

# APPROPRIATION (NATION BUILDING AND JOBS) BILL (No.2) 2008-2009

## THE INQUIRY

1.1 The Appropriation (Nation Building and Jobs) Bill (No.2) 2008-2009 (the Bill) was introduced on 4 February 2009 as part of a package of six bills to give effect to the Government's Nation Building and Jobs Plan.

1.2 On 5 February 2009, the Senate referred the provisions of the Bill relating to the social housing program to the Community Affairs Committee (the Committee) and the package of bills to the Finance and Public Administration Committee (F&PA). The presentation of the Committee's report was made an order of the day for 12.31pm on Tuesday 10 February 2009. In taking evidence in relation to the Bill the Committee could not meet to consider the Bill at the same time as the F&PA Committee was meeting to consider the Bill and related bills. On 9 February the presentation time for the report was moved to 7.31pm on 10 February.

1.3 The Committee's inquiry concerned only the social housing program. The broader economic and fiscal issues underpinning the Nation Building and Jobs Plan were considered during the Finance and Public Administration Committee's inquiry

1.4 The Committee received 2 submissions relating to the Bill and these are listed at Appendix 1. The Committee considered the Bill at a public hearing in Canberra on 10 February 2009. Details of the public hearing are referred to in Appendix 2. The submissions and Hansard transcript of evidence may be accessed through the Committee's website at [http://www.aph.gov.au/senate\\_ca](http://www.aph.gov.au/senate_ca).

## THE BILL

1.5 The main purpose of the Bill is to propose appropriations from the Consolidated Revenue Fund for services that are not the ordinary annual services of the Government in relation to the Nation Building and Job Plan.<sup>1</sup> During the Second Reading speech of the Bill in the House of Representatives, the Treasurer, the Hon Wayne Swan MP, noted that the Commonwealth Social Housing Initiative will provide up to \$6 billion to the states and territories to fund the construction of approximately 20,000 new dwellings. The Commonwealth will also provide \$400 million for repairs and maintenance of existing public housing stock over two years.<sup>2</sup>

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1 *Explanatory Memorandum*, p. 1.

2 Hon Wayne Swan MP, Treasurer, *Proof House of Representatives Hansard*, 4 February 2009, p. 7.

1.6 The initiative is intended to boost the supply of public and community housing for people who are homeless, at risk of homelessness, or who are paying very high rental costs. Details released as part of the *Updated Economic and Fiscal Outlook* (UEFO) indicated the funding will be provided over three and a half years from 2008-2009 to 2011-2012. The UEFO stated:

The first stage of this program is to fund some 2,300 new dwellings by bringing forward construction already approved. The remainder of the funding will be allocated to address areas of most urgent need. State governments will be responsible for conducting Commonwealth approved tender processes for the construction of the additional dwellings. Tenders will be structured to include spot purchases of new house and land packages to ensure both large and small builders benefit from increased construction activity.<sup>3</sup>

1.7 The funding for social housing will begin immediately and new houses should be largely completed by 2010. \$200 million will be provided this financial year for repairs and maintenance and \$60 million for new construction. The funding will be allocated to state and territory governments on a per capita basis through a new Economic Stimulus National Partnership Agreement signed on 5 February 2009 at a special COAG meeting held to ensure rapid delivery of economic stimulus measures to support employment and growth and to foster a more resilient Australia. See Table 1 for funding by jurisdiction. The actual number of new dwellings will depend on a range of factors, such as their size, type and location and the capacity of States and Territories and the not-for-profit sector to leverage additional funds from other sources.<sup>4</sup>

1.8 The allocation of funding will be over two stages:

- Stage One - States will initially be allocated funding (up to \$692 million) for suitable projects already in their development pipelines that can be brought forward and built in the time frame (2008-09 and 2009-10). States have agreed to submit proposals by 15 March 2009 and the Commonwealth will make allocations for stage one construction projects by 1 April 2009; and
- Stage Two - Funds from 2009-10 to 2011-12 (around \$5,296 million) will be allocated to States on the basis of an assessment of suitable proposals. States have agreed to submit proposals by 30 June 2009 and the Commonwealth will make allocations for stage two construction projects by 30 August 2009.<sup>5</sup>

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3 Statement by the Hon Wayne Swan MP, Treasurer and the Hon Lindsay Tanner, Minister for Finance and Deregulation, *Updated Economic and Fiscal Outlook*, February 2009, p. 19.

