

CORRECTED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into 2004–05 budget estimates

Melbourne – 18 June 2004

Members

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Witnesses

Ms C. Broad, Minister for Housing;

Ms P. Faulkner, secretary;

Dr O. Donald, executive director, housing and community building;

Mr L. Wallace, executive director, financial and corporate services; and

Mr K. Downie, director, strategic and corporate finance, Department of Human Services.

The CHAIR — Good morning to our new witnesses. I welcome Ms Patricia Faulkner, secretary, Dr Owen Donald, executive director, housing and community building, Mr Lance Wallace, executive director, financial and corporate services, and Mr Ken Downie, director, strategic and corporate finance, Department of Human Services. Minister, I call on you to give a brief presentation on the more complex financial and performance information that relates to the 2004 estimates for the housing portfolio.

Overheads shown.

Ms BROAD — Thank you, Chair. To go to our first slide, the budget overview, 2004–05 is the second year of funding under the present five-year commonwealth-state housing agreement, which the commonwealth announced it had signed yesterday. The commonwealth-state housing agreement sadly continues to be inadequate and has highlighted the very important contributions the state has made to affordable housing in Victoria, including \$50 million in new funds to the housing budget in 2004–05. This is on top of the \$30 million this year from the government's \$70 million for affordable housing growth. Significant funds will be available in 2004–05 for the development of non-government providers — that is, housing associations — and work will also commence in 2004–05 on establishing the disability housing trust, and that includes funds of \$10 million over three years which are expected to provide at least 100 additional units for people with disabilities. As the committee can see on the slide, Victoria's excellent record in funding crisis and homelessness services continues.

The next slide highlights the investment the Victorian government has made in affordable housing in Victoria in addition to its Commonwealth-state housing agreement requirements. State contributions are very clearly here propping up the shortfall of commonwealth funding. The \$283 million in additional housing commitments since 2000 includes: \$94.5 million for a social housing innovations program in the first term of government; \$70 million for expanding housing associations; \$10 million for neighbourhood renewal; \$10 million for the establishment of the disability housing trust; \$8.8 million for implementation of the youth homelessness action plan; \$40 million announced by the Premier in December last year; and, finally, \$50 million of new funding in this budget for increasing social housing stock.

Going to the next slide, I point out that funding has increased from 2003–04 in relation to the budget outputs as a result of that additional \$50 million announced in the May budget, so the increase is from \$305.5 million in 2003–04 to \$357.2 million in 2004–05.

Moving onto the major housing outputs, these are shown on the slide from budget paper 3. The homelessness measure has been amended for 2004–05 to better indicate the different types of homelessness assistance provided. The \$35 000 supported accommodation assistance program (SAAP) support episodes relate to more intense types of assistance that last longer than a day and may involve an accommodation response and a plan. In regard to the target of 81 300 information and referral occasions of service measures, those are instances of assistance that are much shorter in duration and would take up to around an hour at a time. So the government believes these amendments provide more transparency in the types of increases in homelessness services it wishes to monitor into the future. I also point out that we are maintaining existing crisis and transitional stock at 3740 properties. The two key outputs in the long-term housing assistance output relate to the 709 new properties to be acquired as well as the 2460 major upgrades to be carried out on existing stock across Victoria.

A key focus in 2004–05 continues to be major upgrades and improvements to stock, contributing not only to asset management objectives but also to the achievement of community building outcomes. In addition I draw the committee's attention to the additional social housing stock achieved in the context of lower commonwealth funding, which I illustrated earlier. We have also commenced many service initiatives to improve direct service to tenants, including the establishment of the maintenance core centre. While it is important to continue to invest in our public and community system, we will certainly be complementing this with significant investment that we will be making through the strategy for growth in housing for low-income Victorians.

