sort of the dynamic we are in?

Mr Maclean: Yes. We are not going to have a situation where we get to 100 new public housing homes in a given part of the city and say that that is where it should be for evermore. Canberra will continue growing; we are the fastest growing city in the country, and I think we need to be focused much more on the direction and how we get there than any finite targets.

Mr Donnellan: We have close to 4,000 people on the public housing waiting list right now and more on the social housing waiting lists.

MS ORR: So it is fair to say that we should do as much as possible as quickly as possible?

Mr Maclean: Yes.

Mr Wuolanne: Can I add something to that?

MS ORR: Yes, please.

Mr Wuolanne: The prediction of how many houses you need is very difficult. We saw this from the latest census. They underestimated the number of people in the ACT by—

Mr Donnellan: I think it was 5.3 per cent.

Mr Maclean: The population of Armidale.

Mr Wuolanne: Yes, a large amount. So trying to predict how many you need is quite difficult, so it is better to err on the side of caution.

MS ORR: As a former planner who loves the census, I am very happy to make recommendations that we should fund the ABS better, but I do not think anyone is going to listen to that recommendation, unfortunately, because it is not our parliament. But I am in lock-step with you on that.

MR DAVIS: I am cognisant of the time left, so can I ask a quick one?

THE CHAIR: Yes.

MR DAVIS: There has been the view put by investors and others in the real estate industry that land tax is what is contributing to high rental prices. Can you point to any evidence that would suggest that a reduction in taxes would see landlords, of their own volition, reducing the price which they advertise and collect in rent?

Mr Maclean: In a word, no. We can point you to an ANU Tax and Transfer Policy Institute study about the impact upon ACT's land tax system on rents. Rents are determined by supply and demand. They are a much more normal market in that way than the housing market in terms of buying those assets. A house fundamentally rents for what the tenant will pay for it, so we do not think that cutting land tax will create a situation where suddenly every landlord lowers the rent that they can get by that amount, particularly because land tax follows the value of the land, which follows the rent that can be gained from it.

We do think that there is potentially a minor effect, where land tax in certain districts of Canberra may make more incentive for people to own houses outright, because they do not need to pay that land tax because we do not apply land tax to owner-occupiers. So, potentially in Forrest, because the average home in Forrest would probably have a land tax of \$30,000, you would end up in a situation where there are very few renters in Forrest purely because owner-occupying is so much more tax effective, and it means that when a home goes up to be sold between an investor who rents it out and an owner-occupier who lives in it, there would be potentially a minor distortionary effect as a result of that. But we do not expect to see falls in rents as a result of eliminating land tax in the ACT.

MR DAVIS: Would you then propose that in certain parts of the ACT land tax be increased and in other parts of the ACT land tax be decreased, or are you comfortable with the current land tax settings as they influence rental prices?

Mr Maclean: We have not had a view, effectively, as an organisation, on the sufficiency of the current land tax system. We do think that land tax is much better than stamp duty. We think that it is a system which, at its best, should encourage people to make the best use of the land. Our concern is that at the moment we have very high land values and land tax, but then we also lock those properties into being RZ1. So we do not allow the better utilisation that land tax is meant to encourage.

Then there are other distortions like the distortion that I just mentioned, where we apply land tax effectively to properties that renters live in but not properties that owner-occupiers live in. As a general principle, this comes back to our earlier comment where a simpler tax system, which is easier for people to navigate and has

few distortions, is generally a better thing.

MR DAVIS: And my last question on land tax—

THE CHAIR: Thirty seconds.

MR DAVIS: I will be really quick. The Parliamentary and Governing Agreement commits 250 places for landlords to list their properties at an affordable rate with an affordable agency and reduce their land tax liability to zero. Do you think that is a good program? If so, do you think 250 places is enough?

Mr Maclean: We have not been able to consider that program in any detail and therefore I could not give an answer. We can take it on notice, if you prefer.

MR DAVIS: That would be great, if you have the time. That suits the chair, too, given the time.

THE CHAIR: Yes, thank you so much. Thank you, Greater Canberra, for coming today—each one of you. As you have taken that question on notice, if you could have the response back in five days to the secretary of the committee, that would be great. Thank you very much.

Short suspension.

LAWLER, MR NICOLAS, Chief Executive Officer, Advocacy for Inclusion
WALLACE, MR CRAIG, Head of Policy, Advocacy for Inclusion

THE CHAIR: Welcome back to our second session. We are hearing from Advocacy for Inclusion, who are joining us remotely via Webex. I remind our witnesses this afternoon of the protections and obligations afforded by the parliamentary privilege and draw your attention to the statement. I hope you have that. When you speak, please confirm your name and the role in which you appear today and your acknowledgement of the privilege statement. Let us go with a brief opening statement.

Mr Lawler: Thank you. I acknowledge the statement. AFI welcomes the opportunity to appear before the committee to speak to our submission on housing and rental affordability. A lack of suitable housing now forms a growing area of AFI's advocacy intake work with people with a disability in Canberra.

We all know that there is a housing crisis. The difference for people with disabilities is that the people we represent face both a lack of affordable housing and a lack of appropriate and accessible built forms. Rental affordability is a major barrier. The disability support pension is the main source of income for 56 per cent of people with a disability. According to Anglicare, a DSP recipient could not afford any of the 1,354 private rentals advertised in the ACT and Queanbeyan in March 2022. The median rental was more than their entire primary income.

We also have a lack of accessible housing, and approaches to voluntary regulation have failed to date. None of the targets for universal housing design standards were met by 2020. We welcome the new mandatory requirements for universal design, to the silver level standard, championed by Minister Vassarotti, which will apply to new homes by October 2023. However, these relate to new homes and the silver standard does not mean fully accessible. So it may take a long time, with considerable effort by government and work with industry, until we start to see newly accessible housing flowing through the market.

We note that this committee's terms of reference focus on vacancies and under-occupied housing. Our advice is that this needs to be approached cautiously. People with disabilities may live in homes that appear to be under-occupied but are not. This includes people in homes with larger rooms or extra bedrooms in order to allow for wheelchairs or walkers, overnight stays by carers, or the storage of equipment. Downsizing from larger housing as people age can be difficult due to logistical, financial, emotional and other factors which are making moving home challenging and stressful.

While vacancies may be part of a solution to broader housing supply issues in Canberra, we need a better understanding of supply, and we have not seen evidence that there is a large amount of accessible housing that is sitting vacant. What is most needed is new, fit-for-purpose, affordable, accessible rental housing in Canberra that is available to people on a DSP earning under \$450 a week without experiencing housing stress. This requires a response primarily through public and social housing in the short term, plus efforts to grow accessible private rental housing in the medium-term instance.

The new ACT planning system should prioritise the development and construction of affordable and accessible housing at scale. We should move forward with work to reflect the changes to the national construction codes for houses, out houses and apartments. In addition to the minimum requirements, we should be encouraging more housing built to the gold standard, which is fully accessible. We also believe that there is a need for market development as we work to implement these to improve the capacity of the housing industry. Likewise, we need to encourage entry-level investment in accessible rental housing.

Accessibility should be prioritised within the Indicative Land Release Program of 15 per cent minimum target for social and affordable housing. AFI supports public housing. It is accessible and affordable, and remains a vital part of the housing response for people with disability experiencing poverty and low incomes. Around 38 per cent of public housing tenants across Australia have a disability. We also believe that there needs to be improved processes for people with disability seeking public housing, which includes the ability to access housing modifications and maintenance so that public housing remains suitable.

We support recommendations made by ACTCOSS to increase the delivery of community housing run by not-for-profit providers. The focus should be on creating more affordable and accessible housing in the community rather than cluster, group or institutional-style housing. This should be teamed with measures to foster more socially responsible, sector-wide, leasehold application processes to encourage accessible rentals. Features of this, as recommended by our colleagues at Rights and Inclusion Australia, who endorsed our submission, could include better identification of rental housing that is suitable for people with a disability; longer leases so that the NDIS is more likely to fund modifications; and better housing rental application processes that support applicants with disability. We also support proposals to develop a comprehensive, detailed overview of unmet housing needs for people with disabilities to inform work to improve supply. Thank you. Mr Wallace and I are happy to take questions.

THE CHAIR: Thank you. That is a great summary. I just want to check on one of the statistics you gave. What percentage of land released do you want allocated for social housing? Did you give me that figure?

Mr Lawler: I did; it is 15 per cent.

THE CHAIR: Is that what it is currently sitting at?

Mr Lawler: I might refer to Craig. Craig, are you aware of that?

Mr Wallace: I have read and understood the privilege statement. That is what we understand. We understand that there is a 15 per cent target for affordable and social housing within the current program. What we are asking for is accessibility to be prioritised within that release.

THE CHAIR: So, as one of the groups included. Yes, okay. You mentioned a gold standard and you talked about suitable housing. What does that look like?

Mr Wallace: If I may, I might go to that one at this point. The ACT government has introduced mandatory requirements, which are scaling up, to require housing to be built to the silver standard under the Liveable Australia guidelines. The silver standard sets out a series of features that you might build into a house that enable it to be made accessible later on.

For instance, no steps and wider doorways. Some of the structural features can be modified later without undergoing structural damage to the house. It is the kind of modifications that might enable a person with a disability to visit a house but not to stay in it. The gold standard has more features like modifications to a kitchen. The platinum standard is completely accessible. Our messaging is that going to the silver standard is fine, but it is going to take some time for accessible housing to start coming out of that process.

THE CHAIR: Great. Thank you.

MS ORR: You note in your submission—and I think you have covered this a little bit in your statement, but I would appreciate you elaborating—that, in relation to vacancies, “we are not convinced that changes in vacancy settings are likely to improve the situation of people of disabilities in housing and the availability of affordable and accessible housing”. Like I said, can you elaborate and walk me through a little bit more of your thinking that has led to that statement and the rationale behind the thinking?

Mr Wallace: We are not convinced that there is a whole lot of supply that is accessible and that is currently vacant for people with disability. What is needed is new housing that is purpose-built to the standards.

The reason we are not convinced is that the standards are not in at the moment. It makes sense that you would have a whole lot of accessible housing that was built, say, 20 or 30 years ago, that has outgrown the needs of an older person, and that would now be available for a person with a disability to move into. We are certainly not seeing in our advocacy work housing that has been successfully obtained by people with disability which involves a person with a disability moving into a home that has already been built and vacated by someone else, which would be one indicator of supply.

The other indicator is that, in the Saturday morning rental and auction markets, people with disabilities do not report having a lot of success in those venues. Without us doing an exercise like the national supply council used to do, which would give us a definitive answer, that indicates to us that there is a lot of scope for work here, and that it is not the main game.

MS ORR: Am I right in understanding, Mr Wallace, that your submission very much is about how to provide affordable and accessible homes for people with disability and that, within that context, you do not see a vacancy tax being the highest priority, but it is not necessarily about drawing a comment on the policy in the broader context?

Mr Wallace: We are a little bit worried about it. We are worried about punitive

measures. For some people, under-occupied housing is not actually under-occupied, because those people need a bit of extra space and room within their places in order to ambulate and live successfully. For older people with disabilities, there are a lot of logistical, environmental and social challenges, as well as the challenges of setting up in a community that involves moving away from a house that might be under-occupied.

Our concern is that a tax might be experienced as a punitive measure by people with disability and certainly would not answer the issue which we think we have for people with disabilities, in that we do not have enough new purpose-built rental housing for them that is affordable.

MR DAVIS: Mr Wallace, what would be the view of AFI of a vacancy tax that was very specifically designed to reduce unoccupied properties, rather than under-occupied properties, and with a policy design that only affected a property that was nobody's home and was sitting empty? Would AFI have a view about a vacancy tax in that context?

Mr Wallace: I will refer to my colleague Mr Lawler. I suspect we would be agnostic on that. We would be more concerned around a tax or a levy which was applied as a penalty to a person who is already in housing, and where their circumstances meant that they needed to be in larger housing, or they had difficulty moving on from it.

MR DAVIS: Could I ask a hypothetical that I put to the previous participants, Greater Canberra? In a situation where a property developer has built a brand-new apartment building, you would assume that, while not built to the best standard, they are built to the best standard which we have currently obligated them to do, and they have been selling the development off-market while it has been under completion. It is complete. They have sold, say, 50 per cent of the building. People start to move in, and the other half are sitting empty for months, sometimes for years, while the developer waits for someone to come along and pay a sticker price. Do you think in that instance that the government has a role to intervene and discourage that sort of vacancy in those situations? Based on your earlier evidence, I would assume that those kinds of properties would be the most appropriate for people with a disability, given they are brand-new homes.

