



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL  
TERRITORY**

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**

(Reference: [Inquiry into Auditor-General's Report: 4/2020 – residential land supply and release](#))

**Members:**

**MRS E KIKKERT (Chair)  
MR M PETERSSON (Deputy Chair)  
MR A BRADDOCK**

**TRANSCRIPT OF EVIDENCE**

**CANBERRA**

**WEDNESDAY, 27 APRIL 2022**

**Secretary to the committee:  
Mr S Thompson (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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## **Privilege statement**

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*Amended 20 May 2013*

**The committee met at 1.32 pm.**

**HOPKINS, MR MICHAEL**, Chief Executive Officer, Master Builders Association of the ACT

**THE CHAIR:** Good afternoon. Welcome to the public hearing of the Standing Committee on Public Accounts for the inquiry into Auditor-General's report No 4 of 2020: *Residential Land Supply and Release*. Today the committee will be hearing evidence from the Master Builders Association of the ACT, Home Economics, the ACT Council of Social Service and the ACT government.

Before we begin, on behalf of the committee, I would like to acknowledge that we meet today on the land of the Ngunnawal people. We respect their continuing culture and the contribution they make to the life of this city and this region.

Please be aware that the proceedings today are being recorded and transcribed by Hansard and will be published. The proceedings are also being broadcast and webstreamed live. When taking a question on notice, it would be useful if witnesses used these words: "I will take that as a question taken on notice." This will help the committee and witnesses to confirm questions taken on notice from the transcript.

I would like to remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the privilege statement. Could you confirm that you understand the privilege implications of the statement?

**Mr Hopkins:** Yes. I have read and understood the privilege statement.

**THE CHAIR:** Great; thank you. Would you like to make a brief opening statement?

**Mr Hopkins:** No, I am happy if the committee starts straight with questions.

**THE CHAIR:** Okay. Wonderful. Thank you, Mr Hopkins. I read through your submissions and I am very curious about the feedback that you have been receiving from the community, as well as your stakeholders, about the land supply here in Canberra. Could you talk a little bit more about the feedback that you have been receiving?

**Mr Hopkins:** Yes, certainly. I think land supply—or probably more accurately the lack of land supply—is an issue which our members talk to us about at every committee meeting, at every opportunity, after every government land release. It is an issue which is very high on our members' agenda, if you like. And our members, in turn, receive this same feedback from their clients.

If you can imagine a builder who might be dealing with their client over a number of months to try and find a block of land, to try and design their new dream home, they hear the feedback from their clients firsthand about just how hard it is to find a block of land, particularly a block of land for single housing in the ACT. Our members relay that feedback to us regularly and they have done for many years.

The degree of concern around lack of land supply varies over time. I would say, at the moment—so the period after the Auditor-General’s report, from 2020 through to current times—land seems to be in particularly severe shortage, to the point, as I am sure everybody knows, where the most recent land releases had in the order of 100 people for every one block of land registered for them. That, I think, in anyone’s definition of land supply, has got to equal a problem with our system here in the ACT.

**THE CHAIR:** And what impact does that have, the lack of land release supply? What impact would that have in our economy?

**Mr Hopkins:** For people trying to buy land, it has the obvious impact of prices increasing—and we have all read and heard about the recent price increases. It seems like only a few years ago, maybe three or four years ago, we were talking about land which had hit \$1,000 a square metre and we were complaining that it was outrageous that land had become that price. Recently, we have seen land sell for close to \$2,000 a metre, in only a few years. Canberra’s average housing price has now overtaken Melbourne and is the second highest in the country, second only to Sydney. That should not be a record that we are proud of.

In terms of the impact on our members more specifically, particularly residential builders, for them it means it is very hard to forward plan for their business. A builder concentrating on single housing will be trying to manage resources, labour, cash flow, and, at the moment, things like building materials and trying to have some forward plan of what they expect to be building over the next few months and years.

Because there is no confidence or certainty about access to land, it makes it very hard for them to plan, going forward, almost to a point where it has become a bit like going into a lottery, whether you get land or not. This is for individuals and families trying to get land. For a builder to buy land directly in one of those ballots is becoming harder and harder and almost impossible because builders are also competing not only with every other builder but with general members of the public who are also trying to buy land.

**THE CHAIR:** And that would have an impact on subcontractors and labourers going on and off the labour market; correct?

**Mr Hopkins:** Correct.

**THE CHAIR:** And being unable to pay for rent or support their families.

**Mr Hopkins:** Thinking more broadly, obviously the building and construction industry is a big contributor to the ACT economy. We, at our peak, employ around 20,000 people. We were saying earlier that figures released yesterday show that our industry contributes more than half of all taxation revenue to the ACT government. We are a big economy that is very dependent on the policies of the ACT government and particularly the supply of land. The lack of confidence, the uncertainty and the obvious lack of supply of land is having a very significant impact, not just on our members and on our industry but on the community more broadly.

**THE CHAIR:** I agree. Thank you, Mr Hopkins.

**MR BRADDOCK:** Is there any jurisdiction in Australia that you know is doing land supply well that we might wish to look into?

**Mr Hopkins:** I think the ACT is unique in that the government itself has played such an active role in the land development market. I do not think there is any state or territory, or even a region within a state or territory, where the government has such a dominant role in approving and releasing land to the market itself. In every other part of Australia the release of land to the private market is undertaken by private developers.

So it is very hard to compare the ACT to any other state or territory, because we are unique. Our system has these particular quirks about it, for whatever reason, which cannot easily be compared to any other state or territory. But if you look at what has happened with housing prices more recently, certainly lots of parts of Australia have seen house prices increase. The territory has been no different there, but we have seen them increase faster in the ACT.

Like I said, we have moved from the third highest capital in Australia to the second highest and are very close to Sydney house prices. I think there are a range of factors which go into what makes up land price in Canberra, but you cannot attribute all of that to a general lift in the property market across Australia. Certainly, part of that reason is the lack of supply of land in Canberra particularly.

**MR BRADDOCK:** Thank you.

**MR PARTON:** On that topic, the Chief Minister asserts that, because land released for housing is such a small part of the annual sales of all housing in the ACT, it actually has no effect on the price of housing. Do you subscribe to the Chief Minister's view?

**Mr Hopkins:** If you look at the release of land for single housing, the ACT government releases the overwhelming majority of that land and whatever price that land sells for that is released by the ACT government effectively sets the price for any other vacant land that is sold. I think it should be fairly obvious to anyone that if you have a market that is, say, 100 per cent big and the government itself is releasing land which is, say, 80 per cent of that, it is effectively controlling the price.

**MR PARTON:** In fairness though, to the Chief Minister, I think what he is asserting is that he is looking at all of the residential sales, not just land but established homes, and saying that the land release is only a small part of it and, as a consequence, it is not actually having an effect on housing affordability.

**Mr Hopkins:** I think that is probably going to a point which is often confused when we talk about housing affordability, and that is the distinction between the price of houses and the price of land. The ACT has a land affordability problem, not a housing affordability problem. The reason that our house and land is so expensive is because the raw land is so expensive to start with.

If you go into a new area, buy a block of land and build a house on it, it is the land

component where we have seen the massive increases in price and where, if you compare that to other states and territories, the ACT is significantly higher. I do not think it is fair to compare the price of land in a new release by the ACT government with, say, the resale of an established home in a suburb. They are two different parts of the market.

**MR PARTON:** Have you engaged with the ACT government at all on how they can fix this undersupply of land for detached housing, in particular?

**Mr Hopkins:** We engage with them very regularly and we know that the directorate staff are doing everything they can to release land as quickly as they can. As we pointed out in our written submission, our criticism here is not of any particular directorate, and especially not the individuals working there. We know they are doing everything they can to release land as quickly as they can. What we would like to point to is that it is the system that is broken here. It is the system, where the government has such a dominant position in controlling land release, that is leading to this impact.

**MR PARTON:** All right. Thank you.

**MR BRADDOCK:** Can I just come back with a supplementary on your response there? You are saying there is a land affordability problem but not a housing affordability problem. Can I just ask you the reasons why you do not think there is a housing affordability problem?

**Mr Hopkins:** Yes; okay. Maybe you could let me clarify that. Maybe I should not say that there is not a housing affordability problem, but I would certainly like to distinguish between the price of land and the price of building a house. If we are talking here about new land releases, which I think this inquiry has focused on particularly, we need to distinguish between the price of land and what is happening with the rapid escalation of land price and what is happening more broadly with housing affordability.

If we had time, I would like to talk to you about the broader issue of housing affordability, but I do not think that has been the focus of the Auditor-General's inquiry, which is more about the release of new land. The point I am trying to make here is to distinguish between broad housing affordability—and I would agree with you that we have an issue there, we have a problem there—and land affordability. In new, greenfield areas I would highlight that we have a land affordability problem there.

**MR BRADDOCK:** Thanks for that clarification. I refer to the final recommendation that you have in your submission—and thank you for that, by the way. You say:

Given the ACT Government has set priorities to improve building quality, support local contractors, and support the local economy, we recommend that the land sales process should be reviewed to ensure these policies of Government are implemented ...

**Mr Hopkins:** Yes.

**MR BRADDOCK:** How would you see that happening, or how would you like that to happen?

**Mr Hopkins:** One thing that we see commonly is that the system of land release does not prequalify or condition in any way who buys the land. If we think only about builders, not about the general community here, and think about builders that might go in those ballots for new land, there is no screening done on the history of those builders: whether they have the financial capacity to deliver the amount of land that they have bought, whether we can have confidence that they are going to deliver a quality product and whether they have safe workplace practices. We see policies like this in a whole range of other parts of government. Particularly around the delivery of government infrastructure there are no end of policies which try to prequalify and screen out contractors along those issues. But we do not see that in land release, for some reason.

So we could end up with a situation where, through the government land release system, a builder might be able to buy two or three blocks of land, if they are lucky, without any checks or due diligence done on that particular builder. They could actually be an individual who is not a genuine builder but just happens to hold a builder's licence. We do not know anything about their workplace safety practices, their building quality practices or their financial capacity to deliver. One suggestion that we have made to government in the past is that, prior to purchasing a block of land, a builder would need to demonstrate that they have sufficient home warranty cover for the number of blocks of land that they buy. That would, to some degree, ensure that there is some financial assessment being done. But there are a whole range of measures which could be looked at there to make sure that what we know is a scarce resource, land, is going to those builders who are going to deliver a safe, quality product that meets those other objectives of government, not only its land release objectives.

**MR BRADDOCK:** Yes, so those checks would apply just before the point of sale and would see some sort of lease conditions being required to prevent that builder from then onselling it to someone who might not pass such checks?

**Mr Hopkins:** Yes. The onselling of land is an interesting point and it is something we also raised in our submission. I believe there are some legislative requirements which either prevent or at least require ministerial consent before land is onsold again. What we hear, though, is that land is regularly onsold. We hear anecdotally from our members about there almost being a secondary market for land, where once someone—any individual but generally a member of the public—secures a block of land in a ballot they then actively seek to try to onsell that block of land for a fee. That is abusing our process. That should not be allowed. We should be looking at tightening the system up so that that is discouraged and prevented.

**MR BRADDOCK:** So the MBA would support such conditions?

**Mr Hopkins:** I would need to think about whether lease conditions are the best way to do that, because it may be better done earlier in the system, to prevent that from happening, rather than getting to the point where a block of land is actually leased and

then you are relying on the lease conditions to enforce that. It may be something that is better off done earlier on in the system.

**MR BRADDOCK:** Thank you.

**MR PETTERSSON:** Apologies for being late and do forgive me if this question has been asked, but I missed the start. If more land were to be released, would the local construction industry have the capacity to meet that demand in producing dwellings?

**Mr Hopkins:** Yes. We were talking earlier about the impact of land shortages on the industry, and one of the points I made was that it makes it very difficult for a building company to plan for the future, to plan their future pipeline of jobs. It puts them in a situation where they are very reactive to their client winning a block of land in the ballot and then being able to proceed.

With some greater confidence that there was a forward supply of land, it would allow builders to better plan their future pipeline of work, better manage their resources, better plan for ordering building materials and the like, which would make that system more efficient for them. We do know that, obviously, there are some shortages at the moment in terms of both labour and building materials, which we hope are short-term impacts. We hope that they will correct themselves and we do not have the chronic shortages of materials and labour that we do at the moment. But, certainly, a forward pipeline of land release which both builders and community can rely on to access land would help builders to better plan for the future for their business.

**MR PETTERSSON:** Sure. Thanks.

**MR PARTON:** Today, Mr Hopkins, there was a commitment from the federal government to release some CSIRO land in the north of the city. What is your reaction on how that would help, potentially, with this crisis of undersupply?

**Mr Hopkins:** We would certainly welcome the release of that land, as we did back more than five years ago, I think, when consultation was first done with the community about releasing that land. I think it would do a number of important things. It would obviously allow more stock of residential land to come to the market, which would help to fill that supply gap we are talking about. But I think, importantly, it would allow, potentially, a private developer to enter the market and offer what we would say is healthy competition in the market, to provide a range of different housing types, maybe a range of innovative housing types that we do not regularly see in the government releases. It would add to the overall supply of land, which is, as I have said a few times, going to help both industry and the community.

**MR PARTON:** Obviously, the land ballot system is not working in the way that it was designed to work. You mentioned earlier that you get one bid winning the land and 99 missing out. What is your anecdotal understanding of what the other 99 then do? Obviously, they intended to purchase land to build a home, but they missed out there. What is your anecdotal understanding of where they end up being funnelled?