Moving on to stock growth, the additional state money that has been invested in 2004–05 has allowed Victoria to continue to increase its total social housing stock. The achievement of stock growth should certainly not be underestimated. If Victoria was relying solely on commonwealth-state housing agreement funds we would certainly see a decline in stock, which is being experienced in almost every other state and territory around Australia. So this is happening in Victoria very much against the trend. Modest stock growth is being achieved at the same time as improvement in public housing quality — another very important objective and commitment of the government. A total of \$150 million will be allocated to upgrade and improve quality of public housing stock in

2004–05. That will deliver major upgrades of 2460 public housing units; 500 of those in neighbourhood renewal areas. It is important to distinguish that, in addition, \$91 million is being allocated for the priority areas in our maintenance program.

Success in the area of housing quality depends on more than just one budget. Asset management affects our ability to deliver services not only now but well into the future. The government is taking its responsibilities here very seriously, which is demonstrated on this slide. Very substantial investments have been made over the last four years to allow us to continue the opportunity to gain more leverage from what is a very sizeable asset base — around \$10 billion in assets.

Moving to the strategy for growth in housing for low-income Victorians, this strategy does not replace our existing community and public housing system but complements the work which will continue in that area. In 2003–04 we contributed \$70 million over four years towards the strategy. Significant progress has been made in processes and developmental work. The registration of intent process where not-for-profit organisations were invited to register their interest closed on 27 May, and those registrations are now being assessed by the department. It is an opportunity to secure more new affordable housing opportunities for low-income Victorians.

In conclusion, we now have the security of another five-year commonwealth-state housing agreement. Notwithstanding the inadequacy of the funds through that agreement, Victoria has continued to invest significant additional state funds in housing in 2004–05. The strategy for growth in housing for low-income Victorians will see \$30 million expended in 2004–05, consisting of \$20 million for the second year of the affordable growth strategy funding and \$10 million in 2003–04 funds carried forward.

The CHAIR — In the overheads of both the budget overview and the conclusion you have referred to the supported accommodation program and the fact that the current agreement with the commonwealth concludes in June 2005. My question is in two parts: can you outline the services that are delivered and your key performance indicators in relation to the supported accommodation and assistance program, and what is Victoria doing to ensure that those people using SAAP and other Victorians have the opportunity to get beyond the current agreement, which is quite concerning?

Ms BROAD — Thank you for that question. The commonwealth-state supported accommodation assistance program is a vital program across Australia. It underpins homelessness assistance here in Victoria. For example, an area which has received some well deserved public attention this week — that is, supported accommodation and assistance to women and women with children escaping from domestic violence — is largely supported by Victoria through SAAP. Some \$15 million is provided from SAAP in that area, so it is vitally important. This government has implemented significant expansion and reform of the homelessness service system, largely funded by the commonwealth, with the state matching funds through this program. In addition Victoria has spent some \$36 million above Victoria's matching requirements since 2000 to fund expansion and reform which would not have been possible through the commonwealth-state agreement.

It is very disappointing, to say the least, that the commonwealth has as yet failed to provide any commitment to a further SAAP agreement beyond June 2005 when the current agreement runs out. The Victorian government has demonstrated an ongoing commitment to the reform and improvement of services to people who are homeless. A meeting of commonwealth, state and territory ministers responsible for SAAP agreements will be held in July of this year to consider an evaluation report of the current agreement. It is of concern to Victoria that that evaluation canvasses the option of discontinuing the SAAP arrangements. It would be a very heavy blow indeed to the provision of homelessness support and assistance in this state if Victoria were required to pick up the contribution which is currently being made by the commonwealth.

With only a year to go before the agreement runs out, that is a major concern. I am certainly looking to the commonwealth to not wait until the agreement runs out in June next year to indicate its stance but to clarify right now whether this option, which is canvassed, of discontinuing the SAAP arrangements is really on the table. If that can be clarified, that will be a great relief to the many community agencies out there who deliver these services on behalf of governments and all of the staff that they employ to provide these services to people.

The CHAIR — Before we move to the next question, for anybody who has joined us since the opening comments were made, I did ask initially that people who approach the minister on the minister's side of the table are to approach on the basis of a request from the minister or her chief of staff. In terms of the public coming up to

the PAEC side of the table, members of the PAEC secretariat are permitted to come up to this side of the table but nobody else is.