Mr Wallace: I make the observation that high-density residential areas, including apartment complexes, are sometimes plainly being used as a default option. For some people with disability, including people with justice and mental health issues, it is not always a good experience. It can be experienced as ghetto-isation, and can result in people being placed in communities that are away from supports.

However, to go to the question, again, we would be agnostic on the idea of government using levers to free up supply that might drag more affordable housing into the mix. In turn, that might relieve some of the pressures on supply for affordable and accessible housing that we need to be freed up in the private rental market.

I do not think that we have a view; it would probably lean towards being supportive, with the caveat around apartments being seen as a fix-all for people with disabilities. We are cautious about that.

MS ORR: Mr Wallace, would I be right in my understanding that the key message we should be taking away from your evidence is that housing should be accessible, as opposed to having a strong view on whether there is a vacancy tax, beyond it not being punitive and creating disadvantages?

Mr Wallace: Yes, it would be. We do not think that the main game is scrabbling around in vacant housing, trying to find housing that is accessible. That is very much a lucky dip for people with disabilities. We need more housing that is affordable and accessible for people on DSP. DSP is around \$450 a week. The median rent in Canberra is \$650, so you already have a gap, without taking into account utilities and the other expenses that people have.

We need more housing to be built to that gold standard. While acknowledging the work by the ACT government to introduce mandatory features that require silver standard, we will have a job ahead of us to convince investors, including in the rental market, to pitch in and start building product that is accessible to people with disabilities. I find that a bit strange, given what we know about having an ageing population here. It should be a relatively good bet, but it has not come out of voluntary regulation. We are not seeing a lot of it in the market. It needs market development work.

MS ORR: Can I just clarify: DSP refers to the disability support pension?

Mr Wallace: Yes, Ms Orr.

THE CHAIR: What is happening now? How many people are we talking about in Canberra that are on the disability support pension? How many are there?

Mr Wallace: There are 8,650 people in Canberra on the disability support pension. The figures also show a wider group of people on below-median incomes with disability who are doing some casualised work.

THE CHAIR: Where do they live now? What does that look like for these people on a disability support pension? How are they surviving?

Mr Wallace: Precariously. I do not know how they live. It is a question that we ask ourselves. We have people in situations that would otherwise be described as homelessness—people living in housing that is unsuitable for them, given their needs, or staying with parents and elderly relatives for far longer than they should. At the acute end we have people stuck in nursing homes and hospitals that need to be released from them. We have people in group houses. There are a whole lot of people with disabilities in inadequate, crowded, insubstantial housing.

Many people with disabilities also are in public and social housing. Public housing will always be an important part of the mix for people on really low incomes and needing accessibility. That needs work and investment as well.

THE CHAIR: Is that why you would recommend that the government should raise the standard from silver to gold for public housing builds? We know that there are a

few—I do not know how many—public housing homes that are empty and need renovating and things like that. Would it be a recommendation that when that work is undertaken, it is done at a gold standard so that people in Canberra living with disabilities have more options?

Mr Wallace: To their credit, my understanding is that the government is already building new public housing properties to a high standard. Silver with some gold features; that is my understanding. For instance, they are not building one-bedroom apartments anymore. There are bigger apartments with room for a carer and so on.

Our issue with public housing is that a lot of older public housing needs to be retrofitted so that it is suitable for people with disabilities. Many people with disabilities tell us, in our advocacy, that they find it hard to source and identify accessible housing when applying; also, maintenance and upgrades of housing that is no longer suitable for them as they age and their needs change can be challenging.

MS ORR: Mr Wallace, we focused there on government and what they are doing with public housing, but the private market is still an avenue for housing. What do you see the private market being able to do to further support people with disability?

Mr Wallace: We would like to see a lot more private rentals available to people with disabilities being built to both silver and gold standard. We think there is that market development and investment piece that needs to take place, possibly analogous to defence housing, where it has kind of been sold as a good investment, with relatively stable tenancies over time, involving people with stabilised incomes. There needs to be a parcel of build-to-rent housing that is also accessible for people with disabilities and that involves a social premium and is affordable for people with disabilities.

It does not seem at the moment that the private rental market is going there. Most people with significant disabilities who need to source a home privately wind up doing their own purpose-built build, which is a really expensive option. In the rest of the community, more people are seeing rental and apartment living, and other forms of living, as being appropriate. There is market failure here and they are not responding. We would like them to respond.

With respect to another way that they could respond, at the moment the NDIS, in terms of risk, does modifications. It does not want to do modifications in private rental properties, where the person might have to move out within 12 months. Longer leases and bespoke responses by the market that acknowledge the circumstances and the funding arrangements for people with disabilities might move the dial here as well.

MS ORR: Is it fair to say that what you have just put forward as the things that you would like to see prioritised are improving affordability and accessibility within the private rental market?

Mr Wallace: Yes. If we could write a housing plan for people with disabilities—and we would dearly like to—that would be the plan.

MR DAVIS: Given that we have eight minutes left, Mr Lawler and Mr Wallace, would you mind if I race through a couple of quick and obvious questions? I suspect

that I know your answer, but it is important to get the answer on the public record. There are currently 11,521 public housing properties in the ACT and the government has a target to net increase that stock by at least 400 over this term of government. Do you think that is a high enough target?

Mr Wallace: No, we do not. We need many thousands of homes here in the ACT, in order to respond to the lack of affordable housing for anyone on a medium to low income, or on income support.

MR DAVIS: Additionally, the government has an affordable community housing land tax exemption scheme, which discounts land tax down to zero if you rent your property at an affordable price. Are you aware of that scheme?

Mr Wallace: I am not in a position to comment on that. I do not know whether Mr Lawler wants to comment. I am not aware of it.

Mr Lawler: I was not aware of that, no.

MR DAVIS: Based on that, given that it is a tax concession for owners who make their property available to market at a certain price, would you suggest that the government probably needs to do a better job of promoting that program, so as to bring more affordable properties to market?

Mr Lawler: Most certainly. I think that would be an excellent idea.

Mr Wallace: Again, as with our answers around the Indicative Land Release pipeline, it would be interesting to know whether there is an accessibility feature within that tax rebate. That would probably be our angle on this.

MR DAVIS: That program is currently limited to an exemption of 250 properties. Do you think that should be increased if it improves housing affordability?

Mr Wallace: I think that would be a yes.

MR DAVIS: My last question is: you mentioned build to rent, which is important, because the government is currently developing a prospectus for market, to encourage that sort of investment. Do you think that, as part of that investment, the government should have a heightened minimum standard for accessibility? You mentioned gold standard before. Would it be AFI's view that a build-to-rent proposal in the ACT should be built to gold standard?

Mr Wallace: What we would say in terms of build to rent is that it should be silver, with relevant gold features—which is most of them—to enable a person with a disability to live there. I am being a little bit cautious because not all people with disability are the same; some people do not need all of the gold features or all of the platinum features. We know that silver, on its own, is not enough with a rental property where you are wanting people to move straight in and not make substantial additional modifications to the property. You would want to have some gold features in there at the ground level.

MS ORR: Mr Wallace, you said that you would love to see a thousand new public homes. If we said that we would build 2,000 new public houses in every suburb, would you say, “Great; do more”? The sentiment we are working under is that there are just not enough and, whatever number we need, we will always need more.

Mr Wallace: I can understand that that might be the sentiment of government. The observation I would make is that public housing is pretty tightly targeted at the moment towards people on really low incomes and with complex lives and issues. It is not likely that we have been talking about what is happening in that kind of quantum. We are seeing genuine, critical, unmet need for public housing where the alternative is people being in hospital, nursing homes and situations of homelessness. We want to even up that gap. I do not know about asking for thousands in each suburb, but it certainly means thousands across Canberra.

THE CHAIR: You mentioned that not every house that will be built needs to be at the gold standard; some are fine at silver. Do you have any idea of what those numbers look like?

Mr Wallace: No, I do not think we could comment on the numbers at this time. But the standards have been designed as a range between silver and platinum. Platinum would be something that I could move into. I am a wheelchair user with fairly high standard needs. We would suspect that most of the cohort of people with disability would fall somewhere within the gold standard, which is why, for accessible housing, that is a sensible resting point. With respect to the number of people with significant disability in the ACT, around the 50,000 mark is people in the NDIS cohort.

MS ORR: Going back to the other line of questioning, Mr Wallace, you noted that a lot of the need there is perhaps people who have a lot of challenges with securing rental affordability and who would not necessarily fit within the current targeted program of public housing. Is it fair to say that maybe what you are asking for is a reconsideration of the parameters, and how more public policy could step in to help that other cohort that is not currently so clearly defined within the response? Is that an okay assessment of what you are saying?

Mr Wallace: I think the ACT has a problem. Because public housing is a commonwealth program and it is funded through the housing agreement, it is, by necessity, constrained and really tightly marketed in terms of incomes. In Canberra, the cost of living and the income disparities are so great that it is possible for a double-income couple on a low or casual income to not be able to afford to get into a private rental property without experiencing significant housing stress. ACTCOSS has done a bunch of work on what that looks like.

If you add the lack of built housing form, it means that in Canberra, everywhere, there are a bunch of people that are not in scope for public housing, under the way that it is organised at the moment, who still need housing with some tenancy support, with lower rent and with good access. The best way of providing that is to have lots more social housing run by not-for-profit community providers who are the actual build-to-rent specialists here in the ACT. We have some, but not enough to meet the kinds of needs that we are seeing in our advocacy work.

THE CHAIR: I would like to thank both of you, Mr Lawler and Mr Wallace, for attending today on behalf of Advocacy for Inclusion. I do not think there were any questions taken on notice.

CAMPBELL, DR EMMA, Chief Executive Officer, ACTCOSS
ROBERTSON, MS GABRIELLE, Policy Support Officer, ACTCOSS

THE CHAIR: In this session we will hear from ACTCOSS. On behalf of the committee, I thank you both for appearing today and for your submissions. Can I remind you of the privilege statement? Before you speak, please acknowledge the privilege statement that is before you. Would you like to make an opening statement?

Dr Campbell: I acknowledge the privilege statement. I do not have an opening statement, other than to acknowledge that we are meeting on the lands of the Ngunnawal people. ACTCOSS pays its respects to elders past, present and emerging.

THE CHAIR: You are happy to go straight to questions?

Dr Campbell: Yes.

THE CHAIR: The question that has been on everybody's lips today is about a vacancy tax. What are your thoughts on that? How will that improve housing affordability in Canberra?

Dr Campbell: ACTCOSS's view is that it is not apparent to us that the problem with our housing situation would be resolved by a vacancy tax. Certainly, on the face of it, the evidence suggests that vacancy is not a huge issue in the ACT when compared to other jurisdictions.

I think it is worth dedicating some resources to examining this in a little more detail. A lot of the statistics that are being used around vacancies are from the census. There are probably more reliable ways of getting information on vacancies in Airbnb, so perhaps it is worth dedicating some ACT government resources to having a deeper understanding of the problem.

Even if we have a problem, it is not clear that a tax would fix that problem, because many of these properties are owned by people on higher incomes. If they find that it is useful to make money from an Airbnb, or find it useful to have a vacant property, you need to have evidence that a tax will actually make a difference and deliver more properties to the market.

More to the point, the types of properties that we are talking about are not properties that will make a significant difference to the cohort of Canberrans that ACTCOSS represents. We know that, for people on JobSeeker, there is not a single property in the private rental market that is available to rent. If you are on youth allowance, there is not even a room in a shared house that is affordable to rent in the ACT or in Queanbeyan, in New South Wales.

I am not sure that returning empty properties, probably primarily owned by people on higher incomes, to the market will make much difference to the 2,000 people that are experiencing homelessness every day in the ACT or the thousands of people on our public housing waiting list; nor will it make up the shortfall regarding the 3½ thousand social houses that we need to build.

MS ORR: Dr Campbell, you just indicated that perhaps some resources could be put towards looking at this issue of vacancy and better understanding it, and regulatory responses to that. You also outlined a lot of other things that you think need to be given higher priority or could go a lot further to address issues that we face here in the ACT. If resources were put towards this vacancy question, would you have an issue with resources looking at other responses being diverted to that? Would you want to see the other responses prioritised first?

Dr Campbell: We know that the solution to the ACT's housing crisis is additional social and affordable housing. If there is an impact on work that can help the ACT government to deliver more social and affordable housing, we would oppose the use of resources being diverted from that.

MS ORR: You would like to see that prioritised?

Dr Campbell: Yes. If there is a small amount of resources that would take six months for one person, or if you purchased some good quality research in order to deeply understand the vacancy issue in the ACT, we probably think that is not a bad idea. But jumping over to a huge project around vacancy when, day after day, experts on this are explaining to the ACT government what the solution to our housing problem is, would cause some significant frustration within the advocacy sector. It is one part of a very big problem. We know what the immediate solution can be, and that is where we should be focusing our attention.