**Mr Hopkins:** I imagine in a few different directions. They may end up buying a unit or an apartment in the ACT because that may be their only option. They may stay in

their rental property until the next opportunity to buy land becomes available, or they may move to regional New South Wales. We have, I guess, a growing supply of land just outside the ACT's borders, both for traditional residential land but also larger rural and acreage blocks. That now is a part of the overall supply of land in the Canberra region.

What we do not want to see is people, particularly key workers—and we have spoken a few times about labour shortages—unable to move to Canberra for skilled work because they cannot access housing or they cannot access the type of housing that suits them. That would impact not only the building industry but the broader ACT economy if it was a deterrent to skilled workers moving to the area.

**MR PARTON:** Thank you. Your submission talks about the structural issues with land release and the fact that it is unusual, given the ACT government's control, from start to finish, of that planning and land release process. What issues does that cause for the building industry?

**Mr Hopkins:** The end result, of course, is a chronic lack of land. We have spoken about the impact that that has on the building industry, as well as on the community. What is surprising to us, though, is that the ACT government has control of every available lever that it needs to do something about this. Not only does it decide where the new urban areas are going to be, and it is responsible for setting the planning controls for those areas; it also is the active property developer that develops land, seeks approvals and even takes the land to market.

**MR PARTON:** So it should be a super quick process in theory, shouldn't it, because it is all under the one umbrella. Is it a super quick process?

**Mr Hopkins:** We were talking before with Mr Braddock about comparing the ACT to other states. We should have the best system in Australia. There is no reason why we should not, because we have every lever in our control. We cannot blame local councils, like the state governments might be able to, and they cannot blame state governments. We are it. I mean, other than the federal government and certain amounts of land under the National Capital Authority, the ACT government has all the control that it needs and it has a ready supply of industry that is willing to help it deliver it. So it is surprising that in the territory, where we have the best controls at our fingertips, we are seeing the second highest housing prices in Australia.

**MR PARTON:** Thank you.

**MR PETTERSSON:** Circling back to a few comments before about land speculation, your comments seemed really focused on residential construction. Are you aware of developers sitting on land in the commercial construction sector?

**Mr Hopkins:** Do you mean for commercial office buildings or for high-rise apartments?

**MR PETTERSSON:** Apartments.

**Mr Hopkins:** No, I can't say that I am. There is generally more supply of blocks of

land to build apartments and larger scale projects than single houses. We do not hear about the same degree of land shortages in that part of the market as we do for single houses, and that is why we have focused on that in our submission. A developer is actively encouraged to develop their project as quickly as possible because once they buy the land they are paying significant holding costs, interest, other taxes and rates and whatever, so it is in their financial interest to develop the land that they buy as quickly as possible.

We certainly hear concerns about delays through the process, through the planning process and one thing and another. The practice of a developer buying a block of land artificially or sitting on it to artificially inflate the price of it is something that I am aware of happening in other parts of Australia, but it is not something that we commonly hear about here in Canberra, and I think it is because of the general shortage that we have been talking about.

**MR BRADDOCK:** Just on your second recommendation, where you believe that the private sector can add value to the land release program, I was just wondering if you could paint me a picture of what, and how, you would see the private sector actually doing that?

**Mr Hopkins:** I think that the private sector could have an active role in being the property developer. We have got two great examples here in the ACT. If you look at Denman Prospect, where the private developer has bought that block of land en globo and is developing it 100 per cent themselves, and also if you look at Ginninderry, where there is a private developer joint venturing with the ACT government, both of those are exemplars of how the private sector can get involved in the land supply issue in the ACT. We would encourage the ACT government to look at more of those types of solutions. That is why we are so encouraged by the CSIRO land that Mr Parton mentioned, because it gives property developers an opportunity to do what they do best, which is plan, design and take land to market. That is their purpose.

**MR BRADDOCK:** Would they also be able to achieve the priorities, such as building quality, supporting local contractors and supporting the local economy, in that model?

**Mr Hopkins:** I think if you look at those two examples that I mentioned, they are doing an excellent job of that. If you look at the quality of the public spaces and the open spaces in Denman Prospect, if you look at the commitment that Ginninderry has made to sustainability, to seven-star housing and to working with local builders to help them on that journey, I think they are the two best examples we could find of how private developers are meeting those other objectives.

**MR BRADDOCK:** Thank you.

**MR PARTON:** I am happy to go with the final shot. There has been talk recently of the release of commonwealth land for housing supply in places like west Tuggeranong, for argument's sake. How would you see that as helping to improve housing supply but also, as you have said in earlier answers, growing the local building industry and providing jobs and building the economy in that area?

**Mr Hopkins:** Look, land is a scarce resource, so if the commonwealth government

owns land within the ACT which is surplus to its needs and it can release it for residential land development, we would encourage that and welcome that. It would give them a great opportunity to do it under certain conditions where they could prioritise local involvement, support local builders, engage local consultants and work with local communities.

We do not need to be looking far beyond the ACT to get the best and brightest from the private sector to assist in these projects. We would encourage the commonwealth government to do that with the CSIRO land as well. We know, from the federal government's previous attempt at taking that to market, that there was very strong interest from the private sector and, from what we understand, very high-quality submissions were made that would have met those objectives that we are talking about and would have involved local companies in the process.

**MR PARTON:** All right. Thank you.

**THE CHAIR:** Thank you. On behalf of the committee, I thank the CEO of the Master Builders Association for his attendance today. If witnesses have taken any questions on notice, could you please provide answers to the committee secretary within five working days.

**Mr Hopkins:** I did not, thank you.

**THE CHAIR:** You may receive some after this—may.

**Mr Hopkins:** Okay.

**THE CHAIR:** Thank you, Mr Hopkins.

**Mr Hopkins:** Thank you.

**Short suspension**

**HUBBARD, MR IAN, Home Economics**

**THE CHAIR:** In this session we will hear from Home Economics. I would like to remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the privilege statement. Could you confirm that you understand the privilege implications of the statement?

**Mr Hubbard:** Thank you for the opportunity. Yes, I have read the privilege statement.

**THE CHAIR:** Great. Would you like to make a brief opening statement or may we now proceed to questions?

**Mr Hubbard:** Thank you for that. Yes, I would like to give a brief outline of the key points that I hope to cover today. To begin with, the housing-related costs over the last 10 years have far exceeded the increases in wages. If you look at the wage index in the ACT, it has increased by 25 per cent over the last decade.

When you look at things like rates, general rates have gone up by 300 per cent. The fire and emergency services levy has gone up by 300 per cent, land tax has increased by 300 per cent over the time, rents have gone up by 50 per cent, house prices have increased by almost 100 per cent, and the average loan size required to purchase a family sized home has gone up by 65 per cent. Importantly, the cost of a square metre of land in the ACT has gone up by 70 per cent. I think that a really important factor driving a lot of housing costs is the square-metre cost of land. Utilities, of course, have gone up by about 70 per cent as well, with electricity having gone up by about 100 per cent in that time.

One of my key points is that the ACT government has the ability to put downward pressure on housing costs, and it should do that. It should align any increases in costs that the government controls to be closer to the wage price index. What is happening at the moment is that the majority of households in Canberra, and probably individuals as well, over the decade have suffered increased housing stress. Obviously, from the figures I have given you, the cost of living for the majority of Canberrans has increased dramatically. Housing being a big part of the domestic budget—30 per cent, and probably 50 per cent when you include utilities—is forcing a lot of people out of affordable housing. They just cannot afford it.

How it relates to the land release program is that I believe that the government does control virtually the entire process of property development and housing construction and therefore has the opportunity to put downward pressure on prices. I think what we are seeing at the moment is that, under the goals that the government sets the various agencies, including the Suburban Land Agency, profit maximisation from land release is the highest priority. That is actually shown in the performance indicators in the annual reporting. I think, regarding the various iterations of land development in Canberra the last 10 years, that has been the driving force behind it.

In effect, what that does is increase the per-square-metre cost of land. If you have to buy land at greenfield sites for half a million dollars—that is the cost of the land—then you add a house to it, because of the constraints on the amount of land most

builders put a house on it that is worth about half a million. So you have a housing product that has been delivered on a family sized block which is \$1 million to kick off with. That is obviously not affordable for most Canberrans.

The per-square-metre value of land is also the key unit that is used in the derivation of rates, land tax et cetera. As that has gone up by 300 per cent over the decade. So have rates because rates are tied very closely to that. The unit that is used is the square-metre cost. The cost of the square metre in greenfield sites has increased from about \$250 at the start of the decade and is now about \$700—and in some greenfield sites is \$1,000 a square metre. That, therefore, affects the established housing market as well, pushing the prices up.

I think the question you asked earlier was: what do people do if they are unsuccessful in a ballot? They have to look at established houses, and of course they pay a premium for an established house and that lifts the per-square-metre value, lifts rates and lifts land tax. If you have an investor, they need to pay land tax and general rates, and they are going to pass that on to the renter. My basic contention is that the government needs to look at all the costs that are involved in that continuum and actively put downward pressure on all of those costs to maintain some sort of affordability in Canberra, because it is clearly not there at the moment and the restricted supplies are a really important part of that.

Having lived here for my whole life, 30 years, I think that there is no prestige prize for having the second highest housing prices in Australia or the highest rents in Australia. We do need to change our priority and say to the people involved, “What do we need to do to produce an affordable family sized house for the majority of the population, the 60 per cent and below?” I am sure people with loads and loads of money can look after themselves, but for the middle-of-Canberra population and below, the challenge, I think, to the Suburban Land Agency needs to be the priority of producing an affordable house for your ordinary Canberran. That should be the goal. That should be the highest priority, rather than revenue maximisation.

That is it in a nutshell. I have a few things on this document, which I can give to the committee. They are just the key points.

**THE CHAIR:** Absolutely, yes; you can certainly table it with the committee. Thank you, Mr Hubbard. Surprisingly, at one of our hearings the Chief Minister said that the increase in housing affordability has nothing to do with the land supply. Do you sit in the same camp as the Chief Minister in that assumption or do you disagree with him?

**Mr Hubbard:** I think most economists would agree that the input costs of a particular item will have a big impact on the final price to the consumer. Housing, particularly in the ACT, is one of the few markets where there is insufficient competition to put downward pressure on prices. The housing market is unique in the sense that, at the moment, it seems all forces are to put prices up.

I would have to say that I disagree, and I think most economists would say that if you do not manage the most fundamental input costs on the supply side you are in a pretty privileged market. If you are in a competitive market, you will not survive if you do not control those input costs. If you go out with a loaf of bread that is \$40, I am not

sure many people are going to buy it. In this market, there is not a lot of choice, and I think that is the problem. I will leave it there.

**THE CHAIR:** Thank you, Mr Hubbard.

**MR PETTERSSON:** Reading through your submission and listening to your opening statement, I find a lot of focus on the supply side of this equation. I was wondering if you could tell the committee if you have any observations about changes to the demand side of the equation, whether that be housing preferences or population in recent times.

**Mr Hubbard:** Obviously in supply and demand, that is the fundamental equation around the price. I think one of the things that we have seen, particularly right across Australia over the last, probably, 20 years, is a focus on the demand side, rather than the supply side. We have seen, in all of the schemes that are put forward by government—first home buyers and the most recent affordable housing scheme that was put out—that in the ACT thresholds had to be raised because there was no way anyone could still afford, given the thresholds that were there previously.

I think the population side of things is always pretty volatile—not volatile in the sense that it moves a lot in Canberra—but the population growth can be easily factored in and can be modified from year to year. One of the big things is that we do not have enough data provided about these things in government reporting that is comparable from year to year. It really does change. I have looked through a lot of it and it is really hard to get what building types are being produced—like the dwelling type, and how many single blocks are being released. It is really hard to get. The big thing about the demand side is that if you do a lot of activity on the demand side, in a supportive way, it pushes the price up. We have seen a lot of economic commentators say that if you give the first home buyer an extra \$20,000 and they are at an auction competing with the developer and an investor, they are going to have to put the whole \$20,000 into the price mix.

So I just think those sorts of things increase the price. Importantly, on that side as well, what happens is that it is reflected in the loan size that people have to now take. Back at the start of the decade, the average loan size was just around \$200,000. Now the average loan size is \$635,000. We have a very low interest rate environment at the moment, and that encourages demand. That, again, is on the demand side. Unfortunately, what is going to happen over in the next couple of years is that interest rates are going to go up for all these people who have accepted the loan size of around \$630,000. They are going to be absolutely whacked by increases in interest rate.

One of my big worries, and one of the reasons why I came today, is the idea that you can encourage someone into an affordable home with a five per cent deposit and then a big loan. They are going to find themselves in a debt trap and will not be able to afford to get out of it in a couple of years' time. That is an example of too much focus on the demand side without thinking it through, and we have to spend a bit more time on the supply side and pushing down the costs so that people are not financially exposed, in the next couple of years. We all know that.

You probably know about that if you are getting into the housing market or you were

lucky enough to already have a foot in the housing market, but a lot of young people today are taking a really big financial risk at the moment going into the market. Every time there is a one per cent increase on a \$600,000 loan, it is \$6,000 a year. So if you think the average interest rate over the last 30 years has been five per cent, people are looking at a three per cent increase coming. That is \$18,000 a year that they have to find, to service their mortgage, and a lot of people are going to have to do a lot more than that. A lot of those people will be in the bankruptcy court, unfortunately.

**MR PETTERSSON:** Just one quick follow up question, following on from an example about young first home buyers often ending up in negative equity. Wouldn't that also then mean that the price of housing is going down?

**Mr Hubbard:** There is a theory that would suggest that, but if you look at the actual mathematics of it, what happens is that you get investors coming in and mopping up at a lower price, and, again, putting a bit more pressure on it. There are different players in the market and with taxation, again on the demand side, there are investors. This is why housing is such a bizarre market; investors are encouraged to make a loss. They are going in against first home buyers who are just desperate to pay off a loan and desperate to have a good life.