4 Hon Wayne Swan MP, Treasurer, *Fact Sheet 011 - 2009 Updated Economic and Fiscal Outlook - \$6.4 Billion Public and Community Housing*, 3 February 2009, p. 1. Available from <http://www.treasurer.gov.au> (accessed 9 February 2009).

5 Special Council of Australian Governments Meeting, Nation Building and Jobs Plan, 5 February 2009, Communique, p. 6.

**Table 1: Funding by jurisdiction****Social Housing Initiative: State-by-State Breakdown****New Construction - Stage One/Two**

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	TOTAL
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2008-09	19.6	14.9	12.0	6.1	4.5	1.4	1.0	0.6	60.0
2009-10	1262.3	959.8	775.3	391.9	290.2	90.3	62.4	39.8	3872.0
2010-11	568.6	432.3	349.2	176.5	130.7	40.7	28.1	17.9	1744.0
2011-12	101.7	77.3	62.5	31.6	23.4	7.3	5.0	3.2	312.0
<b>TOTAL</b>	<b>1952.1</b>	<b>1484.3</b>	<b>1199.0</b>	<b>606.1</b>	<b>448.8</b>	<b>139.6</b>	<b>96.4</b>	<b>61.6</b>	<b>5988.0</b>

**Repairs & Maintenance**

2008-09	65.2	49.6	40.0	20.2	15.0	4.7	3.2	2.1	200.0
2009-10	65.2	49.6	40.0	20.2	15.0	4.7	3.2	2.1	200.0
2010-11									
2011-12									
<b>TOTAL</b>	<b>130.4</b>	<b>99.2</b>	<b>80.1</b>	<b>40.5</b>	<b>30.0</b>	<b>9.3</b>	<b>6.4</b>	<b>4.1</b>	<b>400.0</b>

**Total Funding per Year (New Construction and Repairs & Maintenance)**

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	TOTAL
2008-09	84.8	64.4	52.1	26.3	19.5	6.1	4.2	2.7	260.0
2009-10	1327.5	1009.4	815.4	412.2	305.2	94.9	65.6	41.9	4072.0
2010-11	568.6	432.3	349.2	176.5	130.7	40.7	28.1	17.9	1744.0
2011-12	101.7	77.3	62.5	31.6	23.4	7.3	5.0	3.2	312.0
<b>TOTAL</b>	<b>2082.5</b>	<b>1583.5</b>	<b>1279.1</b>	<b>646.6</b>	<b>478.8</b>	<b>148.9</b>	<b>102.9</b>	<b>65.7</b>	<b>6388.0</b>

*Source:* Additional information tabled at hearing 10 February 2009 (Department of Families, Housing, Community Services and Indigenous Affairs).

1.9 In addition to the funding commitments by the Commonwealth, it was agreed at the COAG meeting on 5 February that the states would:

- identify, manage and report on Commonwealth approved construction projects and repair/maintenance programs in their jurisdiction;
- manage funding for successful proposals, with project payments made on achievement of project milestones with 75 per cent of these new homes to be completed by December 2010;
- ensure recurrent costs of new housing are met, with completed dwellings to be owned by State governments or community housing providers; and
- progress reforms in the sector and report to COAG by December 2009 on these. Further details were outlined in Schedule C to the National Partnership Agreement (see Appendix 3).

1.10 The initiative is also intended to stimulate the building and construction industry, through funding the building of additional dwellings and increased expenditure on repairs and maintenance. This stimulus to the housing construction sector 'will translate into about 15,000 jobs over the next two years'.<sup>6</sup>

6 Statement by the Hon Wayne Swan MP, Treasurer and the Hon Lindsay Tanner, Minister for Finance and Deregulation, *Updated Economic and Fiscal Outlook*, February 2009, p. 19.