MR DAVIS: Dr Campbell, forgive me; I may ask infuriating questions today that I understand you have certainly answered in other forums. In the interest of making sure that it is on the public record through this forum, I may ask them again.

The government will tell us in their submission that we have a vacancy tax. It is the land tax that continues to be charged on secondary properties, whether they are occupied or not. Do you think that it would send an important message to real estate investors, landlords and secondary property owners to increase the rate of land tax on an inexplicably unoccupied property for an extended period of time—a vacancy tax, using the mechanisms with which we already collect tax on additional properties?

Dr Campbell: I will take the question on notice, but I will make a few comments first. It is about whether or not it actually delivers more houses for people on low incomes. I am not sure where the evidence is, in that regard—if there is evidence that increasing land tax would deliver that.

With taxation issues, I am not against increasing land tax, but it would have to be looked at from a broader perspective of taxation, whether or not that is progressive taxation, and what that money will then be used for. So it is hard to give a quick answer. I would want to see evidence that increasing land tax by a slightly additional amount for vacant properties would make a difference. I do not know whether that evidence is there. If we want to do some work on how we tax people who have more money or more assets in such a way that we can do a better job of redistribution, including through more investment in social and affordable housing, it is worth giving some thought to it.

The other issue is: will the ACT government use that additional revenue for investment in social and affordable housing? That is the other question that I am not sure would be answered in the way that I would like it to be answered.

MR DAVIS: On that, would you have a view on the government implementing some form of vacancy tax, with a commitment that any additional revenue raised was redirected back into the purchase or construction of public and affordable housing? Would that be more appealing to ACTCOSS?

Dr Campbell: I will come back to my earlier answer: let us see if we have a significant issue with vacancy. With respect to all of the resources that would be required to be put into properly understanding the impacts of a vacancy tax, enacting it, explaining it and making sure it is progressive, are those resources worth it, versus using those resources to help us to deliver more social and affordable housing?

MR DAVIS: On vacant social and affordable housing, when I first proposed a vacancy tax, the overwhelming community feedback that I received from constituents could be best summarised as, “Get your own house in order; there’s a public property vacant at the end of my street, in my block.” Do you think that, as the biggest landlord in the territory, the ACT government is doing a good enough job in managing its own assets and reducing vacancy—making its own 11,000-odd properties occupiable and rented?

Dr Campbell: No.

MR DAVIS: What more do you think that the ACT government should be doing to make sure that its 11,000-plus properties are available for rent?

Dr Campbell: They would be well placed to take some advice from our friends in the community housing sector. When you do a comparison of the time it takes to turn over public housing dwellings, compared to how quickly our community housing providers turn them over, the gap is extraordinary.

MR DAVIS: By turnover, just to clarify, is that the period in which the property is being renovated?

Dr Campbell: Yes, that is right; or empty, before it is given to another tenant. I do not know the statistics; I can get them for you. I think they are in the *Report on Government Services* every year. The average for community housing is probably in the period of weeks—maybe two weeks—and in the public housing space it is a period of, on average, months. I will take that on notice and get back to you.

I make the point that they will never be the same. There are particular issues that public housing face. I am not suggesting that they are exactly the same. I also know that this is part of the Growing and Renewing program, and there may be reasons why public housing is left vacant—such as because they are waiting for another property to be empty before they sell a lot. From all of the anecdotal evidence that we hear, from the experiences of public housing tenants, there could be improvements in the efficiency of Housing ACT in the management of its housing stock.

MS ORR: The question is: how do we get these public housing properties filled—not vacant but filled? As part of “getting your own house in order”, which was the term that Mr Davis used, would applying a vacancy tax to somehow motivate people be the best option in your mind, or are there a lot of other things that could be done to make sure that we are getting people into housing sooner?

Dr Campbell: Do you mean applying a vacancy tax to Housing ACT—

THE CHAIR: The government.

MS ORR: Yes.

Dr Campbell: I have not given thought to whether or not we should apply a tax to Housing ACT. We have measurements of Housing ACT’s ability to turn over housing. As I said I think it is published in the *Report on Government Services*, so I think there is transparency over it. The role of ACTCOSS and others, including the opposition and backbenchers, is to highlight when we see there are problems with it. I am not sure that a tax would achieve the outcomes, but I do think that those differences, and the time that Housing ACT is taking to turn over its properties, should be cause for reflection and for thinking about how it can do things better.

MS ORR: We have had a lot of discussion about public and social housing, and the role that government can play in providing affordability. As you have noted, you have some very clear views on the record about that. But I noted in your submission that you referred to the medium-term solution to the territory-wide shortage of social and affordable rentals not being the private rental market. I am keen to hear from ACTCOSS about how the private rental market is failing in providing these products and these homes for people, and whether any focus could be put on the private market that could also alleviate the pressure, so that it is not just the government that is responding to this issue.

Dr Campbell: There are so many elements to fixing our housing crisis. Obviously, 23 per cent of people in Canberra rent on the private market, so that is a significant number of people. I am not suggesting that the private market has no role in solving the housing crisis. For the people that I represent, social and affordable housing will be the answer to the challenges that we are facing.

I am very hesitant about focusing on the private housing market as a solution, because we are very concerned about the nature of the private rental market, which is run essentially by amateur landlords who—and it is not necessarily their fault; it is how the system has been set up—often are not in the market for the long term. They perhaps do not have either the capacity or the understanding of their obligations to invest, as well as to receive income from their tenants.

There is something fundamentally wrong with our private rental market, and there are some big challenges at the federal level around our taxation system, negative gearing and capital gains tax. They all need to be massively reformed so that we get people who are investing in property with a much longer term view.

MS ORR: In summary, the private market is maybe a bit broken; is that what we are hearing?

Dr Campbell: I think so. I think there are some good measures being put in place by the ACT government. We have been very supportive of the minimum energy efficiency standards. We are very supportive of the minimum rental standards that are coming in through the change to the Residential Tenancies Act and the additional protections for private landlords.

I take this opportunity to say that the changes in the Residential Tenancies Act that will have an impact on public or social housing tenants are very concerning and take away rights of public or social housing tenants, whilst giving additional rights to private tenants. ACTCOSS is deeply concerned about the impact of these changes to the Residential Tenancies Act on highly vulnerable social housing tenants.

Coming back to the private market, as I mentioned, if you go to Anglicare's rental affordability snapshot, for people on a disability support pension, there are barely any houses out there that are affordable to them. For people on the age pension, there are barely any properties that are affordable to them. I have already given the numbers for JobSeeker and youth allowance.

We also see huge discrimination in the private rental market against people who are recipients of income support and against people from a migrant and refugee background. As Mr Wallace, from Advocacy for Inclusion, said, even if people with a disability can afford properties, the choice that they have is so limited because it is very important that the property is accessible.

The private rental market is important, but that is why we are very concerned that the build-to-rent model is not going to solve the housing crisis for the people that we represent.

MS ORR: I was actually going to ask about the people you represent. Can you clarify what that means? Who are those people?

Dr Campbell: That is a very good question. Previously, councils of social service were generally people who represented people who were in receipt of income support and on very low incomes. ACTCOSS also now finds itself in the housing space and the cost of living space, representing people who are in full-time work, including our own frontline workers in disability and community services, people who work in hospitality and people who work in the retail sector. Even if they are in full-time work, they will still be experiencing rental stress if they are renting a one-bedroom apartment anywhere in the ACT.

MR DAVIS: While we are talking about the private rental market, the government's affordable community housing land tax exemption scheme provides land tax concessions down to zero dollars for 250 landlords. Does ACTCOSS support that program?

Dr Campbell: Yes, we support it. It is run by two of our members. The landlords that give their properties through that program are incredible members of the Canberra

community. But you need a willingness to commit long term to owning that property, and that is not necessarily possible for many private landlords. But we are supportive of it.

MR DAVIS: There is a cap of 250 properties for that program. Do you think that the government should consider increasing that number and subsequently promote the program more, to see whether it could elicit more properties to be rented by your member agencies?

Dr Campbell: My understanding is that the cap has not been reached.

MR DAVIS: No, it remains at 250. My understanding, too, is that we have not yet achieved 250 properties.

Dr Campbell: Perhaps if we can think about how we can encourage more people to participate, that might be the first step, or understand why people are not participating. Again, the people that do this are really wonderful people, and I know that it has delivered some great outcomes. It is a small project that I think is needed, but we need some big answers because this is such a big question.

MR DAVIS: I will move to public and affordable social housing. Obviously, the parliamentary and governing agreement between the two parties commits to a 400 net increase in the public housing stock by the end of this term. There is already some suggestion that, based on COVID, skills shortages and the inability to get copper for electricity wiring and timber for building houses, even that may not be met. Would you support the government pivoting from building to trying to source more properties from the private market and purchasing to ensure that it reaches its targets?

Dr Campbell: I will take that question on notice. I do not have enough expertise to answer that question.

MR DAVIS: Do you have any reflections more broadly—not about the criticism, but about the reflection that, even if we allocated money to build more homes in particular, there is not the workforce, or the supplies. I am playing devil’s advocate here. What would your response be to the suggestion that we could throw money at building more homes; we just do not have the people to build them or the things needed to put in them?

Dr Campbell: I know there are particular challenges with contracting with government. They have very high standards, and rightly so; I also understand that there are issues around workforce and materials. However, we have seen some successes in the private sector with building, in terms of what they are delivering, and with our community housing providers. I would like to understand more about what the problems are that are specific to the ACT government that mean they are unable to deliver houses in the way that our community housing providers and private providers have been able to do.

MR DAVIS: I am not sure whether you were here during the evidence from Greater Canberra, who were with us earlier. They advocated for a lot of reforms in the planning space. In particular, I know that, for some of your member organisations, it

has been quite difficult to secure housing developments because of our current planning regulations. Do you have some advice on how government can make it easier, not only for themselves to build new public housing, but for the community housing sector to build more property? I am referring to coming up against—I will use the word again—nimbyism and that sort of pushback or resistance to a diversity of people living in a diversity of suburbs.

Dr Campbell: There are a number of things. I am happy to send our planning submission to the committee, which has a range of recommendations written by Craig Wallace, primarily.

One of the issues that we want is around the rezoning of church land, so that our church members can deliver more community housing. One of the barriers to doing that is some of the community reaction that you have described. ACTCOSS has a role; that is not the sole responsibility of the ACT government. We need to change attitudes to social housing. We need to change attitudes to public housing.

One of the problems is that public housing has been so poorly maintained, and the people in those homes have not been well supported, which means there are poor community attitudes to social housing and community housing. Some of the experiences of people who live near public housing have impacted the ability of our community housing providers to get approvals for their homes, for their developments.

Community housing is a little bit different because it is often supported, but there is not an understanding of the difference. Anyway, our public housing tenants should also be supported, and they should also live in homes that are well maintained. We need to do more to demonstrate to the broader community that there is a benefit from living next door to someone who may be in public or social housing. There is for me. I have a variety of friends that I know as a result of the public housing that is near me.

THE CHAIR: My understanding is that there are currently empty ACT public housing homes. I think that you touched on this, Mr Davis. Can you articulate for the committee what it would look like if the government were able to get all of their public housing homes up to scratch? How much of an impact would that have on the Canberra community?

Dr Campbell: These are questions that you could possibly pose to the directorate. I do not know at the moment what percentage of the homes are currently empty. But it makes sense that the quicker you turn over homes, the quicker you can—

THE CHAIR: Have community space.

Dr Campbell: Yes, and then you have more people. I do have some sympathy for Housing ACT, in that they are in the middle of a program where they are trying to use those houses more efficiently. I know that they are renovating quite a lot of properties at the moment; so I think we need to be a bit careful. But it does make sense. The quicker you turn them over—

THE CHAIR: Sure. You mentioned support. What does that look like, for tenants? What sort of support do they need?

Dr Campbell: There are some very good examples of where community organisations have been funded to do community development work, to maybe be a referral point for tenants if there are issues around mental health or community needs. Those kinds of intensive supports around public housing are really important. The other thing is maintenance. You feel good when you are living in a home that is well maintained, clean and safe. We need to make sure that all of our public housing tenants are living in those types of homes, in the way that we know makes us feel safe.

MS ORR: Certainly, from the comments you have made, there has been a lot of focus on the vacancy tax. That probably will not be quite the right answer for the issues that we face. There has been discussion about the public housing renewal program and the public housing stock. We know that there are improvements to be made there, as you have said. You also raised that there is this huge component, which is essentially the people who would not necessarily be within public housing, and who the market is failing, and there needs to be a response there.

My question to you, Dr Campbell, is: in directing the response, should we be directing it towards how we can come up with better solutions to support this group, rather than continuing to focus on what we are already doing in the sense of public housing renewal or adding a vacancy tax?