First home buyers are going against high-income people who are desperate to bring their taxable income down. It is not a really fair competition. Some people say "Well, really, this is all about the wealth and equity of the people who are earning." What you find in these sorts of situations is that there is a redistribution of wealth. Those who can afford it get more of the capital assets in periods like this, so it tends to go to people with a lot more disposable income and a lot more money. So the people below probably 75 per cent—in that quartile—are the ones where the wealth shifts from and it goes to people in the top 25 per cent. That is what you see. So, yes, I am not sure about that negative equity. It is just people losing a lot of money. That is what you find. Quite often, they have to sell as the interest rates go up and there is a bit of downward pressure. There will come a time—like there has after the last period where the prices have gone up rapidly—where prices will either go really flat or where they will go down slightly and there will be a bit of a fire sale. In fire sales, people who have plenty of capital in the bank know that that is the time to buy. My mother used to always tell me to wait until the street is full of for-sale signs and then buy real estate. That is the opportunity. And unfortunately, the losers are people who are too stretched.

**MR PETTERSSON:** What you have described to me is that we have investors who are keen to buy a property when the price is going up, and simultaneously we have investors who are keen to buy a property when the prices are going down. That, to me, says that our tax settings are a huge determining factor in our housing market, in the prices. Would you say that that is accurate?

**Mr Hubbard:** I am not sure I would use the term "huge". For people who have a reasonable income, negative gearing is a smart investment opportunity, especially when interest rates are really low and you cannot work your money hard in interest-earning cash or term deposits or whatever. People on fixed incomes, for instance, are not doing very well at the moment. So, if you retired on fixed income and you have the money in the bank, you are eating vegemite sandwiches at the moment until interest rates go up again. Some investors use negative gearing to

reduce their income. Other investors are more like a small business, and they want to make a profit from real estate. So they will actually pass as many costs as they can on to the renter, and basically the rents will go up. That is what we are seeing, I think.

**MR BRADDOCK:** How many dwellings need to be released to have a meaningful impact on the demand side of the equation?

**Mr Hubbard:** That is an absolutely fantastic question. There are people in Canberra who can actually supply you with that answer really accurately. My feeling at the moment is that the way you do that, to have an impact, is, if you are going into any market at all, to ask, “What is the product that sells the most? What is the most high-volume product in that market?” You would say, “What I am going to do is fashion a product that is a little bit lower cost, or quite a bit lower cost than the rival product and has the same features as that product.”

One thing that we do not do in the ACT that you can get your hands on is to know what is the thing that most people want in the housing market. You can just ask amongst your friends, “What would you like the most?” They would say, “A three-bedroom house on a block that is probably 700 square metres so that I can do stuff—I can grow a garden or park my boat, or whatever.” So my estimate would be that about 1,000 a year would put downward pressure on the price of established houses and satisfy some of the demand. You hear the demand that is coming in on the 80 blocks that get released. There are 3,000 people who rock up to try to get a foot in the door. So I am thinking that if you did 1,000 blocks at half the price that they are now, for 10 years, that would actually have the potential to pull the price of housing down for the majority of people so that it is affordable.

That is my guess, but you can get people who can do the modelling, who could really give you that answer. They would need to tweak it every couple of years, depending on what the demand is and who is coming to town, and who has left town, and things like that. But that is a very doable bit of financial maths. The problem is that we do not do that. We have no idea. When you look through all the literature coming from government, there is no look at what people are demanding. What do they want? You hear it all the time, through your social circles, “I do not want to live in an apartment.”

**MR BRADDOCK:** Not always.

**Mr Hubbard:** Yes, not always, but which is the biggest part of the market? What do most people want? Some people want to live in an apartment in Braddon, and I think that is great, but there are a lot of people with families or households with a whole bunch of interests who want to live in a three-bedroom house with a bit of land around it.

**MR BRADDOCK:** So where would you propose to put these thousand 700 square metre blocks each year to be built on?

**Mr Hubbard:** Well, that is not really a problem for me; that is a problem for government and planners. The idea is that the ACT, with 430,000 people and 150,000 households, is struggling to release enough land or cannot find enough land. This place is full of a whole lot of smart people. They should be able to find enough space

to do that. We are finding enough space to build a lot of units and you can see, over decades, the price increase of units and the price increase of houses. They are poles apart. Over the decade there has been a three or eight per cent total for units and 100 per cent for housing. That tells you. Humans and smart people can actually make a difference in those numbers; it just takes a bit of will and priority. When it comes to finding the thousand, we may need to do some deals with the New South Wales, which we are already doing, et cetera. I think that it is really important that we think about how we put significant downward pressure on the cost of land and the cost of housing, because it is doing this community no good when people cannot find a rental property and when people cannot find housing. That is bad for our community.

**THE CHAIR:** Thank you, Mr Hubbard. I appreciate your time. In the interest of time, we might have to move on.

**Mr Hubbard:** No, you are welcome.

**THE CHAIR:** So on behalf of the committee, I thank Mr Ian Hubbard for his attendance today. If witnesses have taken any questions on notice, could you please provide answers to the committee's secretary within five working days. We will take a brief suspension and return to hear from ACTCOSS.

**Mr Hubbard:** And I will give you those key points, if I may.

**Short suspension.**

**POULTER, MR ADAM**, Deputy Chief Executive Officer, ACT Council of Social Service

**BUCHANAN, MR GEOFF**, Senior Policy Officer, Research and Data, ACT Council of Social Service

**THE CHAIR:** In this session we will hear from the ACT Council of Social Service. I would like to remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the privilege statement. Could you confirm your name and the capacity in which you appear today for the record and that you understand the privilege implications of the statement?

**Mr Poulter:** I confirm that I have read the witness statement.

**THE CHAIR:** Thank you, gentlemen. Would you like to make a brief opening statement?

**Mr Poulter:** I would, yes, thank you, Chair. The ACT Council of Social Service thanks the Standing Committee on Public Accounts for this opportunity to appear before this inquiry. ACTCOSS advocates for social justice in the ACT, for a fair go for all Canberrans, where no one is left behind. We represent not-for-profit community organisations. Our evidence to this inquiry relates to addressing the supply and release of residential land for social and affordable housing as a key social justice measure to address the ACT's housing affordability crisis. It also relates to the role of not-for-profit community housing providers in delivering affordable rentals in our community.

We have outlined several key indicators of the ACT housing affordability crisis in our submission. These include that Canberra is currently the most expensive capital city in which to rent a house or unit; that the rate of rental stress, at 73 per cent among lower income private rental households, is the highest in the country; that the social share of social housing in the ACT has declined from 7.6 per cent to 6.7 per cent between 2014 and 2020; and that the proportion of community housing in the housing stock is under one per cent.

We also note that the 2016 census counted 1,600 people experiencing homelessness in our community. Behind these figures are groups of people who are often disadvantaged in the housing market. They include some Aboriginal and Torres Strait Islander people, who make up 17 per cent of those seeking homeless services in our community; disabled people who need housing adapted to their needs; and women fleeing domestic violence.

ACTCOSS has welcomed the ACT government's target of at least 15 per cent release for affordable community and public housing. However, we would like to draw your attention to the following points. Firstly, we recommend that the minimum 15 per cent release be weighted according to the modelling of the current and future need for social versus affordable housing, ensuring it prioritises housing for those most in need. Currently, this allocation has been skewed towards providing opportunity for people on lower and medium incomes to purchase housing. While this is clearly a social good, ACTCOSS would like to see a greater percentage allocated for social housing—that is,

is for public housing or for community housing run by community housing providers, as this provides housing for the most needy in our community.

Currently, less than one per cent of total land release is provided for community housing. In particular, we recommend that all land being released for this purpose, including any release via build-to-rent land releases, ensuring that land is offered to community housing providers at an affordable price and is located near amenities, transport links and public services. There is a golden opportunity to discount the price paid by community housing providers for land released through the scheme and enable them to increase the housing stock. Subsidised housing needs a subsidy. We are happy to provide further details on the figures if that is of interest.

Secondly, we would like to draw the committee's attention to the defining of appropriate targets for delivery of affordable housing. In addition to the ACT government's 15 per cent target, ACTCOSS has also welcomed the commitment through the parliamentary and governing agreement towards delivery of an additional 400 public housing dwellings by 2025 and an additional 600 affordable dwellings by 2025-26—that is, those rented out at affordable social rents. However, this falls far short of addressing the current and forecast need for social and affordable housing. Indeed, speakers have spoken to this already. Modelling by the Australian Housing and Urban Research Institute and University of New South Wales researchers is very germane. It indicates that 425 social housing dwellings and 170 affordable housing dwellings would need to be delivered each year over 20 years to meet current and future needs. There is currently a mismatch between the commitments made and these targets, and the main ways that they can be delivered are via an increase in public housing or via community housing providers.

We recommend that the ACT government clearly outlines the base line against which its commitments to increase the number of social and affordable housing dwellings are being measured and that progress against these targets is reported publicly on an annual basis. That should include the contribution made through the very important minimum 15 per cent target under the indicative land release program.

Thirdly, ACTCOSS draws the committee's attention to the section in the Auditor-General's report regarding the apparent over-delivery of the community housing targets. This is based on Suburban Land Agency reporting of land allocated for release to community housing providers; it does not reflect houses delivered through the scheme. The most significant proportion relates to the 59 sites for community housing in Taylor, which were allocated two years ago. Since that time, there has been ongoing negotiation between community housing providers who want to build on this land and the SLA, and this relates to the cost of the land, which they are unable to meet. This relates back to my earlier point about subsidised housing needing a subsidy. I am aware we have got limited time.

**THE CHAIR:** Okay, yes, thank you, Mr Poulter.

**Mr Poulter:** Thank you.

**THE CHAIR:** I am fascinated with community housing, and you mentioned that only less than one per cent of the land release supply is given to that section. Do you know

how many houses in that one per cent have been built?

**Mr Poulter:** I have looked at the latest figures. This relates to the land released for the coming year, from December, so I can speak to that. There is better news there. Out of just over 300 houses which have been allocated through the affordable housing provision—the 15 per cent—30 have been allocated for community housing out of a total of 307. So that is about nine per cent. The issue, then, will be getting those houses built, and that comes back to the point made about the cost at which the land is provided.

If we consider the situation of a house that has been rented out, where the private rental might be \$600 a week on the average small house that these kinds of providers would rent out, they are charging 75 per cent of that market value, so that is \$450 a week. That means that over a year they are forgoing \$7,800 in the market value of rents for a very good reason—so that people on low incomes can live in those houses at affordable rentals; and also, for some of their clients over time, that they can go on the pathway to becoming homeowners. They make provisions for that, for those who can. The issue here is that if they are incurring \$7,800 of recurring subsidy to people who need it, they need to either get the house at a discounted price, or they need an ongoing subsidy.

**THE CHAIR:** Thank you.

**Mr Poulter:** I hope that answers the question.

**THE CHAIR:** It does. I am just quite mindful of the time.

**MR PETTERSSON:** With the minimum 15 per cent release target, one of your recommendations is that it should be weighted according to modelling of relative need. I have not had a chance to have a look at what that modelling says. Can you tell the committee how it says that that 15 per cent target should be achieved and with what weighting?

**Mr Buchanan:** We are drawing on modelling that has been done by researchers from the University of New South Wales City Futures Research Centre. Part of that was done through AHURI, as mentioned earlier, and some was done separately but using the same basic modelling framework to look at both the current and forecast need for social housing—that is the public and community housing—and for affordable rental. This modelling was done from 2016 to 2036—over a 20-year period—and it found that amongst social housing, the need now was an additional 3,100 dwellings in the social housing side of things. And then, on the affordable rental side of things, it was around the 2,400 mark. Then the forecast to 2036 had an even greater social housing component to it than the affordable housing. So that is where we are looking at the weighting.

We are seeing from that modelling that there is a much greater need for social housing, in terms of the quantum, than there is for affordable rental to meet the highest level of need amongst those quintile one households. But what we are seeing in the indicative land release program is a really vast skew to the affordable housing side of things rather than the social housing side of things. As Adam has already said, within that,

public housing has a slightly greater component than the community housing. But, yes, in terms of the combined public and community housing, we see from that modelling that there is a much greater need to deliver on that side.

**MR PETTERSSON:** Does the modelling break down the difference between public and community housing and demand for them?

**Mr Poulter:** It does not. It refers purely to social housing and then to affordable housing. So I guess the question then is: what is the best approach to deliver social housing through a mix of public and community housing providers?

**MR PETTERSSON:** Cool, thanks.

**MR BRADDOCK:** I have a supplementary question. Would you like to see that 15 per cent target applied to the CSIRO land release at 2,000 dwellings?

**Mr Poulter:** I am not very familiar with that land release. In principle, the more housing that is allocated to people on low incomes through schemes that can realistically meet their needs, the better.

**Mr Buchanan:** In regard to that, in making sure that there is, across Canberra, a social mix of social housing and privately owned dwellings, if it fits within that kind of a framework, we would definitely want to make sure that there is some social housing across Canberra, and, as well as that, that there are the community facilities in the area to support that housing.

**MR BRADDOCK:** I was just wondering where the government should prioritise its time and effort in terms of affordable to buy or purchase housing, versus just affordable to rent housing, does ACTCOSS have a view on that?

**Mr Poulter:** I think the first point is that affordable to buy is clearly a good thing. If we look at the society, it would be people on low to middle incomes who realistically have a chance of buying the land release—the affordable homes release. They are below the market rates under the scheme. That does enable a cohort—you are probably looking at those on incomes between 30 to 50 per cent; so just the top of the lower half in terms of income—realistically to access those houses. As well as helping them, any measures which help those in the bottom half is putting pressure downwards in the system for those who are really struggling and either need those affordable rentals, through community housing providers, or public housing.