## BACKGROUND

1.11 Housing assistance is an important part of the social and welfare policies of the Australian and state and territory governments. In the past, the Commonwealth, state and territory governments provided funding for public housing and other housing measures through the Commonwealth-State Housing Agreement (CSHA). The Commonwealth Rent Assistance program (CRA) also provides an income supplement paid to eligible individuals who rent accommodation in the private rental market.

1.12 On 29 November 2008 the Council of Australian Governments announced a National Affordable Housing Agreement (NAHA) which brought together existing Commonwealth housing and homelessness assistance programs. The NAHA will provide \$6.2 billion over five years from 2008-09. Under the Social Housing National Partnership of the NAHA, the Commonwealth will provide \$400 million over 2008-09 and 2009-10 for capital investment in social housing and homelessness. This will increase the supply of social housing through new construction, providing approximately 1600 to 2100 additional dwellings by 2009-10.<sup>7</sup>

1.13 Also recently established was the National Rental Affordability Scheme (NRAS). NRAS is a Commonwealth Government initiative to stimulate the supply of up to 50,000 new affordable rental dwellings by 2012. Under NRAS successful applicants will be eligible to receive a National Rental Incentive for each approved dwelling, on the condition that they are rented to eligible low and moderate income households at 20 per cent below market rates.

## ISSUES

### *Public and community housing demand*

1.14 Witnesses generally agreed on the need for additional public and community housing units. Mr Frank Quinlan of Catholic Social Services noted that there was 'enormous pent-up demand in the community and social housing area' and noted that the '20,000 stock that is anticipated by this project only goes some way to meeting the anticipated demand and the anticipated need'.<sup>8</sup>

1.15 Mr Simon Smith Executive Officer of Homelessness Australia emphasised that timely access to housing is critical in responding to homelessness and noted that currently half of all people with an urgent need for housing assistance, including people experiencing domestic violence, must wait three months before they are allocated housing. He also noted that the measures in the Bill would support the

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7 Council of Australian Governments, *Communique*, 29 November 2008, Attachment C, pp. 28 - 29.

8 Mr Frank Quinlan, Catholic Social Services, *Proof Committee Hansard*, 10 February 2009, p. 2.

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Government's objectives, outlined in the White Paper on Homelessness, to halve homelessness by 2020.<sup>9</sup>

1.16 The joint submission from the major church providers noted that an estimated 100,000 Australians are homeless, including 14,000 who rely on emergency accommodation. They suggested that while the cost of housing may be easing for some, such as mortgage holders, others would suffer if economic conditions worsened. They stated:

With physical constraints in rental markets expected to persist over the next two to three years (that is, vacancy rates will remain at record lows), there is likely to be little easing of rent prices in the short-term. The greatest source of increased demand for housing services, however, is likely to be increased risk of unemployment, which will leave some individuals and families unable to meet their housing costs.<sup>10</sup>

1.17 Estimates in the UEFO project that the unemployment rate in Australia will rise to seven per cent by June 2010. Mr Simon Smith of Homelessness Australia noted that while the relationship between homelessness and unemployment was complex it was important that a robust social safety net existed in a 'deteriorating economic environment'. He stated:

It is always important, but with unemployment increasing and with homelessness invariably increasing at the same time, an increase in public and community housing will be very important to help us to address the fallout that comes from that.<sup>11</sup>

1.18 The Australian Institute of Health and Welfare (AIHW) has indicated that there has been a drop in the level of public housing stock, 'decreasing nationally from around 372,000 dwellings in 1996 to 340,000 dwellings in 2007'. The availability of low-rent housing in the private rental market has also not kept pace with the increased demand by low-income households.<sup>12</sup>

1.19 The AIHW has highlighted a trend in government expenditure over the period from 1994-1995 to 2003-2004. While CRA expenditure increased 9 per cent over this period CSHA expenditure decreased 31 per cent. However the AIHW also noted that these trends should be viewed with caution as the CRA is a recurrent expenditure program driven by demand whereas the CSHA includes a capital component that has resulted in public housing assets that are continually used for housing assistance.<sup>13</sup>

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9 Mr Simon Smith, Homelessness Australia, *Proof Committee Hansard*, 10 February 2009, p. 12.