Dr Campbell: Coming back to the vacancy tax, I am not completely against a vacancy tax. Firstly, we need to see whether we have a problem with vacancy. Secondly, I am interested in looking at all types of taxes to see how we can better redistribute income. If a vacancy tax is a way of doing that, that is great. But I do not necessarily think that is one of the solutions to our housing crisis.

Yes, we need to deliver more public housing. We need to do it more quickly. I reiterate what Mr Wallace said: you have ready-to-go, shovel-ready projects with our community housing providers. If you give them affordable land, if you enable them, through financial incentives and other products, to make their projects financially viable so that they can leverage other income sources, such as superannuation and NHFIC—

MS ORR: That is really to that group of people, that second quintile, almost.

Dr Campbell: Yes, and that takes the pressure off public housing, and we can focus on supporting particular cohorts for whom public housing is most appropriate. It needs to be remembered that it is often also the housing of last resort for some people. That is what I would call for.

MS ORR: My final question is to Ms Robertson. Is there anything you would like to add?

Ms Robertson: I have read the privilege statement. I do not have any issues with that. I do want to point out, in terms of the private rental market, that, as we said in the submission, more than 73 per cent of lower income private rental households are in rental stress, in that they are spending more than 30 per cent of their income on housing. If they lose their tenancy while they are already in rental stress, it is

extremely difficult to gain another tenancy. Private real estate agents will not let a property, to begin with, to someone who is definitely going to be spending more than 30 per cent of their income on rent. That issue will get worse as people move and as rents continue to increase, proportionately.

Dr Campbell: Yes, that is an important point.

THE CHAIR: Thank you both for attending today, and for your submission. It was very interesting to read. There have been a couple of questions taken on notice. Could you get those back to the committee secretary within five days—

Dr Campbell: Yes. I cannot quite remember what they were.

MS ORR: It will be in the proof transcript.

THE CHAIR: We will have an afternoon tea break.

Hearing suspended from 2.34 to 3.16 pm.

CLARK, MS TEGAN, Member, ACT Youth Advisory Council
VILLIERS, MR NICHOLAS, Co-Chair, ACT Youth Advisory Council
HARRISON, MS LILY, Co-Chair, ACT Youth Advisory Council

THE CHAIR: Welcome to one of our afternoon sessions. We are welcoming the ACT Youth Advisory Council. Thank you so much for coming. Witnesses, please note the privilege statement that is in front of you. I hope that you have had a chance to read that. Before you speak, please acknowledge that you accept the terms there. Again, welcome to the ACT Youth Advisory Council. Would you like to start with a brief opening statement?

Ms Clark: Yes. I accept the terms of the privilege statement.

THE CHAIR: Great.

Ms Clark: Thank you for the opportunity to appear before the Standing Committee on Economy and Gender and Economic Equality, inquiring into housing and rental affordability. Members would know that the ACT Youth Advisory Council, hereon referred to as the council, provides young people aged between 12 and 25 years with an opportunity to take a leading role in participation and consultation activities on issues that affect our lives.

The council provides advice on youth issues to the Minister for Education and Youth Affairs, Yvette Berry, giving young people a voice in the ACT government. The council is made up of 15 young people, aged between 12 and 25. The membership of the council reflects a really diverse cohort of young people who are residing in the ACT community. That includes a gender balance, representation from young people who identify as Indigenous and Torres Strait Islander, people from culturally and linguistically diverse backgrounds, people with disabilities, and young people who identify as members of the LGBTQIA+ community. We really welcomed the opportunity to provide a submission to this inquiry.

For a range of reasons, many young people in our community are unable to live at home and must navigate the housing and rental market. Our submission identified 20 key barriers and concerns young people can face in accessing affordable rentals and housing. Young people in our community face additional barriers which may impact their ability to find affordable and appropriate housing. These barriers range from the types of tenancy that people may want to live in to youth homeless, out of home care, accessible housing and affordability of housing. To finish off, we should never lose sight of the fact that the needs of every person, including a young person, are different and the barriers they face can also be different. Thank you.

THE CHAIR: Thank you very much. Excellent. I will kick off with my first question. I note the 20 points in your submission. I would like to just ask you about number 20: financial literacy, budgeting and life skills. What is your thinking around that? What would you like to see more of, with regard to that?

Mr Villiers: I have read and understand the privilege statement. We have heard, over a long period of time, that financial literacy is a big issue for young people. Young

people do not necessarily feel that they are financially or educationally prepared to be independent financially or residentially.

There is a lot of work underway to look at ways that we can include financial literacy in the school agenda. That work is ongoing. We are working within the council a little bit on that as well. We have consulted with Money Bites, a local organisation that is designing some workshops and some different activities to help young people engage with financial literacy and learn more about that. We would welcome any ideas or any initiatives from the ACT government that would further that, though.

THE CHAIR: Great. Thank you.

MR DAVIS: Thank you, particularly, for how detailed your submission is. There is a lot of stuff here for the committee to chew on. I want to ask you kind of a profound question. Growing up, I heard all about the great Australian dream of home ownership. Do you believe Canberra's young people at the moment see a future in which they can aspire to that great Australian dream? Do you think home ownership in the long term is something that Canberra's young people think is in their future?

Ms Harrison: I have read and accept the terms of the privilege statement. From discussions that we have had within YAC meetings and in consultations, I think it would be fair to say that we, as a council, have not heard much in the way of a positive feeling towards the idea of home ownership. Young people have expressed concern about the possibility of being able to save towards home ownership, specifically where they do not have parental support for that sort of thing or where they are unable to access stable income through jobs or other forms.

Ms Clark: Yes. I think it would be fair to say that the aspiration of the great Australian dream, as you said, is not something that young people in the ACT are feeling is particularly achievable at the moment.

MR DAVIS: If that is the case, the logical consequence of that is that Canberra's young people will be renters, potentially life-long renters. Based on that, do you think that at the moment there are sufficient rights afforded to renters and, in particular, young renters in the ACT?

Ms Clark: The submission has identified living conditions in rentals. I guess this comes back the previous question on the literacy around being able to rent, with rental agreements and all of that. Sorry; could you repeat the question?

MR DAVIS: Do you think that young renters, in particular, understand their current rights? And do you think they have enough rights, as renters, entering into a contract with a landlord or agent?

Ms Clark: It has been identified that young people do not think that they have rights as renters. A barrier that has been identified is that, because they are young people, they are afraid to speak up when maybe their rights are not being met because they are scared of being evicted from their rental.

Ms Harrison: I would add to that that it has also been identified that many young

people are in informal rental agreements, which makes the possibility of speaking up, where your rights are not, met more difficult because you are dealing directly with the landlord, as opposed to going through some of those more formal organisations that protect your rights.

MR DAVIS: As the Youth Council, then, do you think you would know where to send a young person who felt like they were in a precarious informal rental agreement to get support?

Mr Villiers: There are organisations that help young people. Legal Aid ACT have a youth legal service that they offer for free. In my personal experience, I have actually referred a few friends to that and they have had good success. That is not something that is widely known about, though.

Ms Harrison: I am also not sure that it is within the council's remit necessarily to be making those referrals.

MR DAVIS: No, of course not.

MS ORR: I want to go to the terms of reference. I note in the submission—and it is a really good, detailed submission and really interesting—that, as you said in the conclusion, you have identified 20 key barriers that young people can face in accessing affordable rentals and housing. The terms of reference we are looking into today include: should we be having a vacancy tax and, if we had a vacancy tax, would that help put more properties on the market for people to rent? It was not quite clear from the submission whether you saw a vacancy tax as a priority or whether the 20 barriers, you feel, would be addressed through other means.

Mr Villiers: These are all issues that young people have communicated to us. The fact that there is nothing about a vacancy tax kind of suggests that that is not something that is concerning to young people that we have heard of. So, for that reason, it is not included.

MR DAVIS: I understand that you probably have not had specific questions about whether a new tax should come in. But, more broadly, do you think that the young people you work with would find occupiable vacant homes in Canberra acceptable in the context of rental and housing affordability? Do you think that would be an acceptable outcome for young people?

Ms Harrison: An acceptable outcome from having a vacancy tax?

MR DAVIS: That there would be homes vacant for extended periods of time that could be occupied.

Ms Harrison: I think that would depend on whether and how it affected the current environment. As we have identified, cost and affordability and living arrangements within share houses and things like that are some of the biggest issues. Whether the vacancy tax is able to affect those would probably affect the acceptability of that.

MR DAVIS: That makes sense. Thank you.

THE CHAIR: Our terms of reference are about a vacancy tax and housing affordability. What does the council view as the government's role in making housing more affordable to your cohort? What do you want the government to do? This is your chance to let us know that.

Mr Villiers: That is a very loaded question because, as we have just discussed, there is not one single aspect that contributes to housing being unaffordable.

THE CHAIR: What would you say? Could you give me the biggest contributor to the reason youth are having trouble affording a home in Canberra?

Mr Villiers: Clearly, the biggest issue is that young people have low incomes and housing costs more than their incomes. That is pretty obvious.

THE CHAIR: So what would your response be to fix that?

Mr Villiers: Probably having more supply of housing that is affordable for young people.

THE CHAIR: Okay.

MS ORR: Just on that—noting the 20 points in here—if housing supply was increased and was more affordable to young people, you have indicated that that would be one thing that would help. Would you see that overcoming all the barriers that you have outlined in your submission?

Ms Harrison: I—sorry.

MS ORR: You can both answer. I will not stop you.

Mr Villiers: It was one word: no.

MS ORR: No.

Ms Harrison: I would say that it probably falls into the original question about life skills and financial literacy and those sorts of things. Young people have frequently asked for more support in being able to apply for rentals and support in being able to manage their finances to save up for things like the deposits that you make at the start. Having more housing available is great, but often young people feel that they are put at the bottom of the list when they apply, below families and things like that, who are applying for those same homes. So it is about more support in terms of resourcing and financial and life skills, to be able to put in a good submission and put your best foot forward.

Often young people have a lower credit rating and less history in rentals. If it is your first house, people have said that it is quite difficult to show that you will be a good tenant, especially when you are unable to have parental support as a referee. Accepting work referees, things like that, and more of those structural things that would help young people to put forward a good application would mean that the

increased availability of housing would be of benefit to them in actually accessing that.

MS ORR: If I understand it correctly, the YAC advises the minister. So I guess we could ask: what would be your advice to the minister, and to the government through that? Would I be right, then, in saying that your advice would be to help break down these barriers, making sure that everyone has access to a home? Specifically, for young people, it is the barriers? Everyone is nodding. Hansard does not grab nods.

Ms Clark: Yes. I would be addressing, I guess, everything that Lily just covered there. She was addressing the systemic issue of ageism that young people experience in the rental market. So, yes, that.

MS ORR: Okay. Thank you.

MR DAVIS: I am interested in picking up on your point around financial literacy. I remember that when I was first elected I moved a motion to get rid of school banking programs. At the time I was told that these programs teach financial literacy and without them there would be no other financial literacy programs. But I was assured: “No, no; financial literacy is embedded in the curriculum. It happens in all the classrooms, particularly in maths classes.” Your submission would lead me to believe that that is not the case or, if it does happen, it at least does not happen with any consistency. Would you have any examples personally or of your friends and others on the council who did have any financial literacy education or programs to support financial literacy in school?

Ms Harrison: I am unable to provide you with personal experience, but Nick and I did recently attend, on behalf of the YAC, financial literacy consultation for young people in the ACT. What was identified through that and subsequent consultations with the council was that often financial literacy is not coming through schools. People feel that it is their own duty to have to find it on social media or through some of those new podcasts and books and things that are coming out. It is much more of a personal endeavour to educate yourself in that. They did also identify that the school banking programs, as you said, were not useful and did not set them up for a good future because it felt as though it was more about getting people into that banking organisation than into good saving habits.

The other thing I would note that young people have identified, particularly with financial literacy and skills, is that if their family is not set up with those skills then it is much more difficult for them to be able to step in to them and learn them. So definitely they have identified that there is a need to intercept, probably through schools, when it is not going down through the family.

THE CHAIR: I am just mindful of keeping within our terms of reference, which are about current vacancy rates in the ACT and how to change that so that housing is more affordable to people. You have mentioned a couple of things like references and the issues for young people trying to get a reference. Do you have an idea for a solution to that?

You also talked about supply. Where do young people want to live? If land is to be released and we have got more greenfield sites out in Whitlam and Ginninderry, is

that going to help? Do young people want to live in the city? I am just mindful of trying to keep us to the terms of reference here and what you guys know of what young people need.