**MR BRADDOCK:** Thank you.

**THE CHAIR:** Thank you. In the past, the ACT government did not reach the 15 per cent of the land release for affordable community and public housing. Have you had any communication with ACT government in previous years about not reaching that 15 per cent target, and what was their response?

**Mr Buchanan:** I am not familiar with any contact we have had specifically about that target. I guess the first that we had become aware of it is through the Auditor-General's report. So it has been a very useful process for us to go through and

see that work and now definitely keeping more of a track of what has been achieved by the ACT government according to those targets.

The latest indicative land release has set some numbers and we would be keen to make sure that they are achieved. There is the other side of things that we are keeping track of; we are trying to make sure there is greater transparency and clarity around other commitments alongside the 15 per cent target in the land release program in terms of delivering the 400 additional social housing dwellings by 2025 in particular.

We are trying to make sure that ACT government is providing a really clear picture of what the baseline for these targets is, where it has been set, and how they are going to keep track of that and make sure that the public is kept informed of the progress towards those targets—the fact that there is that commitment of 400 additional social housing dwellings by 2025 and getting a better picture of where the 15 per cent target within the land release program fits with that. We have been talking more with government about providing greater clarity around that and making sure that things are on track, or, as with the Auditor-General's report, highlighting where and why targets have not been met. For example, the lack of the sale of the Turner former public housing properties on Northbourne Avenue and things like that, provide us with some really useful insights to know that there are sometimes potentially valid explanations as to why these targets have not been reached.

**THE CHAIR:** Thank you. Do you think that the less than one per cent of the land released for community housing is sufficient, or not?

**Mr Poulter:** We do not believe it is. If we look at the situation of people on low incomes who cannot afford to find rentals in the private housing market, then community housing providers provide a really important service to them. At least where supported, they have a diversity of housing options and they provide tailored support to people, taking into account their situation. Ultimately, the bottom line is the price of rentals—so at 75 per cent of market rates, that becomes affordable for many people in that second quintile of incomes.

Just going back to your previous point, Madam Chair, the community housing providers are really facing challenges to deliver the housing without that subsidy, and the Community Housing Industry Association has provided further information about this, including in their budget submission to the ACT government for this year. That provides the financials behind this, including that if they were given a subsidy of between \$100,000 and \$150,000 they could purchase the land, they could leverage private finance and they could deliver housing and they would deliver it for the long term for those kinds of people.

**THE CHAIR:** Yes. What is the current discount rate at the moment?

**Mr Poulter:** Our understanding is that there is not a discount provided to community housing providers. That is why those 59 blocks in Taylor have been held up for the last two years. Basically, they have been going back to the SLA, explaining their financial situation and the modelling that they require a discount. They have been progressively offering more but the market price of that land has risen in the intervening period, so they have been unable to pay market value.

**THE CHAIR:** Wow, that is very interesting. I have a final question on that. What do you think would be the most sufficient percentage of land release for the community housing? Have you done the maths for that?

**Mr Poulter:** We have not. It is essentially more than one per cent. If you look at other jurisdictions in Australia, there are some where more like five per cent of the housing stock is provided by community housing providers. We think at least that number would be a good interim target to set and go after. Perhaps it is worth mentioning that if you build more social housing, which is absolutely needed for people on the lowest incomes, the unit cost there is higher. Even for the government, that is going to be over half a million dollars per dwelling, and then there are ongoing maintenance costs. It is not either/or, but there needs to be more of that. There needs to be more community housing provided as well, in our view.

**THE CHAIR:** Thank you, Mr Poulter.

**MR PETTERSSON:** I have a quick supplementary question before a substantive one. What jurisdiction has the five per cent release of affordable housing, or community housing?

**Mr Poulter:** Can we take that question on notice and provide it to the committee?

**MR PETTERSSON:** That would be good.

**THE CHAIR:** I was going to ask something similar to that.

**MR PETTERSSON:** With respect to the 2025 targets, you have made a recommendation related to the base line and its being uncertain. Do you have a suspicion as to what that base line is, or do you have no idea where the baseline measure for those targets has come from?

**Mr Buchanan:** We do not have a clear idea. Probably, our more hopeful guess would be that it is based around the 2018 figure, which we are keeping track of through the Productivity Commission's report on government services. It is the main kind of source that we are using to keep track of public housing dwelling numbers in the ACT.

That number, as we have said in our submission, fluctuates over time. As at 30 June last year, the number of public housing dwellings in the ACT was less than what it was in 2012 and far less than what it was in 2018. So we would hope that it is being set at that peak to ensure that, yes, that is in line with the current need and that projected need as well. That is what we are not sure of. We know that, for example, the initial 260 additional public housing commitment was made for the 2019 to 2025 period. So there is some indication that it must be at least around the figure for 2019. But, yes, what we would really want to see from ACT government is a definite figure that they are basing this on—and hopefully it is that higher figure.

**MR PETTERSSON:** Thank you.

**THE CHAIR:** Thank you. In the interest of time, we will close this session. On

behalf of the committee, I thank ACTCOSS for their attendance today. If witnesses have taken any questions on notice, could you please provide answers to the committee secretary within five working days. We will take a brief suspension and return to hear from the ACT government. Thank you, Mr Poulter. Thank you, Mr Buchanan.

**Short suspension.**

**GENTLEMAN, MR MICK**, Manager of Government Business, Minister for Corrections, Minister for Industrial Relations and Workplace Safety, Minister for Planning and Land Management and Minister for Police and Emergency Services

**BRADY, DR ERIN**, Deputy Director-General, Planning and Sustainable Development, Environment, Planning and Sustainable Development Directorate

**PONTON, MR BEN**, Director-General, Environment, Planning and Sustainable Development Directorate

**THE CHAIR:** In this session, we will hear from the ACT government. I would like to remind witnesses of the protection and obligations afforded by parliamentary privilege and draw your attention to the privilege statement. When you first speak, could you confirm your name and the capacity in which you appear today for the record and that you understand the privilege implications of the statement. Would you like to make a brief opening statement, Minister?

**Mr Gentleman:** Thank you very much, Chair. And thanks for the opportunity to appear before the committee. I have read the privilege statement and acknowledge the implications of that statement. I want to thank the committee for inviting me and my directorate officials here this afternoon to provide some input to you in your inquiry into the Auditor-General's report.

I am pleased, of course, to receive the Auditor-General's report and we have responded to that formally in the chamber. We have agreed in principle, of course, to most of the recommendations, so we will be pleased to deliver some of those changes as they go forward and, indeed, plan to deliver land for the ACT into the future years as needed.

**THE CHAIR:** Thank you. Minister, in your submission, in recommendation 2, you noted the ACT land and property reports from 2019 to 2020. I was trying to find the land and property report for January to June 2021. Is that available? And also, the report for July to December 2021.

**Mr Gentleman:** Dr Brady will take that one.

**Dr Brady:** I acknowledge the privilege statement. With respect to the property reports, the January to June 2021 report was published on the website on 17 November 2021. The July to December 2021 report is just being finalised. There have been some delays and it will be uploaded, it is anticipated, in June this year.

**THE CHAIR:** That is quite a lengthy delay. What is the purpose of the delay?

**Dr Brady:** There have been some delays in terms of getting the right data and input from some of the agencies that we work with to gather the data.

**THE CHAIR:** Is that due to the agency being complicated to communicate with and it being difficult for them to get the data? Are you asking for new data, and they find it hard to complete?

**Dr Brady:** To answer your first question, I do not believe it is any difficulty in relationships between our agencies. I have been advised that there has just been a

delay in getting the data to put into the report. I can take that on notice if you need further detail.

**THE CHAIR:** Yes, that would be great, if it is new data or not. Because five months is a long delay and if you are asking them for new data, if that is the delayed process—

**Dr Brady:** It is not new data; it is just that normal data that we input to the reports. I understand there has been a delay in getting that data to update the report.

**THE CHAIR:** Do you know the reason why there is a delay from the agencies?

**Dr Brady:** I do not, actually. I can take that on notice if you would like me to find out.

**THE CHAIR:** That would be great. I am actually surprised—five months and you are not aware of why it is taking forever for the agency to supply the data so you can update the report.

**Dr Brady:** The reports are usually several months behind because we rely on different sources of data for it, so it is usually not straight afterwards that we would have that report done.

**THE CHAIR:** And when was this report due?

**Mr Ponton:** Sorry, Chair, if I could just jump in there. I have read and acknowledge the privilege statement. Dr Brady may want to talk a little bit about this, but I understand that part of the issue was that some of the data was not migrated to different software, and that has impacted the ability to extract the data. In terms of the further detail of that, as Dr Brady said, we can certainly take that on notice and give you more detail, but it was actually a software issue in terms of extracting the data.

**THE CHAIR:** And what impact does it have for stakeholders, with the delay of the ACT land and property report?

**Mr Gentleman:** Well, the report is to us, so it is a report that we use, of course, to work through our ILRP for the future. So I do not know that this delay would have much of an impact, but we will certainly take that on notice.

**THE CHAIR:** Right. So it does have an impact on your planning for the future?

**Dr Brady:** It does not impact that in terms of doing our ILRP program for the future. The reports provide information on the previous period of time and what has happened in that previous period of time. We have some of that data that we use as our basis for looking at supply and demand. So the absence of this data does not necessarily hold up our process of working on the ILRP, because that is quite a range and it is a complex process.

**THE CHAIR:** Okay, thank you.

**MR PETTERSSON:** I was hoping to get an update on the implementation of the

recommendations from the report, what work has been completed and what work is underway.

**Mr Gentleman:** Mr Ponton.

**Mr Ponton:** I can do that. In terms of the recommendations, we have addressed or actioned all of those. If I work my way through, recommendation 1 was agreed and is complete. That was in relation to finalising and endorsing for use the draft policy and procedural guidance relating to land release and supply, and the implementation, review and evaluation processes as described in the draft policy and procedure guidance. You might recall that the audit report acknowledged that that work had been done. It was in draft form and had not been formally finalised and endorsed but was being utilised. We have since finalised that.

Recommendation 2 is complete. That was a recommendation in sub parts. Sub part B was agreed in principle, C was not agreed to, and no further action has been taken on that one. Recommendation 3—

**MR PETTERSSON:** Just jumping in on that recommendation 2, part C, why aren't future projections for housing demand going to be reported?

**Mr Ponton:** I might ask Dr Brady to talk in more detail in relation to that particular item. We have looked at what other jurisdictions did in terms of including future projections for housing demand and supply, but we also considered this ourselves in terms of the risks that would potentially arise from the government providing that in a document whose very intent is to be backward looking—actually to be looking at what has happened.

We do this analysis in terms of the demand, and that is then reflected in the indicative land release program. But in terms of the really detailed work that sits behind that, as I understand it, there is concern around the risks of people, industry, relying on that, when it is a challenging area. But Dr Brady might want to talk more about that.

**Dr Brady:** I think that is largely as Mr Ponton has explained. A lot of that data on projections is done by the private sector and different private entities in the market as well, but it is largely as Mr Ponton explained.

**MR PETTERSSON:** Sure. Recommendation 3.

**Mr Ponton:** That was agreed in principle and that is complete. That recommendation was that EPSDD should improve the utility of the residential supply and demand model by using actual figures of dwellings in the developers' and builders' pipeline to inform the future new housing supply. As I said, that was agreed in principle—to use the actual figures of dwellings in the pipelines. The dwelling pipeline data is an EPSDD internal data source that tracks dwelling supply in new suburbs and within established suburbs, in terms of the development phase.

Moving on to recommendation 4, that was agreed to, and that one is also complete. Recommendation 5 was agreed to in principle and that is complete. Recommendation 6 was not agreed. That recommendation, of course, was that EPSDD should include

reporting ACT land and property reports of land released, including dwelling yield through the indicative land release program that has not been sold. Dr Brady might want to talk a little bit more about why that was not agreed, but because it was not agreed by government, we have not actioned that one.

Recommendation 7 was agreed to, and work on that is underway. Just for the benefit of *Hansard*, that recommendation was that EPSDD, the Suburban Land Agency and the City Renewal Authority should review and amend the nature and type of affordable housing dwellings offered to the market through the affordable home purchase program in order to better meet market demand and, following these changes, plan for an evaluation of the affordable home purchase program. We did talk about this at some length, as I recall. In fact, I think Mr Cain might have asked some questions on this particular item at the last lot of hearings, so I will not spend too much more time on that one. But in relation to recommendation 6, Dr Brady, do you want to add anything to that?

**Dr Brady:** I think a large part of the reason that we did not pursue that one is that the details about land sales are on the SLA website, largely. The details of land that is for sale or sold, and the property reports, are looking back at other circumstances. Keeping track of sales is a very dynamic process, so it was considered that identification of it on the SLA website is probably a better place than in the land and property reports.

**MR PETTERSSON:** Great, thank you.

**THE CHAIR:** I have a supplementary question on that one. Can we go back to recommendation 2. You said that including future projections for housing demand and supply, you do not agree to it. But in his report the Auditor-General says that by not showing historical trend information and future projections, it is difficult to understand current land release plans and expectations in the context of historical experience.

I can understand where he is coming from, because we just previously heard from stakeholders in the building industry, and it is really difficult for them to continue their work because there is no understanding of the current land release supply. What is your response to that?

**Mr Ponton:** Hearing the introduction to your question, you are talking about historical information which relates to sub-recommendation b), which is including historical information and trend data for different parts of the report, including dwellings in the planning, developers' and builders' pipelines. The government did agree to that. We have, in fact, incorporated the historical information and trend data for different parts of the report. That has been included. It was part c) that the government did not agree to, which was the future projections.