10 Joint submission major church providers, *Submission 1*, Attachment 1, p. 22.

11 Mr Simon Smith, Homelessness Australia, *Proof Committee Hansard*, 10 February 2009, p. 14.

12 Australian Institute of Health and Welfare, *Housing Assistance in Australia*, 2008, p. 7.

13 Australian Institute of Health and Welfare, *Australia's Welfare 2007*, 2007, pp. 222 and 458.

## ***Implementation***

1.20 Implementation issues were highlighted by a number of witnesses and in particular the role and capacity of state and territory housing authorities. Ms Carol Croce of the Community Housing Federation of Australia noted the need for clear public criteria so that the use of funds in the initiative could be assessed. She also highlighted the need for strong accountability and enforcement measures, 'something with teeth', to ensure that funds were used appropriately. She stated:

The Prime Minister said that the government would be watching to ensure that the stimulus funds do not replace existing state money and programs. I think the states and territories must be accountable for how the funds are spent in line with the Commonwealth targets and there must be a strong enforcement component in any agreement that is signed.<sup>14</sup>

1.21 Similarly Ms Susan Helyar of UnitingCare noted that:

The other issue, I think, is to make sure that the systems in place for rolling out the money are accountable and transparent, but also simple. There are a range of legislative changes underway in states and territories. I think making sure that the reform process going through the COAG agenda continues to operate to reduce the red tape, administrative compliance and burden on providers is important because that is one of the things that slows down projects and diverts resources from delivering projects to reporting on administering funding sources.<sup>15</sup>

1.22 FaHCSIA officers advised that scrutiny around the whole of the economic stimulus package 'will be fairly vigorous'. Ms Peta Winzar stated:

We have provision in our agreement with the states to withdraw, withhold or reallocate funding if they fall behind on their delivery milestones. We will be monitoring their progress in terms of development applications, development approvals, commencements, completions and tenanting quite diligently, and we will be providing reports to our ministers on a very regular basis. I think that at this stage it is proposed to have monthly reports at headline level and then much more detailed reports at quarterly intervals.<sup>16</sup>

1.23 The ACOSS submission also highlighted a number of areas which they considered required clarification, including the definition of 'social housing' and how social mix targets will be achieved.<sup>17</sup> In relation to the social inclusion objectives of the initiative Mr Geoff Leeper of FaHCSIA stated:

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14 Mr Carol Croce, Community Housing Federation of Australia, *Proof Committee Hansard*, 10 February 2009, p. 11.

15 Ms Susan Helyar, UnitingCare, *Proof Committee Hansard*, 10 February 2009, p.4.

16 Ms Peta Winzar, FaHCSIA, *Proof Committee Hansard*, 10 February 2009, p. 28.

17 ACOSS, *Submission 2*, p. 7.

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The guidance we have given in the national partnership agreement certainly leads to a view that, if I can use the term salt and pepper arrangements will be preferred rather than broadacre. We are not interested in this package resulting in 200 social housing dwellings being put in a single location. We are much more interested in buying 10, 15 or 20 per cent of a larger development, be that multiunit or detached housing, which are for social housing purposes, to sprinkle, so to speak, the social housing more appropriately and equally.<sup>18</sup>

1.24 Professor Julian Disney stressed the importance of 'this additional support for growth interacts effectively with other parts of the package that the government has developed, especially the National Rental Affordability Scheme' and the other housing initiatives and suggested an advisory panel on the program as a whole be established.<sup>19</sup>

1.25 Mr Adrian Pisarski of National Shelter highlighted that when 'much of Australia's public housing stock was built, it was built for a different kind of family structure than the ones we have now'. He stated:

Traditionally there are a lot of three-bedroom houses in that stock. The demand these days is much more for four-bedroom-plus properties for large families and for two-bedroom units, by and large. The stock has not really been matching the demand.<sup>20</sup>

1.26 FaHCSIA noted that the Commonwealth did not intend to be prescriptive with the states about types of dwellings and that the mix will depend very much on the profile of clients on the waiting lists in each jurisdiction.<sup>21</sup>

1.27 Ms Croce also noted that the opportunities which existed in the not-for-profit and community housing sector 'to leverage additional dollars from the private sector maximising the stimulus funds and increasing the amount of new, affordable housing stock for low and moderate incomes'.<sup>22</sup> FaHCSIA officers stated that while there was not a specific target their hope was that 'perhaps 75 per cent of the stock will eventually transfer to community housing ownership'. Mr Leeper commented on the rationale for the shift to community housing:

Initially we would like to diversify the provider base... A number of the community housing organisations and not-for-profit housing organisations of which we are aware are prepared to use the value of their balance sheets as debt equity, subject to financial approvals, to further boost the supply of

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18 Mr Geoff Leeper, FaHCSIA, *Proof Committee Hansard*, 10 February 2009, p. 32.

19 Mr Julian Disney, *Proof Committee Hansard*, 10 February 2009, p. 10.

20 Mr Adrian Pisarski, National Shelter, *Proof Committee Hansard*, 10 February 2009, p. 8.

21 Ms Peta Winzar, FaHCSIA, *Proof Committee Hansard*, 10 February 2009, p. 26.

22 Mr Carol Croce, Community Housing Federation of Australia, *Proof Committee Hansard*, 10 February 2009, p. 11.

social housing. So it is a way of leveraging the Commonwealth's investment.<sup>23</sup>

1.28 A number of concerns were raised regarding the possibilities for state housing agencies to sell down housing stock in response to additional Commonwealth funding. For example Dr Silberberg of the Housing Industry Association stated that there was an incentive for state housing authorities to transfer public housing stock to the not-for-profit sector. He continued:

That relates to the eligibility for Commonwealth Rent Assistance. Public housing tenants are not eligible for CRA, but those tenants under the management of a community housing entity would be eligible. In addition, public housing authorities are not GST free. Charitable organisations can get approval for GST-free status, which means that those GST-free entities can acquire social housing at a lower cost.<sup>24</sup>

1.29 However FaHCSIA officers noted that under the National Affordable Housing Agreement the Commonwealth purchases housing outcomes and seeks to measure 'access by Australians, particularly those in the lower two income quintiles, to affordable, safe and sustainable housing'. Thus the Commonwealth would not wish to prevent state and territory housing agencies from selling some of their legacy stock which costs more to maintain and no longer meets the needs of people who are seeking accommodation with the intent of using revenue to increase appropriate housing stock.<sup>25</sup>

### ***House construction sector stimulus and job creation***

1.30 Both the Housing Industry Association (HIA) and the Master Builders Association (MBA) noted that the housing construction sector was slowing. Dr Silberberg outlined that:

There are 25,000 private sector dwellings that have been approved but not yet commenced. Most of those dwellings are multi-unit and medium-density housing projects that have stalled, due in part to a lack of investor confidence and interest but also due in part to a lack of working capital. The stalling of those projects is placing jobs at risk in the industry.<sup>26</sup>

1.31 Dr Silberberg highlighted that spot purchasing by state housing agencies in some of the 'stalled' private sector housing developments could reduce risk for providers of finance and allow projects to be implemented quickly. These developments could generate an additional 85,000 jobs. The multiplier effect of the

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23 Mr Geoff Leeper, FaHCSIA, *Proof Committee Hansard*, 10 February 2009, p. 35.