Ms Clark: I will speak to the supply part of that question. It has been identified by the council that young people need access to public transport and need to be able to access essential services, whether that be health services, education or even the grocery store. With those suburbs that you have just mentioned, if they are further outside of Civic or places where a lot of those essential services exist then we would not recommend that that be the housing supply for young people, because it then disadvantages them, in that they cannot access those services or they have to go out of their way to access those services.

THE CHAIR: So what are young people looking for: more apartments in the city? To me, when I drive through, there seem to be a lot of them. Are people unable to get rentals because of these barriers: not having a referee or because it is so expensive? Talk me through it, because we do have lots of apartments in the city which I think would be great. What do you need?

Ms Harrison: To follow up on Tegan's point, I think she has absolutely identified that young people want to be near the unis. They want to be near the transport hubs and all of those sorts of things—definitely central. While there are apartments in the city, they tend to be smaller. The council has identified that without being able to share the cost of rent among more people, as in share housing, it is much less accessible. So what they are looking for is houses where they can have four people in there, or whatever, to share the cost of the house and the cost of utilities and the cost of all of those things. So one or two-bedroom apartments are not really accessible for young people.

THE CHAIR: I imagine that it must be difficult because if you are looking for homes they are going to be in the suburbs, aren't they, and then you do come up against families.

Ms Harrison: Yes. Speaking to the question about references, the council, in various conversations, has heard that people who, for example, live in uni accommodation for a year when they first move to Canberra, or when they first move out of home, and then try to go to a share house or other sort of tenancy agreement often find that a reference from university accommodation is not seen as good enough. When that is the only rental history they have, that makes it quite a barrier. The other thing is that, in share housing, if you have four people going into that house you have got to have four references, one for each person. If one person is unable to obtain a reference or they do not have suitable employment or something like that, it does impact negatively on the rest of the people who are applying.

MR DAVIS: Do you think that there is something specific the government could do to encourage a landlord of a three, four or five-bedroom home to rent that property to a group of young people? As Tegan, I think, raised earlier, there is that ageism built in. You do not have the references, you are a big group and you might be more liable to you know—insert risk here. What intervention do you think the government could make to encourage that property owner to rent to a group of young people? I know it

is a tricky one.

Mr Villers: I do not think we have really landed on a solution for that so far, unfortunately.

MR DAVIS: That is okay. On that, are you aware of any experiences of young people trying to apply for a property, a bigger property in the situation like you suggest, with either Housing ACT or a community housing provider, as opposed to just on the private rental market?

Ms Harrison: No.

MR DAVIS: I could put a hypothetical to you. How do you think young people would respond to community housing providers having these larger three, four or five-bedroom homes and making them available to rent to young people? Do you think (a) there would sufficient demand for those kinds of share arrangements; and (b), in your opinion, do you think that a collection of tenants would be able to honour the agreement, pay rent on time, look after the property et cetera?

Mr Villers: With all due respect, I think we have not really thought about this sort of issue too much. We would be happy to get back to you after this session, if that is what you would like.

MR DAVIS: Only if you want to at your next meeting. Do not worry. There are a lot of people that do not think about why they come in here, and they are usually on this side!

MS ORR: It is a hypothetical, too, so if you do not have an answer, I think we will understand.

Ms Harrison: To answer the second half of your question, I think the idea and the perception that young people, in share housing, in particular, would not honour a rental agreement and care for that property is damaging for young people, particularly when applying. Our experience is of the private rental market, so the perception that it would be a party house and all of those things is what is really damaging for young people and what is the barrier. I think that young people, from our experience and from what we have heard, are really grateful when they can find a good house and they can afford it and all of those things, so they do honour those agreements.

Ms Clark: I will speak as a young person in Canberra. If there were community housing specifically for young people or allocated specifically for young people, I think that would go some way to addressing this issue.

MR DAVIS: I suppose my specific question was: if community housing providers or Housing ACT were to provide homes specifically for young people, do you think they should lean more towards bigger homes and accommodating shared housing arrangements or do you think they should lean more strongly towards smaller one and two-bedroom apartments for young people to live in independently?

Ms Clark: Based on what the council has heard and what Lilly has spoken about

before, sharing the costs of living is much easier when you are a young person.

Ms Harrison: I think it would depend on the cost of that proposed idea. Uni accommodation is those one and two-bedroom share situations. It is probably the larger ones that would be more valuable.

MS ORR: From what you have said, would it also be dependent on the location and the access to services? Would I be right in my assumption that YAC has not really considered these things or formed a specific view on the topic, but it is something that you would consider in the future, if the proposition was there?

Mr Villers: We would be happy to think about it, yes.

THE CHAIR: I do not have any other questions.

Mr Villers: Can I add one comment?

THE CHAIR: Of course.

Mr Villers: I think when you ask a question like that there are a lot of different factors that are not necessarily so obvious. You have accessibility needs and things like that. You might have people that need different things in a house and may not fit together. There really does have to be a mixture of different options available to suit people's needs, I think.

MR DAVIS: Would it be fair to say that that mixture does not exist in either the public or private market at the moment, for young people, or at least that there is not enough of that mixture to meet the demand?

Mr Villers: Perhaps not.

Ms Harrison: Could I add something else as well? What I would say, as a young person, from my own experience, is that, while I am very supportive of increased housing and housing specifically for young people, I think it would be important to be careful of the way that it is designed and built. Young people who are moving into their own homes or share houses are looking for more independence and more maturity. They are moving out of home and are becoming adults. They are actually just looking for a house not a house for a young person. So, on the basis that it was just a house but it was designed to be rented by people of a certain age cohort, I think that would be a great idea.

MS ORR: A great idea but needs a lot more thought and consideration?

Ms Harrison: Yes.

MR DAVIS: I propose a lot of great ideas in here that need more thought and consideration. That is why we have a committee hearing.

THE CHAIR: We are almost at the end, if there is nothing else. You have four minutes, if you have something else you would like to impress upon us. Thank you

very much for appearing today and for your written submission. It was really detailed, really great to read. I am not sure if there were any questions taken on notice, unless you did want to respond to Mr Davis's, if you have a think about that curly question.

MR DAVIS: Only if you want to. It was me emptying my head in a room full of hats.

THE CHAIR: Thank you so much. We will have a brief suspension before we go to the next session.

Ms Clark: Thank you.

Short suspension.

PIPPEN, MS DEB, Research and Policy Coordinator, ACT Shelter

THE CHAIR: Welcome back. In this session we are hearing from ACT Shelter. Thank you for appearing today. We really appreciate your time and your submission. I just remind you of the privilege statement. Before you speak, please state that you accept the implications of the privilege statement. Over to you for an opening statement.

Ms Phippen: Thank you. Thank you for the opportunity to talk. Normally our CEO, Travis, would be presenting, but he is not available. I accept and acknowledge the privilege statement. I do not have a written statement. I will just make a couple of points. First of all, we welcome the opportunity to speak. In terms of the housing crisis, we of course welcome anything that is investigating any amount of increase in the supply of affordable housing in the ACT or anywhere in this country.

Looking into things like this is actually quite valuable. I know that it has been pointed out by lots of other groups and lots of other organisations, and we also pointed it out in our submission, that it is only one small element and one small issue in the larger issue of supply, which is the biggest issue. The one thing that will make a huge difference is supply of housing across the sector. That is more investment in more private rental but definitely lots more investment in public and community housing.

We also note that there are other types of issues. The Better Regulation Taskforce is looking at short-term rental accommodation in the ACT and whether that needs to be regulated. That is another part of the market that is affecting what the supply is in the private rental market and what is available for people for long-term rental.

Our submission provided a lot of information about the affordability issues that are faced in the ACT. I am not going to go on any further about that. I think that what that does is highlight the ongoing and very long-term failure of the private rental market to do what it was hoped would be done, and that is to take up the slack when funding was not increased in public community housing. That certainly has not happened. We need to have the affordable public and community housing increased.

It also has to be pointed out that the private rental market does not just fail people in terms of cost. That is not something that is a solution across the board, because it fails to provide secure housing and it does not provide transparent management. There is nowhere that people can go if they have issues with the way that their properties are managed, in the same way that public housing and community housing tenants have. That is especially important when you are looking at more disadvantaged people in the community who are not going to be able to assert themselves and assert what their rights are and things like that.

What we would say is that we recognise that there is going to be reliance on the private market. What needs to happen, as well as increasing the supply, is that we have to look in a lot more detail at the private market and what the experience is in the private market: how properties are managed and how people experience it and what the effects are of living in private rental.

I will leave it at that, other than to say that people go into investment in the private market not to be altruistic, not to help people. It is an investment and they want to make money out of it, whether it is in the short term or the long term. That is something that always needs to be remembered. It is not a commodity. Housing is not just an investment in a commodity. It is an essential service. It is a human right and it needs to be addressed and regulated in those sorts of terms.

THE CHAIR: Thank you. I would like to chat about what you said about there being a responsibility for the private sector to take up the slack, and that has not happened. From what we have heard today, there is not a massive vacancy rate here in the ACT. We are pretty much at capacity. What more would you like the private sector to do?

Ms Phippen: I do not think that the private sector is going to be doing anything more. I think that what we need to do to affect the market is to increase the supply. As lots of other organisations and people who work on housing issues and housing advocacy research say, it is about increasing the supply in social and community housing and then that evens out the market.

Years ago, in the market in Canberra, when we had a vacancy rate of over four per cent, we were not facing these sorts of issues. But the social housing component in the market has not grown at all, so it is completely skewed. If people are moving into affordable housing and community housing then that affects what is happening in the private market and it does not need to expand.

THE CHAIR: Whose responsibility is the social side of it, then? You said it has not increased. Has it just not grown at all?

Ms Phippen: It has, but as a percentage of the private market it has not.

THE CHAIR: It has not?

Ms Phippen: As a percentage, I do not think it has grown. Of course it has grown. We see that the number of properties has increased, but do you mean that social housing has not grown?

THE CHAIR: Yes.

Ms Phippen: It has stayed pretty much the same for 10 or so years because the investment has not increased. With ACT Housing, in particular, all their money and resources go to maintaining the properties, the older properties that they have. What is needed is more money to go in so that they can actually buy more properties.

THE CHAIR: More properties for social housing; yes.

MS ORR: I have a few follow-ups. Ms Phippen, you referenced back to when there was a four per cent vacancy rate and there was not a need for so much social housing because properties in the market were provided. People could get access to properties. If I understood you correctly, you were essentially saying that, as the vacancy rate has decreased, we have seen more and more people having difficulty getting access to properties and prices going up. Therefore, the need for and the dependence on social

housing to provide has become more prominent because the market is not providing. Have I understood that correctly?

Ms Phippen: We do not have enough properties overall. We do not have enough housing in the market, rental housing. We need more rental housing to even that out. If we have more community and social housing then that will affect the market.

MS ORR: We have heard a lot today, and some people have raised the view, that actually just putting more houses into the private rental market will not necessarily help with affordability. This is the point I am getting to. Are you saying put more houses into the market at a particular or across the board?

Ms Phippen: I am saying put more houses into social housing and community housing, not so much in the market.

MS ORR: And that is because even if there was more housing put into the market it would not flow through to the point where there is the need?

Ms Phippen: It may be that what you are looking at is that rents may go down eventually if there is more supply out there. That is the way that the rental market works. And so, yes, there may be more affordable rents but a lot of people are still up against all of the other issues in the private rental market—discrimination and all of those things.

For young people, their experience of trying to get into the private market is that, because of the way that the market is set up, a landlord will look at 50 applications and go, “I want to pick the person who has the most money; I want to pick the person that I like the most that is the right colour and the right gender,” And they are able to do that. It is in the market and they are able to do that. What social housing can provide is an alternative and somewhere where people can go if they cannot access the private market. That will always be needed. Our population has grown, so we need increases in social housing.

MR DAVIS: The parliamentary agreement between the two governing parties commits the government to increase the public housing stock by a net of 400 properties. Do you think, given that that figure was generated prior to an underestimation of our population and given the added impacts on housing affordability, the government needs to increase that target?

Ms Phippen: They definitely need to increase it. All you need to do is look at the waiting list for Housing ACT. You know that there are people who are struggling in the most dire way to be able to meet the criteria to get into housing. That need is there.

MR DAVIS: The very next point in the parliamentary agreement talks about how there is an acknowledgement between the two governing parties of the challenges of industry and sector capacity to deliver houses. That is workforce capacity. That is copper for electricity. That is all of those sorts of things. Would you support a government intervention in the private market, essentially going out with a chequebook and buying and competing with the private home buyer to procure appropriate properties in the private market?

Ms Pippen: Housing used to and does purchase properties anyway. The intention was to increase the supply and to build new properties because that is what is needed, and that certainly is needed. If we are looking at what the environment is now, there is that need. There are people who need those properties and Housing should be purchasing them, if that is what is needed.