**THE CHAIR:** For housing demand and supply?

**Mr Ponton:** Yes.

**Mr Gentleman:** It is the forecasting element.

**THE CHAIR:** Yes, it is the forecasting. I will go back to what the builders have said in their submission, that it is difficult for them to plan ahead and to keep local jobs secured because they do not have a projection from the government of land supply. Do you see where they are coming from?

**Mr Ponton:** Yes.

**THE CHAIR:** It is difficult for them to plan ahead. By not having a certain plan for what is coming up with the land supply in coming years, it is difficult for them to plan ahead. Does that make sense?

**Mr Gentleman:** We project the ILRP which shows you a clear plan ahead for future releases and current releases into the next four years or more.

**Mr Ponton:** That is essentially what the industry is talking about. In relation to the Indicative Land Release Program, as the minister said and as Dr Brady also noted earlier, in terms of the data and the projections, the input for that is also from the private sector. In terms of what is happening in the private sector, the private sector is probably the best place to know what is happening, rather than the government.

It is interesting that, whilst the government can certainly identify its intentions in terms of its land release, the industry is suggesting—if I am understanding correctly—that it does not know what is in its own pipeline. Keep in mind, of course, that a lot of land release and dwelling construction is from the private sector, particularly the government's 70:30 policy as outlined in the ACT planning strategy 2018.

A lot of the demand is actually met through redevelopment opportunities. That is not the government selling the land. In some cases it is—for example, in Northbourne Avenue there were land sales, but a lot of the redevelopment is the private sector purchasing and redeveloping land. They would be best placed to understand what is in the private sector pipeline, because it is the private sector.

**THE CHAIR:** Does the land supply release in the upcoming four years specifically say how many bedrooms there will be in that land supply? Is it for one or two bedrooms or is there some land release for three bedrooms? Is that specifically stated, or does it just say “land supply release”?

**Mr Ponton:** It will identify dwellings. It will identify whether it is multi-unit or single residential.

**THE CHAIR:** What about bedrooms?

**Mr Ponton:** We do not identify bedrooms.

**THE CHAIR:** You do not identify bedrooms?

**Mr Ponton:** Not in the Indicative Land Release Program.

**Mr Gentleman:** That is a finer detail.

**THE CHAIR:** And that is where the fault lies.

**Mr Ponton:** I would suggest that the industry, with respect, Chair, would be concerned if the government, through its Indicative Land Release Program, started to identify whether it was for one, two, or three bedrooms. Keep in mind—and I have talked about this previously, but not in this forum—that through the planning work that we do there are phases of work. There is this high-level work; so if you think about the work that is happening now through the Western Edge studies, where we are looking very broadly at what is available, what the constraints might be and what further work needs to be done.

That cascades down to the Indicative Land Release Program which in and of itself identifies areas where we need to do more detailed work. You might say that we believe that this parcel of land can accommodate 35 dwellings and that will be included in the Indicative Land Release Program. Then at the next phase, and usually through work done by our colleagues at the Suburban Land Agency, they will then start, as they prepare the land for sale, to provide that mix.

In terms of the dwelling yields, we still need to apply some assumptions around whether it is one, two and three-bedroom mixes. Otherwise, if they are all three or four-bedroom apartments there are going to be fewer numbers that we are going to release. If we know that we have got a mix of this number of ones, twos and threes, ultimately it comes down to the sale and what the lease will provide for. Even then, a developer might actually do their own due diligence and determine that that mix does not quite work in terms of what their market is looking for and through the assessment process they will then seek to make changes. Dr Brady, can you add anything to what I have just said there?

**Dr Brady:** I think that has covered it.

**THE CHAIR:** Can I go back to the finer details? The minister said that the release of how many bedrooms are available is at the very end of the land supply release. You have families who are asking for three bedrooms from their builders. The builders say, “Yes, we can do that,” but when it comes to the point of releasing that land to them to build their three bedrooms on the land, it is a bit too late, because there is not enough land for that family to have that. What you are releasing out is just one- or two-bedroom dwellings.

**Mr Ponton:** No, I would not agree with that, Chair, with the greatest respect.

**Mr Gentleman:** If you have a look at the Indicative Land Release Program it shows you quite clearly what is planned for the future. If you look at 2021-22, over the five-year total there were 4,171 single dwellings. That allows you to build the construction that you are talking about. There are medium density dwellings, which are 862—

**THE CHAIR:** But does it say “bedrooms”, Minister?

**Mr Gentleman:** I beg your pardon?

**THE CHAIR:** Single dwellings could have one bedroom or two bedrooms or three bedrooms.

**Mr Ponton:** If I could just say: all single land release, by its nature, could accommodate a three-bedroom home.

**THE CHAIR:** It could accommodate a three-bedroom home?

**Mr Ponton:** In terms of the size—

**THE CHAIR:** With the same block as a one-bedroom home, Mr Ponton?

**Mr Ponton:** Somebody could choose to build a large one-bedroom home.

**THE CHAIR:** We are talking about very small bedrooms—

**Mr Ponton:** No, I am saying that—

**THE CHAIR:** so you could accommodate three bedrooms on a block that is designed for a one-bedroom house.

**Mr Ponton:** What I am saying is we design blocks to accommodate a three-bedroom home.

**THE CHAIR:** But not enough of them, because the demand is clearly asking for a three-bedroom home—

**Mr Ponton:** That is all single—

**THE CHAIR:** but what you are supplying for the demand is very little. It is just one or two-bedroom homes.

**Mr Ponton:** I think there may be a confusion here. I may be wrong, but in terms of single residential, I am not familiar—Dr Brady might have some thoughts on this or the minister. In terms of one-bedroom homes, they tend to be apartments, which is a different proposition. I am confused that you—

**THE CHAIR:** Two-bedroom homes?

**Mr Ponton:** Two-bedroom homes. But, again, the land that is being sold could accommodate a three-bedroom home.

**THE CHAIR:** With very small size bedrooms, though.

**Mr Ponton:** No. I would say ordinarily they are three by three—

**THE CHAIR:** So they could ask for a larger block of land to build a three-bedroom home?

**Mr Ponton:** I think it might be useful for you, Chair, to provide us with some examples. As I said, in accommodating and undertaking the analysis for a parcel of land and how many single dwelling blocks it could accommodate, there is a formula that we use in terms of understanding what the usual road take would be, what the verge take would be and the average size of a block of land. As I said, all single residential land release is designed to accommodate at least a three-bedroom home. If somebody chooses to build a really big two-bedroom home instead of a three-bedroom home—an ordinary three-bedroom home—that is their choice. But they could certainly build an ordinary standard three-bedroom home on land that is released.

If you have examples of something that is occurring that is different, I am happy to take a look at that. In terms of one-bedroom homes, again, ordinarily they would be apartments. But if somebody chose to build a very large one-bedroom home that is the same size as a three-bedroom home they could do that on the parcel of land that they purchased or they could choose to have a really big yard.

**THE CHAIR:** There have been news reports of an auction or something and multiple people sharing their interest in the home, but then there are not that many available.

**Mr Gentleman:** Chair, we would be happy to have a look if you would like to supply those details for us.

**MR BRADDOCK:** I am interested in social and affordable housing, particularly in relation to the ACTCOSS submission. I just want to test some of their recommendations against the government. Firstly, they recommend that the modelling of supply and demand that informs the ILRP include modelling of the current and projected need for social and affordable housing in the ACT. Is this done or are there any plans to do so, if it is not the case?

**Mr Gentleman:** It is certainly work SLA provide to us in our preparation for the ILRP. The government has an affordable housing program, so we want to make sure that we can meet those targets where we need to.

**Mr Ponton:** If I could just add, Minister: EPSDD also has—Dr Brady might have the exact name of the group—a group that we chair that looks at social and affordable housing. We have participation from across government and input all relevant data to help us with the modelling in terms of recommending to government what the numbers ought to be for certain land releases.

**MR BRADDOCK:** How do you determine what the current projected need is?

**Dr Brady:** Through the ILRP we have housing targets. We identify in the ILRP 15 per cent of residential supply for each year for affordable community or public housing. That is one aspect of how the government is trying to meet the needs of more affordable social housing, if I can put that in a broader category.

In terms of understanding the need, as Mr Ponton indicated, there is a consultative group. We work with other agencies and other stakeholders in the community to try and understand—which is one of the aspects of the housing strategy—what the needs

are. Some of that is picked up through public housing. That is why we also have affordable and community housing, because there are different cohorts that we are finding that do not necessarily fit into the public housing range. That is where the financial quintiles come into consideration of who is trying to be captured within the different types of social housing that we are providing. I guess that is a broader consideration of what the need might be to provide to different cohorts in the community.

**Mr Gentleman:** Those targets are a statutory responsibility of SLA and CRA.

**MR BRADDOCK:** If I wanted to find out what the assessed need was for social and affordable housing, where would I find that?

**Dr Brady:** I would suggest that you come to us, to our housing policy team. That would also be working with ACT Housing. Through that work and through the consultative committee it would have a picture of what that need was.

**MR BRADDOCK:** The other question I have is: in terms of how we are measuring our progress towards achieving the commitments in the paper for social and affordable housing, what baseline are we utilising or comparing ourselves against to be able to demonstrate the achievement of those objectives?

**Mr Gentleman:** Fifteen per cent of the ILRP is the percentage, from my memory. That shows you that in each year, when we look at the land release program, 15 per cent of that needs to be affordable community housing.

**MR BRADDOCK:** I am referring back to the PAGA commitments—for example, 400 additional public housing dwellings, inclusive of 260 additional dwellings. I am just wondering what baseline we are utilising to be able to demonstrate the achievement of those objectives.

**Mr Gentleman:** It is set within the ILRP. It shows here, for 2021-22, 307 dedicated community, public and affordable homes. That target is made up of land for 155 new public housing properties, 30 new community housing properties and 122 properties dedicated for affordable home purchase to eligible households. So the 307—our target is 15 per cent of the 2,030 suitable residential releases for that period.

**Mr Ponton:** If I can summarise: the really short answer is that it is additional to the current stock.

**MR BRADDOCK:** Thank you.

**MR CAIN:** Minister, regarding your residential supply and demand modelling, apart from the expected population growth, what are the other inputs to inform this model, in particular to inform how much land you release for detached housing?

**Mr Gentleman:** In relation to population growth and the direction indicated in the planning strategy 2018, where we looked at greenfields release as opposed to brownfields or consolidation, if you like, density, we want to make sure that the future population of Canberra is affordable and it is sustainable into the future. That is why

we made that decision back in 2018. That is reflective of the targets that we set each year in brownfields developments within the border at the moment.

**MR CAIN:** Is that strategy and annual modelling designed to meet the demand?

**Mr Gentleman:** Certainly; not just from now, but well into the future. I have said on a number of occasions that if we were to continue the previous planning strategy that would mean an expanse of the footprint of the city, which would be incredibly expensive for those future Canberrans and make it very difficult for people to get into housing at any point in the future. We want to make sure it is more economical for people to get into housing now and into the future, and that it is not onerous.

**MR CAIN:** On that expanding footprint, obviously you have bought land in New South Wales with the plan to extend the border. You have reached the borders north and north-west. I am not quite sure how you are not expanding the footprint yourself. It is surely a question of degree—

**Mr Gentleman:** We are. The strategy is 70:30. It is 70 per cent infill and 30 per cent greenfields development. So you will see an expansion, but at a limited scope, as we move into the future. There will be much more density into the future and less expansion.

**MR CAIN:** Do you think that you are meeting the demand for land for detached housing?

**Mr Gentleman:** We are certainly providing it in the ILRP.

**MR CAIN:** Are you meeting the demand that the community is expressing?

**Mr Ponton:** If I could jump in, Minister?

**Mr Gentleman:** Yes, Mr Ponton.

**Mr Ponton:** There are a number of considerations. Just going back to the first part of the question—

**MR CAIN:** So do you think that your model is meeting the demand—

**Mr Ponton:** I am just—

**MR CAIN:** for detached housing?

**Mr Ponton:** I am going to work through—you have asked a number of questions—if it is okay with the chair?

**MR CAIN:** That is one question.

**Mr Ponton:** You have actually raised a number of other points in relation to what is in the model. I think that is important to understand in terms of answering the next phase of the question.

**MR CAIN:** Thank you.

**Mr Ponton:** Given that you have actually asked those parts. If the chair is okay with that—

**THE CHAIR:** Yes, Mr Ponton.

**Mr Ponton:** I think it would be more useful. In terms of the model itself, it is a demand-supply model. As the minister said, a key consideration and input into that is population growth and understanding change in population as well. Of course, changing population is just as important in terms of household psychologies, how households are composed. It used to be two adults, two children; these days we see a lot more single dwelling households, so that composition is important.

We also take into consideration dwelling approvals, commencements and completions, because in terms of understanding what you need for the future, you need to have an appreciation of what is happening right now. That is an important consideration. As I said, we use census data, by housing and family type, to inform demand by housing type. That then helps us understand whether or not people are going to require more apartment-style living, the one-bedroom apartment, as the chair was talking about earlier, or the three-bedroom home or, for that matter, the three-bedroom apartment, which there is increasing demand for.

Another overlay to that—and I think this is a really important consideration—is that governments are elected to make policy for the greater good of the community. I appreciate what you are saying; you are hearing clearly some things in relation to parts of the community looking for greenfields development. In terms of broader planning, we need to consider a whole range of other considerations—transport, climate change, cost of servicing: a whole range of considerations—and that is culminated.

I might point out, in terms of what the community is looking for, through a very extensive community engagement exercise in the ACT planning strategy 2018 we ended up with the 70:30 policy—70 per cent of accommodating growth from the existing area of the footprint and 30 per cent greenfields—to acknowledge that there are some who are still looking for that greenfield opportunity. The government is making sure that we accommodate, through the planning system, for that choice.