24 Dr Ron Silberberg, HIA, *Proof Committee Hansard*, 10 February 2009, p. 19.

25 Mr Geoff Leeper & Ms Peta Winzar, FaHCSIA, *Proof Committee Hansard*, 10 February 2009, p. 27.

26 Dr Ron Silberberg, HIA, *Proof Committee Hansard*, 10 February 2009, p. 16.



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funding for social housing was highlighted by Mr Wilhelm Harnisch of Master Builders Australia noting that:

...as part of the economic stimulus package, this will very much generate economic activity, particularly through the multiplier effects, through manufacturing, obviously through the construction phase and then through the retail phase. All this will provide much-needed jobs in this industry. We agree with the HIA that the housing sector is very sluggish at the moment, so this stimulus package will certainly be a welcome boost—not only, obviously, to the social housing sector but, more importantly, to the economy and therefore to jobs, which is very important in the current economic climate.<sup>27</sup>

1.32 Mr Frank Quinlan of Catholic Social Services stated that the downturn in the construction sector meant there was likely to be available resources and capacity to implement projects despite the 'ambitious target'.<sup>28</sup>

1.33 ACOSS reinforced the point that social housing investment makes economic and social sense:

Investment in public and community housing will provide a direct stimulus to the housing and construction industry while also responding to the acute need for more affordable housing.

Investment in construction has clear flow on effects to other parts of the economy, as the construction industry uses mostly local materials and has a very large labour component.<sup>29</sup>

### ***Environmental building standards***

1.34 Concerns were raised regarding the energy efficiency standards of any new social housing constructed. For example ACOSS noted that new housing should be energy efficient 'to reduce the costs to tenants and minimise the environmental impact'.<sup>30</sup> However the HIA defended the current energy efficiency targets of new houses being constructed and noted that most public housing stock was below the 5 star rating for energy efficiency and that new buildings would meet these requirements. Mr Chris Lamont argued that there is a bigger efficiency dividend with respect to energy use to build five star rated houses and that '[d]iminishing marginal returns set in with respect to going from five to six'.<sup>31</sup>

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27 Mr Wilhelm Harnisch, MBA, *Proof Committee Hansard*, 10 February 2009, p. 16.

28 Mr Frank Quinlan, Catholic Social Services, *Proof Committee Hansard*, 10 February 2009, p. 4.

29 ACOSS, *Submission 2*, p. 6.

30 ACOSS, *Submission 2*, p. 4.

31 Mr Chris Lamont, HIA, *Proof Committee Hansard*, 10 February 2009, p. 21.

1.35 The HIA also noted that there was a lack of uniformity between states and territories in relation to environmental building standards and this complexity was a disincentive to development. Dr Ron Silberberg stated:

We have a plethora of regulation relating to the way in which dwellings are to be prepared for the market. In some cases we have manufacturers that have been so confounded by the differences in regulatory requirements they have given up manufacturing and supplying in some states....Each state and territory is operating on five-star energy efficiency, except in the case of Queensland and Tasmania, which have agreed to move to five star—in the case of Queensland, by next month.<sup>32</sup>

### *Ongoing obstacles to development*

1.36 The MBA and the HIA both noted a number of ongoing obstacles to the construction of residential developments which largely originated from state, territory and local government. These included stamp duty charges, development fees, planning approvals and consultation processes.<sup>33</sup> The issue of waiving such fees and charges was raised with the Department:

**Senator HUMPHRIES**—Will any of the planning and development processes be waived, fast-tracked or otherwise altered to make these projects happen?

**Mr Leeper**—That would be a matter for the states to decide. We certainly would be interested in raising with the states whatever possibilities they could pursue to make sure that potential construction that does not yet have development approval gets that as fast as possible, but that is a matter for the states to determine.

**Senator HUMPHRIES**—So you are interested in asking them but have not actually done that as yet.

**Mr Leeper**—Having executed the national partnership agreement at COAG last week, we now need to do bilateral implementation plans. We could potentially raise with the states in those plans what they would be able to do or be prepared to do to get their governments' support for fast-tracking development approvals, noting that that actually involves the local government level, not the state government level.<sup>34</sup>

1.37 Departmental officers confirmed that the projects to be funded in the first round of this scheme are ready for development.<sup>35</sup> The term 'shovel ready' was used in evidence to describe this level of readiness.