MS ORR: Ms Pippen, on that, we have now gone to public housing. What we have found in the discussion today is that public housing and social housing are used quite interchangeably. But when you go into it, they are not the same thing; they are actually quite different.

There is a definite sentiment of “increase housing options overall”—public housing, social housing, private housing, all of it—just do it, which I think has come through very strongly in your evidence as well. My question to you, though, is: where would the effort best be directed?

We have a vacancy tax in front of us, as part of the inquiry, and the question is: would that help it? The overwhelming evidence we have got is actually that there are a whole heap of other priorities that could be put first. So I guess my question to you is: what should the actual priorities be and where would a vacancy tax fit into that?

Ms Pippen: I think that, when we are talking about things like increasing the supply of housing, we are looking at vastly different amounts of money to doing some research into the usefulness of a vacancy tax or doing something about Airbnb and those sorts of disrupters. If there are small amounts of money available to look for something, that will make a difference. We are in a situation where any increase in the entire market for people is going to be significant. A couple of hundred houses, if that works, is going to be a good thing because the vacancy rate is so low across the ACT. I think that the small amounts of money that can often be found to do a project, whether it is in Housing or Treasury or wherever, are very different from: “Are we going to increase stock? Are we going to buy a property somewhere or another property or a couple of properties?”

MS ORR: I know it has been put that it is small, but these things are never actually that small, as projects. I would just like to clarify; my take on your submission was that you were not that keen on a vacancy tax and you didn’t think that this was the biggest issue. I have put this question to other people: would you support resources being diverted from something else to do this or would you rather they stay focused on the issues that have been highlighted as higher priority?

Ms Pippen: It depends on what the resources are. That is the reality. They are completely different types of resources. That is my take on it.

MS ORR: I meant within a bureaucratic response. There are only so many people in the public service per se, so if you took people off a project that was going towards, say, housing renewal to work on this, would you want to see that as an outcome?

Ms Pippen: The priorities are what the priorities are, and it is about increasing the supply. That is where the priority should be.

MS ORR: Thank you.

MR DAVIS: Ms Pippen, the government tell us in their submission that the ACT has a vacancy tax—that is, that land tax continues to be charged on an unoccupied dwelling that is in addition to one's primary residence. Do you think that that sends the right signal to the private market, and investors in particular, that, as you said in your opening statement, housing is a human right? Do you think that, in a jurisdiction where we consider housing to be a human right, we should treat an unoccupied property like an occupied property for taxation purposes?

Ms Pippen: I think that it should be treated differently, and that is exactly why. As I was saying, it is why we have residential tenancy legislation, rather than looking at consumer law. The provision of rental properties is completely different to other types of consumer interactions. In the same way, investing in property should be looked at in a different way—do something else, if you are going to be doing that. So it is an appropriate message to be sending, to say you need to be paying more if you are taking this property off the market so that someone else cannot live in it.

MR DAVIS: Okay. Would ACT Shelter have a view about whether that could be done and how that could be done under the current arrangements? To Ms Orr's point about bureaucratic efficiencies and moving people onto research projects et cetera, do you think there is the capacity to do that in the way that we currently collect land tax on investment properties and that we could, for example, just have different amounts, based on whether the property is occupied or unoccupied?

Ms Pippen: I know that there is vacancy tax in Victoria. I would be looking to see how it works for them and whether that is the appropriate way. But, yes, if we have mechanisms that are already there then that is the thing that would make the most sense.

MR DAVIS: Okay. This is probably my last question on the vacancy tax, because then we have got broader things to talk about: housing and rental affordability. I wonder if ACT Shelter has any reflection on, or is even aware of, instances such as this example that I have given to others who have come today. Property developers market a development during its construction phase. At the point when it is completed and the contracts start to settle, maybe as little as 20 per cent or as much as 80 per cent of the development has been sold and occupiers and new tenants start to move in but the remaining stock remains vacant. More profitable developers with more cash on hand can hold that for longer—months if not years. Do you think the government should impose regulation or taxation in that instance to bring those properties to market?

Ms Pippen: Yes. I would say that Shelter says that. I can comfortably say that that is a yes.

MR DAVIS: That is great. Thank you.

THE CHAIR: I have a lot of questions. In your submission you note that there are a range of reasons why a property owner may elect to leave a dwelling vacant. Can you

talk about that more?

Ms Phippen: That is something that has been looked at by SGS Economics. AHURI has just released some research looking into that issue as well. It has been picked up in media across the country, so there is a whole list. We provided an example of the list, I think, from the economic data. When you are looking at the census—and I am assuming that you are aware of this—it is based on whether the place is occupied on the night. There are so many reasons why a property might not be occupied on the night of the census, such as people just being away for that particular night, waiting for repairs to be done, maintenance, renovations, and people being away for work. There are a whole lot of reasons.

THE CHAIR: Would you say they are valid?

Ms Phippen: Yes.

THE CHAIR: Right.

Ms Phippen: They are valid reasons. If someone is in a property, they are allowed to leave their property. They could be rental properties and people are away, for some reason, from their rental property. There are of course reasons that you would be out of a property and not living in it.

THE CHAIR: You gave an example of Airbnb being a disrupter. Would that be the sort of property you would expect a vacancy tax to be on? Would you not see that as a benefit to the economy, by bringing tourists in?

Ms Phippen: It would be looking at that. That is why these types of disruptors are looked at in a particular way. There has been quite a bit of work done. Shelter in Tasmania have recently done a report on short-term rentals because it is actually a really big problem in Tasmania. They have made some recommendations about the way to go with that. I know that in different jurisdictions overseas there have been different ways that they have addressed that, such as looking at how long a property is vacant for, or how often people move in and out. I have not looked at the detail of those things—

THE CHAIR: So you do not know the Airbnb situation in Canberra?

Ms Phippen: It is not a really big market. We have only looked at it, just as you would have done. We have not done any research on that. But it would be interesting. It is useful to know that the taskforce are looking at it. They are going to be making some recommendations in relation to regulating it and whether it should be regulated.

MS ORR: The government taskforce?

Ms Phippen: Yes. Through Access Canberra.

THE CHAIR: And why use the term “disruptor “for Airbnb? Can you explain that?

Ms Phippen: Because it is disrupting. It is a new part of the market that is coming in. It

is online. Online is generally the way that these types of disruptors have come about. They are new players in the market, so they are disrupting the traditional way that the market would operate. We have had the private market, which is the long-term market, and that is pretty much the way that it has operated—that people move into a private rental property as a home.

Airbnb, I believe, are the ones who started it. They came in and said, “We see this opportunity for people to rent out a bedroom and have people stay with them.” That is where Airbnb started and it just grew from there. It changed from being people staying in a property to actually renting out entire properties. That disrupted the private rental market because it took properties out of the private rental market. It also disrupts the hotel industry and the way that that operates, because people who have those types of houses do not have the same types of regulation as the hotel industry does.

MR DAVIS: To clarify: is it ACT Shelter’s position that the government should regulate platform-based short-term accommodation like Airbnb?

Ms Phippen: We need to look into it.

MR DAVIS: Okay. Would it be ACT Shelter’s view that any sort of regulation, taxation, government intervention into that market should—

MS ORR: I know this has come up in conversation, but I am actually quite uncomfortable with this, because this is very far off our terms of reference. Mr Davis has referred this matter to the planning committee, which I also sit on, and the planning committee is considering it. I am being put in quite a conflicted position. I mean, I appreciate Ms Phippen’s—

THE CHAIR: Okay. Mr Davis, keep to the terms of reference on housing affordability tax and vacancy tax, if you could.

MR DAVIS: I am quite challenged, given that this is a housing and rental affordability inquiry. I think that disruptors, as Ms Phippen has described them, to housing and rental affordability fit within our terms of reference—

MS ORR: It is not in the terms of reference, no—

MR DAVIS: In the interest of time, I do not have any further questions. Thank you, Chair.

MS ORR: Ms Phippen, we have jumped around a lot in the evidence that has come forward. I just want to clarify that I have understood everything correctly and that I am walking away with the right impression that ACT Shelter wants me to walk away with. On the vacancy tax, while you certainly would not say no, and you think that it could potentially have a hand in helping—and that if there is the opportunity to do it, it is fine to go down that path—we should not necessarily do that at the expense of following other responses—

Ms Phippen: Yes.

MS ORR: Have I understood that correctly?

Ms Pippen: Yes.

MS ORR: Okay. That is good. That is all I wanted to clarify. Thank you.

THE CHAIR: If there is nothing further, thank you so much for appearing today and for your very detailed written submission. We appreciate the effort that it has taken.

Ms Pippen: Thank you.

THE CHAIR: I do not believe there were any questions on notice. We will close the session and take a short break. Thank you so much.

Hearing suspended from 4.10 to 4.45 pm.

BARR, MR ANDREW, Chief Minister, Treasurer, Minister for Social Inclusion and Equality, Minister for Tourism and Special Events, Minister for Trade, Industry and Investment

HOCKING, MR STUART, Under Treasurer, Treasury

THE CHAIR: Welcome back to the public hearing of the Standing Committee on Economy and Gender and Economic Equality and our exciting inquiry into housing and rental affordability. I am sure you have heard it before, but I remind everyone of the housekeeping matters—phones et cetera. Please do not talk over each other—I think that that is more for Johnathan and me!—and please observe good hand hygiene, et cetera. We are being recorded and broadcast live.

Thank you, Treasurer and Chief Minister, and your officials, for attending today, and for your submission. We really appreciate your time with that. I would like to remind you of your rights and obligations outlined in the privilege statement. Before you speak, please confirm your name and the capacity in which you are here today, and that you acknowledge that privilege statement. With that, I will let you open with a statement.

Mr Barr: I think we are reasonably comfortable that our submission comprehensively covers the issues we were asked to address.

THE CHAIR: It sure does.

Mr Barr: I guess we are happy to take questions.

THE CHAIR: Great. I will kick off. In your submission the government points to a lot of schemes—rental affordability, land tax concessions, properties offered as affordable rentals, and buy-to-rent types of schemes. We have heard from Greater Canberra, Advocacy for Inclusion, ACTCOSS, the Youth Advisory Council—they came in today; they did a great job, as well—and ACT Shelter. All of them would suggest that there is still not enough being done, so I would just like you to talk to me a little bit more about that. Do you agree, and what would you say?

Mr Barr: In relation to?

THE CHAIR: There being not quite enough yet. There are still some issues with regard to housing affordability here in the ACT.

Mr Barr: Affordability or supply?

THE CHAIR: Affordability and supply—both. They are bundling everything together.

Mr Barr: Sure. I guess I would draw to the committee's attention paragraph 45 on page 10 of the government's submission. That highlights a factor that does not get much discussion—housing preferences. Within those sub-points, probably the most telling issue is the size of dwellings in the ACT. We build the biggest houses in the world, and we wonder why they are expensive. Any assessment of the cost of

constructing a home will be broken down by a per square metre cost. Depending on the level of fixture and fitting, that can range between about \$4,000 a square metre and up to \$8,000 to \$10,000 a square metre.

The houses being built are 259.3 square metre houses, as the Commonwealth Bank reported. It has been a pretty consistent trend over an extended period of time that in the detached housing market we build exceptionally large houses—larger than the Australian average and amongst the largest homes in the world. We can quickly do the maths. If, instead building 260 square metre homes, we build 160 square metre homes, even at \$4,000 a square metre, you can see how you can shave hundreds of thousands of dollars off the price of new detached dwellings. So that is one factor that clearly needs some further discussion.

To a certain extent, the size of the house people build is linked to the size of the land which they have purchased. Obviously, the larger the block of land, the higher the cost as well. There is a regulatory question here that goes to issues that have already been raised around the planning system, but there is also a philosophical question at play. “Should the government seek to limit the size of homes and to use the planning system to do so,” is a philosophical question. Now, the answer to that varies in different parts of Canberra, based on historic precedent, land availability and the like. They are all factors that are under consideration by the Assembly in the context of planning system reform. The question is about how much regulation is applied, as it relates to plot ratios, which would then impact on the size of dwellings, based on the average suburban block that is released. It is clearly going to make a significant contribution to improving housing affordability if the dwellings we build are not 259 square metres, for example.

Secondly, in that point on page 10, in section 45, there is now quite a body of evidence, which is not unremarkable, that the more sustainable the property is the higher its upfront cost. Obviously, the offset is that its operating costs are considerably lower. So, when looking at housing affordability we need to look not only at the upfront capital cost but also the whole-of-life asset cost. A trend that is clear in that Domain research is that it is now a consumer preference, unsurprisingly, but it is another factor that is contributing to a higher upfront cost. Given our climate and our regulatory environment, over decades the combination of higher energy efficiency standards and larger properties has contributed to higher upfront housing costs. But that is what the community has determined by their own market preferences. The government does not dictate to you the size of the house that you can build. We have put some minimum benchmarks in, in relation to environmental performance, but we have not put in maximum limits. So you see the market responding in that regard.