**MR CAIN:** Just on the 2018 strategy, do you think that reflected the community wishes as outlined in the Winton report?

**Mr Ponton:** Absolutely.

**Mr Gentleman:** We did 26 workshops across the ACT.

**MR CAIN:** But the Winton report clearly said that the community wants the majority of land to be detached housing.

**Mr Ponton:** The Winton report, I think—I would need to have another look; it is a

little while since I have looked at it—was 600 to 1,000 people. We had tens of thousands of people interact on the planning strategy.

**MR CAIN:** Leading to the 2018 strategy?

**Mr Ponton:** The 2018 planning strategy. In addition to that, the minister, I think in 2015, conducted a 12-month exercise of engagement on the minister's statement of planning intent. That informed the work that was done in the planning strategy, so 2015 through to 2018. There were many thousands of participants through that process as well. In fact, I think that was also in the tens of thousands in terms of interactions with the government on that.

I might just say, when we hear quoting of the Winton report, that it was not a report; it was a survey. It was a survey commissioned by the government. It was 600 to 1,000 people—I can get the exact number for you—versus tens of thousands of people engaging on the policy work that resulted, after the 2015 Winton survey—in the 2018 planning strategy with, as I said, tens of thousands of interactions on that.

**MR CAIN:** Just going back to the modelling aspect, so obviously population growth, what about household information? What type of household information do you collect to inform your model?

**Mr Ponton:** As I have said in answering the question, we use census data in terms of household types. We use the census to understand the composition of households.

**MR CAIN:** So you just use the census data? What sort of priority of that comprehensive set of information do you use?

**Mr Gentleman:** You look at population per household; 2.5, I think, is the relative figure for population per household. That data is used in configuring the ILRP for the future.

**Mr Ponton:** That has helped us in terms of understanding whether it is apartment-type developments or whether it is single residential.

**MR CAIN:** You seem fairly confident that you are meeting the expected demand of the Canberra community; yet when we had—as you are aware—71 parcels released in Macnamara recently and nearly 9,000 ballot applicants, how can you possibly say that you are meeting the demand of Canberrans with your land release?

**Mr Ponton:** The point of this hearing is about the Auditor-General's report. Perhaps I could just reference the Auditor-General himself, at page 2 of the summary document, where he said:

Most recently the amount released has exceeded anticipated demand.

The Auditor-General concluded that himself. He went on to say:

In advice to Government in relation to the 2019-20 Indicative Land Release Program, this approach was taken '[as] an affordability measure for both home

buyers and renters and to establish an inventory of serviced land’.

We have talked about this in hearings. We have certainly achieved that with many hundreds of blocks in 2020 that were on the shelf for the first time in many years. The government was able to achieve that.

It is also a big investment to have land sitting on the shelf, because you need to build roads, build sewers, build water mains, build kerb and gutter and build services. It is a big investment. The government did that, and lucky that it did because there was strong demand in the latter part of 2020 when we saw that inventory quickly taken up. It was very forward-thinking of the government to do that in 2019. To answer your question, I think the Auditor-General concluded that himself and said—and I will just repeat it for Hansard:

Most recently the amount released has exceeded anticipated demand.

**MR CAIN:** It was the middle of June 2020. I am talking about very recent land release figures—

**Mr Ponton:** Yes.

**MR CAIN:** which obviously the Auditor-General has not had the benefit of looking at. So his comment really—

**Mr Gentleman:** He will in the not-too-distant future, I would imagine.

**MR CAIN:** I am sure.

**Mr Ponton:** In relation to demand, again I come back to the 70:30. The Canberra community, through those many tens of thousands of interactions through the engagement on that work—

**MR CAIN:** So the numbers clearly changed since the Auditor-General studied it?

**Mr Ponton:** Again, I am coming back to the government’s policy of 70:30. Whilst there is strong interest—and Dr Brady may wish to talk about this in terms of some analysis that we have done on that interest—I would caution against just saying that, because there is X number of registrations for a land ballot, it is the same number of people who are all intending to purchase the block—

**MR CAIN:** How else do you measure demand, though?

**Mr Ponton:** If I could finish, Mr Cain? In relation to the registrations, you are quoting this high-level figure. In terms of the work that we are doing, we are actually starting to analyse and understand who is making those registrations to help us understand the demand. What we sometimes see is that you might have a family where six people all register in the hope of getting first in the ballot, but in fact it is only one—

**MR CAIN:** It would be good to have a filtered down analysis of that. Are you able to provide that when you have completed it?

**Mr Ponton:** Again, if I could just continue to answer the question? We are currently undertaking that analysis. Dr Brady might talk a bit more about that and perhaps answer the question in relation to whether it is available to the committee.

**MR CAIN:** That would be very interesting information to have. Where are you up to with that analysis?

**Dr Brady:** I am just doing internal work on it at the moment, so if we could take that on notice in terms of advising where that is at and if there is information available. Our main source of information to do demand analysis is population growth. We know population growth has been impacted over the last couple of years, particularly with COVID. So we are again looking at what the population projections are in relation to that.

I think Mr Ponton said that we have also done other work around housing choices. There was significant consultation done to try and understand, while there might be demand for housing, more about the typology that people are seeking—whether it is a single dwelling, whether it is an apartment, whether it is an apartment of a certain size or whether it is a townhouse. Through that, we have found, as have many jurisdictions, that missing middle in terms of a typology and a price range. We are also finding with people who want to age in place that they would like to maybe move to a townhouse in the same area that they already live in. That has been giving us information around demand and understanding what the community demand is at a bit of finer grain as well.

**MR CAIN:** Based on, I guess, recent releases over the last 12 months, what is your conclusion about the demand of housing in Canberra?

**Mr Gentleman:** I would refer to the Auditor-General's report where he said we have—

**MR CAIN:** Which is nearly two years dated; two years ago.

**Mr Ponton:** With respect, Mr Cain, the purpose of this hearing is to look at the conclusions and recommendations of the Auditor-General's report.

**MR CAIN:** Of course.

**Mr Ponton:** Again, I would just note that—

**MR CAIN:** My inquiry is supplementary to that very report.

**Mr Ponton:** In relation to the government's policy of 70:30, we are confident, as I have said, that we are meeting the demand for appropriate housing.

**MR CAIN:** For land for detached housing—

**Mr Ponton:** There are many facets to providing an appropriate supply of land.

**MR CAIN:** I just asked the question: are you meeting the demand for land for detached housing?

**Mr Ponton:** Yes.

**Dr Brady:** Noting that the government supplies some land for single dwellings as well as private—

**Mr Gentleman:** The private sector.

**Mr Ponton:** Yes. Again, I go back to the earlier point that I was making that the government's role in providing housing and new housing is but a proportion. The private sector provides a significant amount of that. In terms of the role of government, I am comfortable that we are achieving the demand through the modelling that we are doing. Also importantly, and that is the point I was about to make before I was cut off—

**MR CAIN:** In particular, land for detached housing. You are saying you are meeting the demand?

**Mr Ponton:** we are achieving the government's policy of 70:30.

**MR PETTERSSON:** Just following on from Mr Cain's line of questioning, are there housing affordability issues in the ACT and are there housing affordability issues in other jurisdictions in Australia?

**Mr Gentleman:** I think it is a concern right across Australia and, indeed, many other jurisdictions too, as we have seen, I think, a slowdown in growth in wages, the cost of living and the rising price of housing. Certainly it is happening here in Canberra, but it is happening right across Australia and other countries at the same time. There are a number of levers that we can pull, of course, to supply what we can. We are doing that very supply during the ILRP process. But there are other taxation levers that the federal government can use as well. Indeed, if you look at some of the recent reports from leading economist agencies there are suggestions that indeed federal government levers can be changed to make housing more affordable, not just for Canberra but right across Australia.

There has been a strong change in the way people look at housing over the last 20 or 30 years as a growth in wealth opportunity rather than putting a roof over your head. That is a change that Australia has seen and that we have to combat. We have to make sure that we can provide housing for Canberrans into the future in the levers that we hold. But, of course, there are other levers that could be used as well. I have suggested before that I think some changes need to be made to the way in which the federal government does taxation and incentives and whether or not Canberrans and Australians want to move away from your home, being your wealth creation, to a house and a roof over your head.

**Mr Ponton:** The minister talked about levers available to the government. Going back to the point I made earlier, so to answer Mr Cain's question, I believe that our demand modelling shows that we are meeting the demand, because it is expected to be low.

Again, land release is not as straightforward and simple as it might appear on the surface. What I have been trying to get across today is that there are many different factors that feed into this.

An interesting point that I just observe is that the government, through its stimulus program to respond to COVID, had a range of measures, including through stamp duty concessions. That is why it is important not to consider those registrations for land ballots, because there is actually a stimulus benefit there where people are seeing a benefit to them to actually get in and purchase because of the stamp duty concessions. That does not mean that multi-unit housing or redevelopment opportunities or other private sector developments are not being taken up at the same time. That is just an example of one lever that the government used to stimulate the economy, which was so successful that we saw the inventory of land fly off the shelf. Again, it was the forward thinking of the government to make sure that it was there.

**MR PETTERSSON:** Further on from Mr Cain's questioning: in regard to how demand is calculated, what changes to the ACT's population have taken place in the past couple of years, mainly in the time frame of COVID?

**Mr Gentleman:** We have seen population growth of somewhere near 4½ thousand prior to COVID. But more recently—and today I had a look at the ABS stats—for Canberra it has dropped down to 0.1 per cent. So it is a lower population growth for that shorter period. We will continue with our program to ensure that we release much more land than what the population growth is to make sure we have it, as Mr Ponton said, on the shelf when it is needed. We have seen peaks and troughs in population growth but, just prior to COVID, very strong population growth for the territory. That has relaxed a little over the last 12 to 18 months.

**Mr Ponton:** And particularly overseas migration is really low.

**MR PETTERSSON:** Following on from Mr Cain's questioning about housing preferences, something that I have observed anecdotally since COVID kicked off is that the preference for apartment living has somewhat diminished. In the context of the pandemic, people have not particularly liked living near to others. Do you think that would play some part in the preference for detached housing?

**Mr Ponton:** What I have also observed—and I know where you are coming from, Mr Pettersson—is a shift in the type of apartments. Developers are actually thinking about this. If you start to look now you will see more study spaces, such as a study desk, or spaces where people can have their home office. More of them are really thinking about the outdoor spaces as well—not all of them. We agree that those forward-thinking developers are starting to think about that message in terms of what people experienced during lockdowns and what they might need moving forward, while still providing them with the choice of apartment or townhouse-type living.

**MR PETTERSSON:** Surely there is a pipeline problem there in that these preferences that people have for larger spaces in their apartments and more social places in an apartment block would not have filtered to the available stock in the market just yet.

**Mr Ponton:** I am seeing it in approvals and for developments that are under construction.

**MR PETERSSON:** They are not out yet?

**Mr Ponton:** Not yet—

**Mr Gentleman:** No, but if they are under construction, there is an amount of pre-sales that need to occur for them to get finance to do that. So you would extrapolate to say that that is what is being requested.

**MR PETERSSON:** Yes, it makes sense.

**Mr Ponton:** The point I make is that the industry is responding to what the market is looking for. Developers will not build buildings if they think they are not going to sell them. They will build them if they think they are going to sell them. If the market is telling them that they are looking for a particular product, you will start to see a shift in the product. Certainly, there may have been some increase in interest in single residential housing as a result of the first lockdown. That might have been an influence in 2020, when we saw all of those blocks fly off the Suburban Land Agency's shelves. We are starting to see a shift in the market across the board—developers starting to think about the market.

**MR PETERSSON:** Great.

**Dr Brady:** If I can just add: other information that we have seen from other cities as well is that, while some people might have said they would like to have a house with a yard, there have also been lots of people that are single dwellings and single people in apartments that have liked the sense of community. As I think Mr Ponton was referring to, it is more around the design of some of those public spaces. We have also seen that people actually like being close to centres or a street where they can go and get a cup of coffee.

We saw some shifts in the way people used the local centres, and particularly a shift for people who were single dwellings and actually wanted to have more of a sense of community. That is important. I think lots of jurisdictions and places around the world are looking at what that means for creating local communities and local centres.

**Mr Ponton:** It is simple things too. We are starting to see, coming through the assessment process, where developers are thinking about the design of the lobby on each floor to encourage people to intermingle and talk. We are starting to see on each floor small communal spaces, so people do not have to get in a lift and go down to the basement. They are actually starting to socialise with people on their floor in these communal spaces. We are seeing a real shift in the design—as I said, not all, but the forward-thinking ones are certainly doing this. That is picking up on Dr Brady's point that there are people who, during the lockdown, enjoyed the fact that they were part of that smaller community, particularly those people who did not have anyone else.

**MR CAIN:** But is that flowing through to demand for the type of residence that people want? I mean, you would not know yet. The other thing I wonder about your

modelling is that, post-COVID, we have seen more and more people working from home. That may well impact on their preference for housing because of perhaps not wanting to be part of a block of flats where everyone is relying on an internet service that is getting strained. It may well be that there are some other challenges to your current modelling, not just COVID itself. I think the point is well made that it does have a discouragement effect in being a dense housing population when you have a contagious event happening. Also, in terms of people working from home, they may actually review their housing preference to suit that home working environment.

**Mr Ponton:** Again, I am seeing coming through the pipeline, both through assessment and buildings that are under construction now, where developers in apartment complexes are designing flexible working spaces. Part of the community space is community working hubs. People might be in their apartment working, or they should go down to like a mini office in the building that they own. There are some really great responses to COVID that we are seeing by those forward-thinking developers who are thinking about all of these things, which means that we are seeing those apartments sell very quickly.