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32 Dr Ron Silberberg, HIA, *Proof Committee Hansard*, 10 February 2009, p. 21.

33 Dr Ron Silberberg, HIA & Mr Wilhelm Harnisch, MBA, *Proof Committee Hansard*, 10 February 2009, p. 20.

34 *Proof Committee Hansard*, 10 February 2009, p. 30.

35 Mr Geoff Leeper, FaHCSIA, *Proof Committee Hansard*, 10 February 2009, p. 27.

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### *Charitable tax status*

1.38 The Community Housing Federation of Australia (CHF) emphasised the importance of understanding that the funding that goes into public and community housing is spent entirely on housing. Due to the charitable status that the community housing sector enjoys, and government status, funding is not diverted towards stamp duty or transaction fees; it goes strictly into housing. However, concern was expressed that uncertainty still exists about their charitable tax status which needs to be addressed urgently. Ms Croce from the Community Housing Federation of Australia commented that:

We took care of it for NRAS, at least in a stopgap manner, so that the people participating will not have their charitable status challenged, but I think, even though it is being examined as part of the Henry review, it needs to be moved forward and dealt with more urgently so that the people who are providing housing at a non-commercial rate do not feel that their charitable status is in jeopardy if they are trying to provide housing through this stimulus package.<sup>36</sup>

1.39 The Department reassured the Committee in respect of those who participate in some of the housing measures from the stimulus package:

Our expectation is that most, if not all, of these 20,000 extra dwellings funded under this package would go to people who are currently on the public housing waiting list. We would therefore expect that they would be at the very lower end of the income spectrum. I think, therefore, that that poses much less of a problem for community housing organisations in terms of their charitable status—because there is no question of them drawing a large proportion of their income from people who the tax office might regard as not being a charitable objective.<sup>37</sup>

1.40 The Department also noted that 'the broader issue of the existence of charitable status organisations and their ability to play in a space, as it were, where they might be seen to be delivering quasi-commercial services—for example, housing—is a matter, I understand, which is likely to be considered by the Henry tax review that is running through the course of this year'.<sup>38</sup>

## **CONCLUSION**

1.41 While the Committee was asked to examine only the social housing aspects of the Bill it is clearly a significant component of the Nation Building and Jobs Plan – both in terms of the sizeable funding being allocated and the significant housing needs being addressed. The social housing provisions in the Bill received strong support

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36 Ms Carol Croce, Community Housing Federation of Australia, *Proof Committee Hansard*, 10 February 2009, p. 12.

37 Ms Peta Winzar, FaHCSIA, *Proof Committee Hansard*, 10 February 2009, p. 34.

38 Mr Geoff Leeper, FaHCSIA, *Proof Committee Hansard*, 10 February 2009, p. 33.

from all witnesses to the inquiry. The evidence which the Committee received highlighted that the stock of available public and community housing has declined while the demand for these services has increased, and is expected to increase further if economic conditions deteriorate.

1.42 The provisions in the Bill will clearly benefit the housing construction industry and will have a multiplier effect from additional purchases, employment and other business activity.

1.43 While concerns were raised regarding the implementation of housing projects and the efficiency of state and territory housing authorities, the Committee notes that the Plan does contain significant monitoring and compliance mechanisms.

### **Acknowledgements**

1.44 The Committee would like to thank the witnesses for their cooperation and willingness to speak at the hearing despite the tight timeframe of the inquiry and a late scheduling change.

1.45 The Committee also records its thanks to the Parliamentary Reporting Staff for their efforts in having a Hansard transcript of the hearing available within a few hours of the hearing.

### **Recommendation**

**The Committee recommends that the provisions of the Appropriation (Nation Building and Jobs) Bill (No.2) 2008-2009 relating to the social housing program be passed.**



Senator Claire Moore  
Chair

February 2009