There is, obviously, a range of other issues that relate to taxation—principally federal, but to a certain extent territorial as well. We have seen shifts in demand for dwelling types reflecting the demographic changes in the ACT. So I guess a perverse trend here is that although our houses are getting bigger, the number of people in them continues to reduce. You can track, on the five-yearly census data, that we are down to 2½ people per dwelling on average in our greater-than-200-square-metre properties. That tells you something about the amount of space per person.

I think that is also a reflection of the wealth of most of the market. Again, when you consider much of the housing debate and look at averages or even medians within the ACT, our housing affordability is relatively better than other jurisdictions, principally driven by our higher incomes. Not everyone is on a higher income, but the entire housing debate has been focused, rightly, on a segment of the community—trying to ignore the fact that the 70 to 80 per cent of the community who do operate within the private market have driven a particular outcome by their preferences. This is the dilemma we have.

THE CHAIR: On that, the Youth Advisory Council were talking about young people struggling a little bit because they want to be able to rent a home that four or five of them can live in. But that does not seem to be something that they can access, because they do not have great references. The thought was, “Sure let’s live in the city with the apartments,” but they often cannot afford a one- or a two-bedroom apartment because the cost is so great. I understand that, yes, we are quite wealthy, and we can afford the big homes; can I point you in the direction, then, of those that are not able to afford to build a big home. Is it something in your planning with regard to units? Is it a possibility that the government would consider bigger apartments for youth and younger people if they were willing to share homes in a unit block, for instance? Could you talk about that aspect—lower incomes.

Mr Barr: Sure. The short answer is yes. That is what the diverse housing types and a lot of the discussion and work that Minister Gentleman has been leading in the planning portfolio in relation to, effectively, a missing middle of housing types—

THE CHAIR: Yes. A lot seem to be one and two bedrooms. I have even looked; it is difficult.

Mr Barr: Yes. So, having a diverse range of medium-density housing types is clearly a policy outcome that would be desirable. The best way to achieve it would appear to be through large-scale institutional build to rent. I have been on the public record saying that we have 185,000 dwellings in the city and that about 50,000 of them pay land tax. That gives you a rough sense of what the rental stock is. If we are going to shift the dial on this we need to take 50,000 to 55,000 or 60,000. We are not going to do that a single investor at a time. That is why we are chasing large-scale institutional investors to add thousands of additional rental properties. We have our prospectus out in the market. We have a pilot site.

We are already seeing the private sector respond, but the answer—to take 50,000 rental dwellings to 55,000 and then 60,000—is to do them in lots of 500, not one at a time. We will all be very old if we are waiting for one investor at a time to do it, so that is not the pathway to get to the desired outcome. It is through large-scale institutional build to rent. It is an asset class that is emerging in Australia. It is massive overseas, but it has been relatively recent in the Australian market. There are a handful of projects in Sydney and Melbourne. I have taken the opportunity to meet with those who are both the financiers and the constructors of those sorts of projects. We have a number on the agenda for the ACT, with land set aside and a pathway forward.

So that is the outcome. I want thousands of additional rental properties, but they will

be owned by superannuation funds principally; that is where the main investment interest is. Their ability to attract ACT government tax concessions will be linked to them being rented long term for below market rent. That is the project that is underway. There is a site on Northbourne Avenue in Turner that is the first pilot site. We will release other blocks of land for that purpose.

Also, we are getting unsolicited proposals now from private land holders seeking the opportunity to undertake build-to-rent projects on their own land. So I am optimistic that the momentum is there to add thousands of additional rental properties. Those that would attract an ACT government tax subsidy will be those that are rented below market rental.

MR DAVIS: Can I ask two clarifications on build to rent—just two quick ones?

THE CHAIR: Yes.

MR DAVIS: Chief Minister, we had AFI, Advocacy for Inclusion, here today. They were talking about the need for gold standard construction of accessibility. Are these requirements that we are going to put on developers coming in and providing us with build-to-rent options?

Mr Barr: Build to rent is built differently to build for sale. It is more durable to reflect the different nature of occupation. That is a building standards issue. Obviously, we have signed up to a range of commitments in relation to updating the building code, et cetera. As to whether we would explicitly require all of them to be, I guess, accessible—

MR DAVIS: Right, some. Would we be happy to put requirements into that contract that a minimum be—

Mr Barr: Of course, yes, we do. But I do not think you would apply that to every single dwelling. I do not think there is a need for every single dwelling to meet those requirements. But we certainly need for many to.

THE CHAIR: Do we know how many?

MR DAVIS: My second clarifying question was around your comment that there would be government concessions available for providing them at affordable rates. Are you talking about an expansion of the affordable community housing land tax exemption program for providers of build to rent?

Mr Barr: Well, that is a principle that would apply, but this is a different set of arrangements.

MR DAVIS: Okay.

Mr Barr: I would suggest you have a look at the build-to-rent prospectus that we have released. That outlines the policy framework we applied.

MS ORR: I think there is a bit in the submission around that.

Mr Barr: Yes.

MS ORR: Just following up on the build-to-rent model, we have had a number of testimonies today from people appearing before the committee. I put it to them—because they have said government should do more about providing products if the market is not supplying them, and that that is where the gap is coming in—that this build-to-rent proposal that you have just put forward seems to be a market solution that is supported by government. So I seek your view on the idea that government would have to do all the heavy lifting because the market is not, as opposed to the market coming to the table on this.

Mr Barr: Sure. Any holistic policy response requires all of the different sectors of the housing market to be pushing or pulling in the same direction—depending on, I guess, the preferred language. There is clearly a role for government to incentivise particular types of housing construction, and, through its planning system, to enable more diversity and more housing to be built where people want to live. This goes back to the preferences issue we started the discussion with.

The reality is that the government's balance sheet cannot fund every single new housing dwelling that is needed in the territory. We have to attract private capital into housing. That is not a radical concept. The question, really, is: to what extent can we seek to distort the market through government incentives or government regulation to supply more housing to meet the needs of people whose housing needs are not being met by the market? We have started the discussion on that. There has been quite a lot of debate around that question.

It is very binary in Australia at the moment, though, in so much as the provision is linked with certain income thresholds, to 25 per cent of your income, if your income is below a certain threshold. Then there is a reasonable level of product being supplied at this notion of 74.9 per cent of market rent that has its historical origins in the Rudd government's NRAS program. But that is quite a spectrum between 25 per cent of your income, 74.9 per cent of market rent and then full market rent. There is room in that mix for a range of other housing types that are potentially partially subsidised by government; and there are ways that that can be achieved. So the space that we are seeking to operate in through build to rent is to look across that spectrum.

There is room to build for rent in Canberra as a premium product. There is room for build to rent in Canberra as a community housing provider tenancy-managed product. And there is room in between those two outliers for a key worker-housing build-to-rent model. Superannuation funds are particularly interested in that for their own members. The question is often asked: "Are rich property moguls going to be the landlords?" No, the properties will be owned by the workers themselves through their superannuation funds. That is a practical example of being able to draw capital into the affordable housing space.

MS ORR: I am just going back to a vacancy tax, which is where I think we started. We have heard from a number of people today that a vacancy tax would not necessarily be their highest priority, but that they are open to it if it could add some sort of value to the problem. But they noted how much resourcing from the public

service would be required to investigate the issue, implement it, and maintain it. Can you give us an insight into what the resourcing would be?

Mr Barr: Sure. I will shortly invite Mr Hocking and Ms Goth to talk a little bit about that, but I make the observation that we did change land tax arrangements to provide a principal place of residence exemption, but land tax applies whether you rent the property or not if it is not your principal place of residence. So there is an intellectual argument that there is already a paid tax in place—and we go to this in the submission—that provides quite a strong incentive to not leave a property vacant and instead to earn income from it, because land tax liability is based not on its rental status but whether it is or it is not your principal place of residence. But to the issues around administration, importantly, I will ask the Under Treasurer to take the committee through that.

Mr Hocking: Thank you, Chief Minister. I have read and acknowledge the privilege statement. The compliance effort that would be required for a new vacancy tax is dependent to some extent on what model you would put in place to levy a vacancy tax. If we take the Victorian example, where they introduced one a few years ago, I guess one initial point is that they have levied the tax on the improved value of the property, and at the moment our other property tax regimes are based on unimproved value. So there is a choice there, and if there was a desire to tax the improved value, we would have to set up a whole new regime of collecting improved values.

Probably the more important point is how you would ascertain whether properties were vacant and what the intention of the tax was, because there are a lot of properties that are vacant for what you might consider legitimate reasons. They are not deliberately held out of the market—they are vacant because people are in hospital, it is a deceased estate, or it has only just been constructed. If the intent is to focus on the ones that are being deliberately held out of the market, how would the Revenue Office actually determine that? I note that in Victoria they have a self-assessment system. Basically, people who have vacant properties assess that. They have had a very low rate of self-assessment compared to the initial estimates of how many properties were vacant. So that is quite a difficult issue in terms of how you would administer the regime, and what sort of compliance you would get with it, assuming that you are relying on people reporting that their properties are vacant. Typically, in a small jurisdiction, as the head of Treasury that runs the Revenue Office, I am very conscious of the resourcing that they have as well.

MS ORR: So it would not be as simple then as saying we already collect x, y and z data and we can just add this on to the assessment that goes with the information we are currently already collecting?

Mr Hocking: I think that is right. As the Chief Minister said, we have sort of got a vacancy tax already in the changes that we made to the land tax system.

MS ORR: To set up a vacancy tax, would it have to be legislated? What sort of regulatory response would you require? What would the preparation, resourcing and lead time look like for that?

Mr Hocking: There would need to be legislation; otherwise there would be no

compliance that you could do in relation to it. All these questions about what the intent is, and the coverage in particular—what is the tax base; what is the rate; which vacant properties are we trying to tax?—would need to be sorted out as part of the legislative framework. Then, assuming the legislation passed, the systems of compliance would need to be built in the Revenue Office.

MS ORR: How long, in your opinion, would it take to implement a vacancy tax?

MR DAVIS: Well, we already have one, according to—

Mr Hocking: Yes; but that was built off an existing mechanism. So, assuming that this was a brand-new mechanism, I think you would probably look at 12 months to design and implement the legislation.

MS ORR: I guess the point I am getting to is that this would not be a simple proposition.

Mr Hocking: No.

MS ORR: It would not be easy to divert one person or two people to work on it and have it done in three months or whatever.

Mr Barr: Well, no legislation makes its way through the Legislative Assembly inside three months. That has been my experience. There would be an inquiry into it, no doubt, and we would have this conversation again. There would be six to nine months of legislative process, I imagine.

MS ORR: So, for the witnesses who appeared before the committee today, who have said, “We would not necessarily be against it, but we would not want to see it diverting resources or taking priority away from higher priorities within the housing area,” it would be reasonable to go back to them and say that it is quite a long process and would require a detailed amount of resources.

Mr Barr: Well, it is certainly not something about which I could say this afternoon, “Yes, I’ll have that in place next week or next month.” It would be 12 months from now.

MS ORR: Okay. Thanks.

MR DAVIS: I am very confused. That does not make sense. Mr Hocking, with all due respect, and Chief Minister, in comments you have made outside of this forum, including in this submission, you have said that the city has a vacancy tax, because we charge land tax on properties that are not your primary place of residence. So, given that we have already a system to charge a tax on a property that is vacant, I wonder if the government does not have the imagination to consider a way where that could be done without the long legislative and inquiry process that Ms Orr has articulated?

Mr Barr: As in a further tax on top of the existing tax for a certain type of property?

MR DAVIS: Certainly. Would that be something the government would be open to—

Mr Barr: No.

MR DAVIS: —in an effort to discourage habitable residential dwelling inexplicably sitting vacant for long periods of time?

Mr Barr: That falls very firmly into the category of a solution looking for a problem, according to the data that we have and the ability to identify properties that would fall within that remit. I am presuming you are not wanting to apply an additional tax in the circumstances that Mr Hocking has outlined: around particular properties, deceased estates, properties undergoing renovations—

MR DAVIS: No, of course not.

Mr Barr: —someone who is on an overseas posting who does not want to rent their property. I mean, there are any number of policy questions about where—

MR DAVIS: No, no. That is why I should stress that I was very purposeful about my language, Chief Minister. I described an “inexplicable long-term vacancy”.