**MR CAIN:** Are you able to quantify that and build up an evidence-based model—

**Mr Ponton:** I can talk about the ones—

**MR CAIN:** that reflects these changes, apart from anecdotally?

**Mr Ponton:** I am just talking to you about what I am seeing. I have the benefit of seeing what is coming through the assessment process. Having said that, all these are publicly notified. I would encourage you to keep an eye out on what is being notified and have a look at some of these. I can think of some examples. Mr Braddock, there is a development called Nue in Gungahlin, which has one of these flexible workspaces. The Boulevard at Denman Prospect has one of these. Those are just two that come to mind immediately. There are a number of developers who are really thinking about this in terms of how they can respond to those changing needs and, as we have said, other communal spaces, meeting points—all of those sorts of things—to make sure that their product is meeting the needs. Keep in mind there are needs and demand. We need to make sure that the needs of communities are being met.

The apartment complexes that I am talking about are just one part of that. Then, of course, there is the greenfields development. That is why the government has the 70:30 split, because the government has recognised, as Mr Gentleman said, that there is a need and desire for some parts of the community for that type of living. But it is not for everyone. Then, as I said, there are those other overlayers of broader government policies around climate change, transport and efficient infrastructure provisions: all of those sorts of things that we need to overlay.

**THE CHAIR:** Mr Ponton, you mentioned that the Auditor-General, in his report, said that the government had exceeded its land release target.

**Mr Ponton:** Yes; that is on page 2. “Most recently the amount released has exceeded anticipated demand.” That is the line.

**THE CHAIR:** For the Indicative Land Release Program targeting 2016-17 and 2017-18, it did exceed the target, but it did not meet the target in 2018-19. The Suburban Land Agency did not meet the target by 856—that is, 21 per cent. Since you like to put things on the record by repeating it, let me repeat it for the record, for the *Hansard*: it did not meet the target in 2018-19 by 21 per cent.

**Mr Ponton:** We might want to take it on notice, but I think that was the point when we were starting to build the inventory as well. That is an important consideration. The government at the time, as I recall, was not as concerned about that because the inventory was starting to build. But we can come back to you on notice and confirm those exact numbers—at that point, how much land was on the shelf.

**THE CHAIR:** What the Auditor-General was actually concerned about was—and I quote:

In the context of the Indicative Land Release Program, land is counted as ‘released’ when it has been offered to the market. This is irrespective of whether it has been sold. As at 14 May 2020 the Suburban Land Agency has land for 1,549 dwellings available for sale including land for mixed use dwellings in Phillip and Belconnen, land for multi-unit dwellings in Taylor and 433 single residential blocks (290 of which are in Taylor).

This is the exciting part:

These have been reported as released but remain unsold. Land for 886 dwellings relating to the former Northbourne Flats (Braddon and Turner) was also released in June 2018 but this remains unsold. The release of the site of the former Macarthur House with a further 530 dwellings was stopped in 2018-19 as a consequence (but has since been offered to the market in April through a tender process).

We are seeing a lot of land being released but it is not being sold.

**Mr Ponton:** Which comes back to that point of the inventory. At that point the market was not as strong, and the government continued to release land. If it was the private sector, I suspect what you would have seen is that—

**Mr Gentleman:** A slowdown.

**Mr Ponton:** they would have completely slowed the release, if they released at all, until everything was sold. But the government held that unsold stock and continued to release land. That is why, as I recall, the government was not as concerned in that year, because it had, as you quite rightly said—and thank you for pointing out all of the numbers—quite a substantive inventory, which was very useful—

**THE CHAIR:** It was a lot.

**Mr Ponton:** Absolutely; and it was lucky that the government had that in 2020, when the demand started to pick up again. You are spot on.

**THE CHAIR:** Do they still remain unsold?

**Mr Ponton:** No.

**THE CHAIR:** These numbers?

**Mr Ponton:** No.

**THE CHAIR:** Do you feel—

**Mr Ponton:** Sorry, is that correct?

**Dr Brady:** Braddon is sold. The Mac House site probably is not finalised yet.

**THE CHAIR:** It is not finalised. How many are involved with that one?

**Mr Ponton:** We can come back—

**Dr Brady:** In terms of—

**THE CHAIR:** Macarthur House—

**Dr Brady:** It has been counted as release; but, in terms of sold and development, that is a different stage of the process.

**Mr Ponton:** I think the Macarthur House site has been sold but not yet developed.

**Dr Brady:** Yes.

**Mr Ponton:** I think the site of Braddon is not yet sold; correct?

**Dr Brady:** I think it is going through.

**Mr Ponton:** We can confirm that for you.

**THE CHAIR:** That would be great. My new question is in regard to the 15 per cent of land release that you have targeted for housing affordability, but it was not reached several years ago. Can you give us an update on that? It is still 15 per cent. Have you reached the target?

**Mr Gentleman:** Yes, 15 per cent is in the policy.

**THE CHAIR:** Yes, but have you reached the target of 15 per cent, Minister?

**Mr Gentleman:** Of sales?

**THE CHAIR:** Of the land release for housing affordability.

**Mr Gentleman:** Yes, it is in the ILRP. Fifteen per cent is the target.

**THE CHAIR:** It is the target, but have you reached that target, Minister?

**Mr Ponton:** All land release—

**THE CHAIR:** You have not done it in the past. You did not reach the target of 15 per cent in the past. It is in the Auditor-General's report, Minister.

**Dr Brady:** It was a—

**THE CHAIR:** Can you explain why you did not reach the target? Also, have you fixed the problem?

**Dr Brady:** The 15 per cent was a commitment made in the Housing Strategy. That came out in late 2018. It was a commitment going forward that the government, in forward indicative land release programs, would include 15 per cent of residential for community, public and affordable housing. Each year the ILRP, the program, has shown 15 per cent of releases. Each year the program does show that.

In terms of the actual timing of those pieces of land coming to market, there has been some lag in some of those. While it might have been shown in the Indicative Land Release Program, for example, in 2021-22, that the target was meant to be released that year as part of a release, if there has been a delay for some reason to the release then it might not get released that year. It might get released in another year. But it will not get counted in that other year because it was in the target for the year. With the release and the delivery time, there can sometimes be a lag.

**THE CHAIR:** If it released outside the target year, it is still counted towards the target year, not for the forthcoming year?

**Dr Brady:** Yes.

**Mr Ponton:** As an example—Dr Brady will correct me if I am wrong—with the Indicative Land Release Program for this year, there were a number of blocks in Taylor. That is subject to a third-party appeal through the tribunal, which means that that land might not be ready for release this financial year. Those targets would be included for that Taylor release, but because we are going through that third-party review process—and it is completely appropriate that that ability is there for somebody to seek a third-party review to an approval for an estate development plan—if that takes longer than we would hope, it might not be released until the next financial year.

**THE CHAIR:** But it would still be counted towards that target year; correct?

**Mr Ponton:** If it were for this year, it would show that we may not have achieved the target for this year, because it was released in the following year. But the following year might have extras in it, if that makes sense.

**THE CHAIR:** Instead of, say, 15 per cent, it might be a little bit more, because you have—

**Mr Ponton:** Indeed.

**THE CHAIR:** But that has not happened yet.

**Mr Ponton:** Over time it is 15 per cent every year, but in terms of the reporting there could be a lag, depending on the financial year and exactly when the land is released.

**Mr Gentleman:** It is also important to remember that this is an indicative program. There are challenges to delivering the program each year, and we try and work through those as best we can.

Having regard to the evidence Mr Ponton has provided to you, there are circumstances outside our control that we sometimes need to work through. Our targets are set. It is a strong policy, I think, and we would like to deliver it.

**Dr Brady:** The SLA, in their annual report, reports against the targets. That is another mechanism for tracking what actually got delivered in that 15 per cent target—through what the SLA reports as their releases for the year.

**THE CHAIR:** Have you reached that 15 per cent every two years, would you say, because you are counting the land release that is actually available the following year? I want to see whether you have actually reached the 15 per cent that is included.

**Dr Brady:** I would need to check. For the 2019-20 year, I think we did, but I would need to check. I will take that on notice, please.

**THE CHAIR:** Okay. Also, the following year—did you say it was 2019-20?

**Dr Brady:** There was certainly 15 per cent in the Indicative Land Release Program. I think your question is: were they released that year? For that year, it might not have been the full 15 per cent. Some may be delivered this year. We can get that information for you.

**THE CHAIR:** Yes, that would be great. The Auditor-General, in his report, notes that there were two financial years in which the 15 per cent was not met. Could you clarify whether it overlapped into the next financial year? If it did not, could you clarify that you actually did not reach that 15 per cent?

**Dr Brady:** We can clarify what the 15 per cent was in the Indicative Land Release Program and what was delivered each year. We can do it in a table; that will probably be the easiest way to reconcile it.

**THE CHAIR:** That would be great.

**Mr Gentleman:** We should probably look at it in response to what the four-year plan is—how we deliver within the four-year plan. That is what the Auditor-General looked at.

**THE CHAIR:** Yes; so is it 15 per cent every year—

**Mr Gentleman:** It is a key action of the Housing Strategy—15 per cent over the

forward four years. We can have a look at that.

**Dr Brady:** It is each year—

**THE CHAIR:** So it is 15 per cent for four years, instead of 15 per cent per year?

**Dr Brady:** It is 15 per cent each year. When the government releases the Indicative Land Release Program for four to five years, the housing targets apply to the first year of release. For this year, for example, when the government releases the 2022-23 to 2026-27 Indicative Land Release Program, there will be a 15 per cent allocation for 2022-23. Next year it will be for 2023-24. So one year is shown each time the land release program—

**Mr Gentleman:** We update it each year.

**THE CHAIR:** We want to know whether you have reached the target every year and how often it has overlapped. When you do overlap, are you actually reaching that 15 per cent in that year?

**Dr Brady:** We will take that on notice.

**THE CHAIR:** Because you do not include it in the forthcoming year. Thank you.

**MR PETERSSON:** The MBA, in its submission and its evidence earlier, spoke about concerns regarding land speculation and land banking in the ACT. What reforms has the government undertaken and what further reforms could be undertaken to address this practice in the ACT? What effect does land banking have on housing affordability in the ACT?

**Mr Gentleman:** It is a very good question and a very important question. I will reflect on my short time in the property industry, in the early 2000s, when there was quite a bit of land banking occurring, with speculative developers across the ACT. The government saw the challenges there; some builders would sit on land for some time, allowing its value to rise, and then put it back to market at a large cost to those wanting to enter.

The government put in place a number of processes to audit sales and audit the pre-sale process—this is probably more a matter for SLA—to make sure that those people that are identifying as possible purchasers are genuine purchasers and not simply purchasing for a builder or a developer to sit on for the future. Those audits are in place. They take place, I think, prior to sale in the first instance.

**Mr Ponton:** In terms of audits, yes, that is undertaken. Once the land is sold, there is monitoring of land that has been sold. In terms of the reforms that might be available, or that were available, the government—I am trying to recall exactly when this was; it was quite a number of years ago—did make changes to what is known as the commence and complete provisions. There is currently a relatively modest fee for a proponent to extend the commence and complete provisions in a Crown lease.

The government, in response to some of what the minister was referring to, in terms

of those early audits and understanding how much land was available, introduced changes that related to the rates for the particular parcel. If you are looking to extend or if you are beyond one year, it was one times the rates, two times the rates, three times the rates or five times the rates, for an extension to the commence and complete provisions.

It is interesting that the Master Builders Association has made this observation, because, as I recall, it was industry that was concerned about that and lobbied government, opposition and other members of the Assembly to seek changes to that. In fact, it was changed after a couple of years. I cannot recall exactly when it was. It would have been before 2015 or 2016, and it went back to the more modest arrangement. Certainly, the government did take an approach. Industry particularly was very concerned about that. Through the appropriate political processes, those changes were made.

I know that there has also been talk about consent provisions. We have in recent times, and working with the Law Society, tightened up significantly the approach to consent. This is where a purchaser buys a parcel of land and they seek to on-sell it, usually relatively quickly, for a profit. That requires the consent of the planning and land authority. If you look at our website, we have a statement there around those changes. It is much tighter now and it is not as easy for somebody to purchase—in fact, I think that now the consent is not granted prior to settlement. The first purchaser—and I can be corrected if I am wrong—will need to proceed with the sale, because that is what we were seeing; people were buying and then selling before they needed to settle. That was having an impact. That has all been tightened up. That occurred in the last 12 months, and through working with the Law Society, as I said.

**MR CAIN:** I was going to ask what percentage of these conveyances show that there is a different title owner compared to a different contractor in the first instance. You have said that that is being addressed; it has been identified. Prior to it being identified, in what percentage of conveyances was the title holder different from the original purchaser?

**Mr Ponton:** I do not have that figure at hand. I can check with my team to see whether that is readily available. If it is, I can certainly provide that to you, Mr Cain.

**MR CAIN:** Take that on notice for the committee.

**Mr Ponton:** Certainly.

**MR BRADDOCK:** I am interested in how that 15 per cent target works with commonwealth land releases, like the CSIRO site, which we have seen referred to in the media. Will there be a requirement for affordable and social housing for such a site?

**Mr Gentleman:** It is a very interesting question, in that the announcement today has indicated that the land would be sold to the private sector, so there would be no control by us over what occurs. There would be no—

**Mr Ponton:** If I could add to that, Minister, for the sake of clarity, this is national

land. There was an amendment to the National Capital Plan in around 2015. Being national land, that means the NCA would be the approval body. Therefore if it was sold to the private sector, and not to the ACT government, and it was not degazetted, as the minister said, there is no role for the ACT government in any approvals. We have no control over anything, including the social and affordable housing requirements.

If it was degazetted then that would be different. What we have seen in the past is that it would go through the NCA consideration process. Once developed, in stages, it would be degazetted; it then becomes territory land at that point.

**MR BRADDOCK:** Conceivably, there may be no affordable housing or social housing on that particular site. What would be the flow-on impact to the ACT in terms of trying to achieve its housing targets and be able to provide enough affordable housing for the ACT community?

**Mr Gentleman:** I think it will be a real challenge. We have, of course, been working with CSIRO since this discussion began, quite a number of years ago, to provide them with the information they might need in a planning context—what costs could be involved in infrastructure spends and those sorts of things. Of course, we would be very keen to take up the challenge of providing that land through our agencies. I think that would be appropriate, so that we have the controls. The Canberra community are the ones that elect us to keep those controls in place or amend those controls as we go forward.

It would be an opportunity for us to stay within our strategy of 70:30 into the future and still increase greenfields land. It could be a good opportunity. But we do not know what the cost would be. Of course, that is the important test. When we make purchases, and when we release land, we are doing it on behalf of the ACT community, not on a third-party occurrence, if you like. We need to be sure that we are providing value back to the Canberra community for the land that we sell. This relates to changes that we make to planning for the future. That goes back to the discussion we had earlier about the future strategy and making it affordable for Canberrans.

**THE CHAIR:** I have another question on the 15 per cent target. If I can go back to the Auditor-General's report, he said that the target was not reached in 2017-18 or 2018-19, in those two financial years, as I mentioned before. He said:

This is because the release of land for affordable and public housing is closely linked to the delivery of the Indicative Land Release Program. Any delays to the delivery of the program (as seen in 2018-19 with reduced releases for Block 12 Section 50 Lyneham (the former Macarthur House), Whitlam and Strathnairn impact the delivery of affordable and public housing.

Please help me to understand how this correlates. How does the delay, in not meeting the target, actually impact the delivery of affordable and public housing?

**Mr Ponton:** Dr Brady can add to this, of course. That is what we were talking about earlier in relation to when the land is released. In financial year X, we apply the 15 per cent target. For this parcel of land, in Braddon, the 15 per cent target is set as a

requirement. The terminology is important. The target becomes a requirement in the sales documents; it is released.

The issue is that, at times, if there is a delay in the release—and that can occur for a range of reasons, whether that is finalising due diligence, approvals, or whatever it might be—that release might slip over. Sometimes, more often than not, instead of releasing in June, it is released in July. That means we have achieved the requirement or the targets in this year, because it has now been counted in that year. That is what we were talking about earlier—that, in the following year, if we achieve everything, it actually might be higher than that. But in terms of the Indicative Land Release Program, we say that, for this year, we are going to apply this to this parcel of land. It then comes down to when it is actually released. As the minister said, that is why it is called an indicative land release program, because with everything in the land release program there are risks that need to be worked through, with respect to due diligence and a range of other matters.

**THE CHAIR:** Is there a way to increase the pace, and not have a delay? The delay actually impacts the affordable and public housing. How can the delay be reduced? That is what I would like to know.

**Mr Ponton:** That is a big question. As I said, there are a range of things that can impact a delay. It could be a third-party appeal, which means that we cannot—

**THE CHAIR:** Is a third-party appeal part of the Indicative Land Release Program?

**Mr Ponton:** That is what I am saying. Think about an estate. We cannot release individual blocks of land to sell to individuals unless it has an approval. We need to know that it is approved, and we can sell the land. If we do not have the approval, if the planning authority approves and there is a third-party appeal, that can take up to six months. That might then push it out. While we have done everything and planned for the release in this year, that third-party appeal might push it out to another year.

I am thinking of some examples in recent times with COVID, where we needed to get some contamination monitoring undertaken, to understand the contamination on the site. It was about looking at what we needed to do to remediate the site in order to release the land. We could not actually get the people who were the experts, because we did not have the expertise for this particular site in the ACT. That delayed it by three months; so there is already a three-month delay on that particular site. There are things that are outside our control that can result in a release.

Going back to my first point, it is a big question. There are so many different variables in terms of land release that could cause a delay.

**THE CHAIR:** Having set the target, Mr Ponton, at 15 per cent a year, would you say that you are working hard to make sure that these delays are reduced?

**Mr Ponton:** Absolutely. In fact, as part of advising the government, we identify risks; then, internally, we work with our colleagues to mitigate those risks.

**THE CHAIR:** In the interest of time, could you take on notice what you are actually

doing to make sure that the delays are being reduced?

**Mr Gentleman:** We have no control over some of the delays. That is what Mr Ponton was trying to explain to you. What we can do is prepare, and put the ILRP out for release. If there are lawful interactions like appeals, we have little control over that. It is a third party that is having that interaction.

**THE CHAIR:** Is that the only reason for the delays, Minister?

**Mr Gentleman:** No, there are some other delays as well.

**THE CHAIR:** There are other delays?

**Mr Gentleman:** What I am saying is that where—

**THE CHAIR:** That is what I am asking for. If you have this target and you are not reaching it, what are you doing to make sure that you actually reach it on an annual basis? I am talking about what is within your control, not outside your control.

**Mr Ponton:** What is out of our control is that we do not know what may cause all of those delays. It could be that, through the due diligence work, we identify contamination that we did not know was there. I could list all of the things that we sometimes come across—

**THE CHAIR:** That is external. Internally, are there specific ways that you can reduce the delays that you have control over?

**Mr Ponton:** With respect, Chair, it is the external influences that usually cause the delays.

**THE CHAIR:** That is the only cause of the delay?

**Mr Ponton:** Third-party appeals, unknown—

**THE CHAIR:** Is that the only cause of the delay, Mr Ponton? Is there anything within your control that you can do to reduce the delays?

**Mr Gentleman:** I think we are doing everything we possibly can within our control to meet those targets.

**Mr Ponton:** Yes.

**MR CAIN:** It is a fair point, though, to ask you to describe what the delays are and the degree of control that you have over them.

**THE CHAIR:** If you could take that question on notice, that would be great.

**Mr Ponton:** With the qualifier that I can include for you the types of things that we sometimes see, but I cannot give you an exhaustive list because the—

**MR CAIN:** As best you can.

**Mr Ponton:** joy of land release is that things arise that you do not expect; it can happen. When you think that a parcel of land is perfect for release, you might then identify that there is unknown contamination. If you think of Wright or Coombs, we started digging and, after all of the due diligence work had been done, to understand what was happening for the stormwater detention pond, we found out, once construction started—this is going back eight, nine or 10 years ago—that there was an unknown asbestos dump there. I will put that on the list, but these are the sorts of things—

**THE CHAIR:** Yes, I completely understand that. But if you are quite aware that there are things that are uncontrollable, from your point of view, why set the bar at 15 per cent? If you cannot do it, don't do it. Don't write it prettily on paper and not be able to achieve it. That is all I am saying. If there is something that you can achieve—

**Mr Gentleman:** Chair, if the committee wants to recommend to us that we do not set a target at 15 per cent, I will take that back to government. But I do not think—

**THE CHAIR:** That is not what I am saying. I am saying that you are the ones setting the target. If you can't reach it then change it.

**Mr Ponton:** Again, for clarity, the 15 per cent is linked to the total number of land release sites. We are actually looking at the broader land release, of which 15 per cent is for affordable and community housing. So the risks are not just for the 15 per cent; the risk is on the whole. The Indicative Land Release Program, as the minister said, is indicative because we acknowledge that there are risks in developing land. That is the very nature of it.

With the four-year program, in year 4, to get to that land, it is not just about it being ready to be sold. We sometimes need to undertake a Territory Plan variation. To undertake a Territory plan variation, we need to undertake a range of studies. Those studies might show up all of the things that we need them to, but you might have an unexpected find, when you start doing more detailed work. I can list the sorts of things under "land release 101", and say, "These are the things, when you are developing land, that can arise."

**THE CHAIR:** We understand the risk factor in everything.

**Mr Ponton:** Yes.

**THE CHAIR:** It is about being a little bit transparent when it comes to the 15 per cent.

**MR CAIN:** With the western edge studies, what studies have been completed, what is available as a report from those studies at the moment and what is anticipated?

**Mr Ponton:** In terms of reports that are available, I will ask Dr Brady to give the details. Most of it is internal at this point, I believe.

**Dr Brady:** We have done some preliminary investigations. Some of those have been around bushfire, ecological, drainage and lots of environmental mapping. We have been doing that with our environment colleagues in our own directorate. There has been a lot of preliminary investigation to understand the land. So it is not in a report. There are various investigations; some of them have just provided mapping of some of the potential areas of threatened species, for example—those sorts of things.

Some of that has indicated that we need to do further study. I cannot remember if the number is 900 or 9,000—the number escapes me—but, as you know, it is a huge area of land that goes down the western part of the ACT and the city. Those preliminary studies then help us step forward and look at cultural considerations on the land, heritage and culture, looking at water flow through the area and bushfire impacts, to help us get to a point of saying whether there is land that might have potential for development, or whether there is land that is of such high environmental value that it needs to be protected through reserves. When I say potential land use, it could be a range of land uses.

We are in the early stages of those investigations, to get to a point of what I call “blobby” areas that might show that an area might have some potential to be further investigated for a range of land uses. We are in the quite early stages of that work.

**MR CAIN:** With all of that, what are you able to make available to the committee? Can you provide a regular update to the committee on these investigations; hence reports?

**Dr Brady:** At this point it is quite technical information that we are using. The intention is that we will reach a point where we have a lot of that data and we can do some analysis. There will then be an appropriate point definitely to be engaging with the community—the Canberra community more broadly, I would anticipate.

**MR CAIN:** What is the time line for the investigation, the engagement and a final report?

**Mr Gentleman:** The investigations are ongoing, so engagement will still be a number of years away.

**Mr Ponton:** As I mentioned when we were talking about this previously, Mr Cain, these processes take quite some time—10 years, usually, from the time you start to the point of being ready to consider release. Those are just the normal land release processes. We would need to think about at what point we will have material that is suitable for that engagement. As Dr Brady said, it is technical. We need to work through it. We need to engage with the environment experts that we have within government, and think about and make some recommendations to government. I would not want to give you an absolute time frame right now, but maybe we could turn our mind to that and come back to the committee in relation to when that material might be available in a form that is appropriate.

**MR CAIN:** What was the last similar-scale investigation for prospective development in the territory?

**Mr Ponton:** It would have been Molonglo.

**Mr Gentleman:** Probably Molonglo.

**MR CAIN:** That was over what length of time?

**Mr Ponton:** About 10 years.

**THE CHAIR:** We heard from ACTCOSS about community housing and less than one per cent of the land release being given to community housing. Did you read their submission, Minister?

**Mr Gentleman:** Yes.

**THE CHAIR:** In their submission they said that if the land released could be discounted by \$100,000 or \$150,000 for individual plot purchases, they would be able to construct housing which could be made available to people on low incomes at below market rentals for decades to come. Would that be something that you would consider, Minister—giving discounted plots to community housing so that they could support people on low incomes?

**Mr Gentleman:** It is always important to support people on low incomes. ACTCOSS do a good job in advocating for them. We need to be careful, of course, as I said earlier, in that the land does not belong to us—it belongs to the ACT community. It is with their permission that we would release that land to those sorts of agencies to provide that sort of housing. It is a discussion—

**THE CHAIR:** What do you mean by “permission from the ACT community”?

**Mr Gentleman:** We need to make sure that they would be on board for that discussion as well.

**THE CHAIR:** Are you talking about in general?

**Mr Gentleman:** Yes.

**THE CHAIR:** By doing a survey?

**Mr Gentleman:** That is why we put our policy—

**THE CHAIR:** Is that what you mean?

**Mr Gentleman:** That is why we put policies out to the community well in advance of land release and strategic planning, to get their authority before we make those decisions.

**THE CHAIR:** Are you saying that if a majority of Canberrans would like to see the community housing land release be discounted by \$100,000 to \$150,000 on individual plot purchases so that they could support low income Canberrans, you would support that survey?

**Mr Gentleman:** It would be a matter for government to look at, for sure.

**Mr Ponton:** There are some technical matters that are useful to consider in relation to what ACTCOSS has suggested. First of all, when land is sold to a community housing provider, there are certain requirements. Let us say that it is for build to rent. It will be for rental, or it has be held for a 10-year period to prevent windfall gains, or whatever. Those provisions are incorporated into the Crown lease. That, in and of itself, actually impacts the market value. Once you start to include restrictions in a Crown lease, the value comes down. So that is already happening. We are seeing that where community housing providers are getting land at reduced value—I use that term carefully; I will come back to that—because of the way the lease has been constructed.

If the suggestion is that the land is provided so that they can build a house and sell it, and there are no restrictions, that is a different matter from a technical perspective, and one that the committee may wish to tum their collective minds to. I am sure you would know that the government cannot, under the Planning and Development Act, sell land for less than market value. If it does, it then becomes a concessional lease. Of course, we cannot have a concessional residential lease. That is a technical issue, which is why it is done through the lease, and we actually value the lease with the restrictions in it, as opposed to just providing a discount, because legally we cannot do that.

**THE CHAIR:** Would you consider one per cent to be sufficient for their needs, or would you consider—this is probably a question for you, Minister—increasing that community housing release to five per cent, as is the case in other jurisdictions?

**Mr Gentleman:** That would be a discussion in cabinet, I would imagine; all ministers would want to have some input there.

**THE CHAIR:** On behalf of the committee, I thank the minister and officials for their attendance today. If witnesses have taken any questions on notice, could you please provide answers to the committee secretary within five working days. The committee's hearing is now adjourned.

**The committee adjourned at 4.16 pm.**