Mr Barr: That needs to be defined in legislation to be able to stand up to a legal challenge. Going away and drafting that is not an overnight job. It then has to go through a scrutiny process within the Assembly. There would obviously have to be a piece of legislation go through the cabinet processes. So, even if you had that definition and you could just roll it out, it would still be months before it would emerge as a piece of legislation. There are then the compliance issues associated with it. Is it a self-declared thing, or are we going to have to employ a team of inspectors to go and look at properties that someone might do in as being vacant? We will not necessarily know. Then for what period of time is it left vacant—a week, a month, a year? All of those issues would need to be considered.

This has already come up, and we did not go down that path for all of the reasons that we have outlined. Instead, we had the more elegant solution which we put in place, which was to enable people who own multiple properties to only claim one as their principal place of residence. Any other properties that you own are, by default, not your principal place of residence and therefore are subject to land tax. That then puts in place a pretty strong financial driver towards earning an income from them. That is behavioural economics 101. In the end, presumably, in seeking to use a vacancy tax, you are seeking to apply a financial penalty. So the question is, if you are arguing for a higher financial penalty for a very narrow band of properties that requires either self-declaration or a team of investigators, that is the complexity—

MR DAVIS: Well you say, “very narrow”, but, Chief Minister, you used the phrase “a solution looking for a problem”. Let me propose to you a problem and see if you could proffer a solution? When a development is constructed—say it has got 600 apartments in it—a developer will advertise those properties for sale while the property is being developed. It will reach a point where it is settled. Say it is 50 per cent sold and 300 happy new owners move in. All of those are owned by investors, and they will rent them out. Assuming that you are one of Canberra’s few major property developers—because there is not really a broad-base market in the ACT for

high-scale residential property developers—you are probably doing very well for yourself, and you could probably afford to hang onto the 50 per cent that is left for some time.

Mr Barr: Most do. There would only be a handful who could build something that large without bank finance. So the presale requirement would be higher than 50 per cent in order to get construction—

MR DAVIS: I guess what I am getting at here simply is: as a government do we think it is acceptable for there to be up to 50 per cent of brand-new apartment buildings sitting vacant for months or years at a time?

Mr Barr: That is a hypothetical example. I do not think there is actually a case study that would reflect that 50 per cent. No, so—

MR DAVIS: But if there were, would the government be troubled or concerned about that?

Mr Barr: Well, again we are getting well into the realm of hypothetical. Yes, but there are no such examples of 50 per cent of a large-scale development being unoccupied after the legitimate period of certificate of occupancy being issued.

MR DAVIS: I think you would be surprised, Chief.

Mr Barr: It depends on what you mean by large scale. You have given an example of 600.

MR DAVIS: One hundred-plus.

Mr Barr: Okay. Well, already the circumstances have changed, so the answer to the question would change. If there is a property in the ACT, a multi-unit development of 600 units, of which there are 300 that are vacant, and that can be pointed out to us—and it is absolutely demonstrated that there are 300 vacant units and it is 50 per cent: on that scale—then, given the size of our total housing market, yes, it would be interesting to ask why that is the case.

Would I be concerned? Well there would be something going on there that would potentially require some further investigation, but I am not sure that the solution is a vacancy tax. I think there is probably something bigger underlying the 300 vacant units. But I think that is an entirely made-up example; I do not think there are any actual cases on that scale. If there are, identify them. I will know, and we will investigate it. Three hundred vacant in a property of 600—

MR DAVIS: I am going to pivot us quite violently, Chief, so stay with me. In the terms of reference for this inquiry, we talk about residential and commercial vacancy. I note that in the government's submission on page 1, point 4, it says, "Due to time constraints and impact on the budget being released 2 August, this submission does not include consideration of commercial vacancies." If you show me a district in Canberra, I will show you one, two, maybe up to three local suburban shopping centres that have sat vacant and dilapidated—some in my electorate for more than a

decade. At the risk of sounding hostile, how would you justify to people in my electoral—particularly in, say, the suburb of Richardson—not addressing that point in the terms of reference to this inquiry, when they have long-term vacant and dilapidated commercial shops in their suburb?

Mr Barr: We outlined the reasons. We had a more important document to produce, which is the territory's annual budget. That takes a lot of time. It is open to the committee to make some recommendations through these hearings that the government can then respond to, but the principal issue, and the reason this inquiry was principally formed, relates to the other matters on which we have diverted considerable time and resource away from the budget, which is the most important document and my biggest responsibility as Treasurer. We are a small government, Mr Davis. I do not have endless staff on tap to spend time being research officers for the committee, to be honest.

MR DAVIS: Let me ask this, then. Has the government done, at any point in recent history, any work to identify and consider interventions for long-term vacant commercial property?

Mr Barr: A range of discussions have been undertaken, mostly in the planning and leasing areas, around meeting lease conditions in relation to commercial property. It is less of a taxation issue, so it is not principally in my area of responsibility. I will take on notice for you what the people at the planning authority have done. It is not something I have personally focused on, but I have not had portfolio responsibility for it.

MR DAVIS: Okay. I turn to my last follow-up. There are some quite innovative and interesting programs run across different parts of government, and even the private sector, to utilise long-term vacant commercial properties—a one-room hotel in Civic, and I notice the City Renewal Authority using vacant space for arts space. Does the government's appetite for those sorts of solutions go more broadly than the city centre? Is the government considering ways that it could make those sorts of strategic investments in town centres and local centres to reactivate those spaces?

Mr Barr: They are not government investments. They were decisions of the private property owner to make the space available for an alternative use between tenants. The government can endeavour to encourage that but, in the end, you have a pretty strong economic incentive there, in that those properties are still paying the relevant taxes at their commercial rates but generating no income for their owners.

As I understand it, part of the issue relating to a stickiness in terms of rents downwards, was accepting that a lower rent will devalue the property's book value. That has implications for some property owners in relation to finance that they may owe on that particular property. That is one explanation that has been put forward. It defies economics 101, which is that rents should be an intersection of supply and demand. If there are vacancies, then the price of commercial space should reduce. Now, market forces do apply. Clearly there are incentives and a range of other things that landlords offer to fill vacant space, but that comes down to all of the same issues that impact residential properties—location, quality of the commercial property.

If the owner has made very little investment in the commercial property over time, then the ability to rent it to anyone, if it is not in a good location and it is in bad condition then you are unlikely to find a tenant. Properties that are in good locations and have been recently refurbished, for example, do tend to find tenants.

MR DAVIS: Yes, of course, but I put it to you that the reason—I am speaking for myself—I had originally proposed a vacancy tax, was in response to many of my constituents frustrated by long-term vacant commercial shops in their suburbs. You say that the owner has not fixed it up or the owner has not met market rate, or it is not a desirable location. What, if any, government intervention could be made—a carrot or stick—to oblige those property owners? It is not just the one home; it is a suburban amenity. It is utility.

Mr Barr: It is a level of intervention in the market that is probably defying market forces to the point that it is just not viable for a tenant. If someone could make a go of a business in that area, they would, but I guess there were historic decisions and allocations of this much square metreage of commercial space in a local shopping centre. I think the best of intentions from pre self-government days, would have been made with a view to what a suburb's population was at that time. Now, demographic change and consumer changes, more online purchasing and any number of—

MR DAVIS: But it is not just old shops. We have very good examples in Coombs. There are shops that are very new and still that community does not have a shopping centre.

Mr Barr: Well, there are other shopping centres being built. I think that circumstance reflects, one could only describe, an eccentric landlord. That is an abnormal case. There are 130 suburbs in the ACT. Most do not suffer from eccentric local shop landlords, but there are a couple of examples. You have one, and there is certainly one in Ms Orr's electorate.

MS ORR: There is more than one.

Mr Barr: But in the end, the government cannot regulate the behaviour of landlords to the extent that they will, I guess, defy their own economic interests and keep things vacant.

MR DAVIS: There must be something for it in the current arrangement?

Mr Barr: There is also a broader range of market force questions, here. We have to be honest with ourselves. If our shopping preferences are larger and online, which has been an undeniable trend for consumers over an extended period of time, and suburb x, when the shops were put in had 10,000 residents, and, because of aging of the population and shifting demographic trends, it now only has 5,000—in a hypothetical example—it is just not going to be feasible for that local catchment to support the same number of shops as what the NCDC decided in 1954.

THE CHAIR: Yes. I think I would say, though, that businesses find a cost to start a business in these areas with the rates. Who is responsible for that? That is a barrier to starting business in these areas. In our electorates there are parking issues. People are

shelling out good money to start their businesses, but due to planning, parking, et cetera, business is difficult, so we have lots of empty commercial space. Anyhow, that was a comment, more than anything.

Mr Barr: This is descending into a conversation, I think, and a debating platform.

MS ORR: This is interesting, but I want my last question. We have heard a lot of evidence today saying that we just need to build more houses. I am actually interested in your view, as Treasurer and as someone who oversees economic development in the ACT, of the capacity to just, say, go out and build 1,000 more houses tomorrow.

Mr Barr: Well, it depends on where, what type, what is the opportunity cost, and what would not be built if you were to divert the available resources into that task. Our local construction sector is operating at full capacity. There are material constraints and resources. We have an unemployment rate at 2.7 per cent. There are two job vacancies for every unemployed person at the moment. So the economy is at full tilt. There is no surplus capacity.

So, existing projects—public sector and private—would need to be abandoned in order to shift resources into housing construction. There is then a question of the skills. If you were shifting from project x into housing, do those people have the construction skills, and do they have the licenses to build houses? So it is not straightforward. Obviously, the government cannot just click its fingers. This is not China or North Korea. We operate in a free market economy. The government does not just make five-year rolling plans and shift things in that regard.

I think that it is classic ACT that it is always the government that has to do all of these things. We can enable, but I do not employ builders to build houses. What we can do is put land out, and we can contract people as we do through the public housing portfolio to build, renovate and maintain, but they are not ACT government employees. We can seek to import labour. We have just had a major jobs and skills summit, where we were successful in being able to secure more skilled labour into Australia, at least in terms of the quotas. We have to actually go out and recruit them now. But, again, they are going to be working for private firms. It will be in the hands of the private sector to recruit those people and seek to bring them into the country in order to build the housing that I think we understand is necessary.

But to go beyond our current market capacity we cannot just click our fingers and say, “Ten thousand more.” We have to do that over a period of years. But my view, as I said at the very start, is that the most efficient way to deliver that is through large-scale build to rent. That is the way that you will get the most properties to the market most quickly. If we have to do 10,000 individual projects, it is going to take a very long time. If we can get 10,000 built in lots of hundreds, it will be achieved more quickly.

THE CHAIR: I have a supplementary question to finalise, I suppose. With respect to the terms of reference, the idea of the question today is that, as I understand it, the ACT government does not believe a vacancy tax is the answer to the housing affordability issue in Canberra. Yes?

Mr Barr: I think our submission speaks for itself in that regard.

THE CHAIR: Build to rent and all this will take a while. What does the ACT government say to young adults or the disabled who cannot get a home because it is so expensive? What is your quick 30-second answer to that?

Mr Barr: We are cutting stamp duty. We are the only jurisdiction in Australia that has meaningfully cut tens of thousands of dollars off the upfront cost of buying a home. We are releasing more land. We are reforming the planning system. We have advocated for federal tax changes. We will support federal Labor government to build our population share of the 30,000 extra dwellings that they have promised nationwide. We are building more public housing. We are supporting the community housing sector to grow its stock, and we have large-scale build-to-rent on the agenda.

So we will build more, we will support more housing to be built, and we will be reducing the upfront taxation on that housing by switching away from one of the worst taxes levied in this country—stamp duty. That is my 30-second answer.

THE CHAIR: And there it is.

MR DAVIS: I will try and squeeze one question in.

MS ORR: Ten seconds.

MR DAVIS: I am going to try and link us back, if you do not mind, Chief Minister, to the vacant commercial shops, and link it back to housing affordability. Has the government considered trying to purchase long-term vacant suburban shopping centres for future sites for urban infill residential development? I will put to you what a constituent of Richardson said to me: “Something is better than nothing at that site.”

Mr Barr: The government has supported planning changes that have enabled mixed-use development, and, I guess, rejuvenation and restoration of some of those precincts. There are examples in Ainslie and Aranda. That is a planning system reform that is worthy of support. Building residential above local shopping centres brings more people and more business into the catchment and provides more housing. So that is a sensible way forward. The residential zoning changes and commercial zoning changes and mixed-use zones have allowed that to occur. That is principally a planning issue. We will be debating the new Territory Plan and new planning legislation over the coming 12 months. That is an opportunity to achieve the outcome that you are seeking.

THE CHAIR: Thank you so much for your time this afternoon, and for your submission, Chief Minister, and your officials. I appreciate that. There has been a question taken on notice, so please provide your answers to the secretary within five working days. With that, the hearing is now adjourned. Thank you.

The committee adjourned at 5.31 pm.