Mr CLARK — I should make the point that people who assist individual members need to have some facility to pass material to them. I am sure the executive officer will be happy to do that, but you do need to recognise that other people wish to receive material from time to time as well.

The CHAIR — That has been organised. Anybody who wishes to pass anything to members of the PAEC is free to do so via the PAEC staff, and the executive officer is here. They should be well aware of that.

Mr FORWOOD — Minister, I refer to the stock growth slide and to the capital spend for the past year and the forthcoming year. In relation to the slide, is it possible for you to disaggregate the total stock owned by the DOH from the community-owned sector so that we know which are community owned and which are DOH? You can take it on notice. This slide combines the stock the government owns with the stock that is owned by the community sector. If we could have the disaggregation it would be useful.

This slide refers to additional state money, which leads to the issues that we talked about last year. In relation to the capital spend for the year just about to finish and the capital spend for next year — and again, if you do not have this to hand you might provide it on notice — what was the total capital spend this year and the total capital spend intended for next year and what will be the sources of the capital spend funds — some will be state, some might be federal, some might be whatever — and what do you think that will lead to? Is the figure of 709 the only capital spend, or will there be some other capital spend, as there was last year from memory, on improvements and redevelopment? You can either take it on notice or have a crack. I do not mind.

Ms BROAD — For 2004–05 the target of 709 new social housing units to be delivered will be funded not only through the new state investment but also through the existing commonwealth-state agreement sources, so it is a combination of sources. That total of investment will include the additional \$50 million announced in the May budget, \$96 million from commonwealth and state sources — that is, CSHA funds — together with funding announced in the 2003–04 budget of \$20 million for the strategy for growth in housing for low-income Victorians.

Mr FORWOOD — Does that mean that this slide is commonwealth–state disability agreement money as well?

Ms BROAD — I might hand over to the director of housing at this point.

Dr DONALD — Those figures do not include the commonwealth-state disability agreement funds, but they do include commonwealth-state housing agreement funds.

Mr FORWOOD — So the figure here for state money is not just state money, it is federal money as well? The total housing figure at the bottom of the slide is a combination of both sources.

Dr DONALD — A combination. It is total capital.

Ms BROAD — If I can put it another way, there would not be any growth in total stock without the additional state funds.

Mr FORWOOD — I am happy to accept that. If I could have the break-up for the two years, that would be useful. I note that the intention is for 709 next year. Do you know what level of stock you will be withdrawing, either through demolition or sale or the decision not to use again?

Ms BROAD — As I have indicated, the 709 is total acquisitions. That is largely construction, but it includes acquisitions from all sources. Expected sales and demolitions add up to some 650 units, so that gives you the two figures.

Mr CLARK — By way of supplementary, would you be able on notice to tell us what the figures are that make up each of the bars on this chart? It is a bit difficult when you have a chart without the actual numbers to translate the columns into actual figures. What is the actual number represented by each of these — —

Ms BROAD — The total number, yes.

Ms GREEN — Minister, I refer you to the long-term housing assistance output group in budget paper 3 on page 109. Also in your presentation you referred briefly to the government's growth strategy. Could you explain further the process for the establishment of housing associations, the selection criteria and the time lines involved?

Ms BROAD — Thank you for the question. The 2004–05 budget does include the second year of funding for this initiative, following, as I indicated in my opening remarks, a great deal of developmental work to date. It will provide more housing options for low-income Victorians as well as providing for diversification of the social housing sector. I am pleased to say that a lot of progress has been made, and there have also been some important learnings from the joint venture partnership approach in the government's first term through the social housing innovation project, the so-called SHIP program. Under that project the outcome that was achieved was some 30 per cent more housing than could have been achieved through state government funds alone. That is certainly the starting position in terms of the strategy for growth in housing for low-income Victorians, which includes the housing association policy. It is also about forging stronger partnerships between the government and non-government sectors, the not-for-profit sectors, and for planning as well as funding and delivering more housing opportunities and choice for low-income households.

The \$70 million announced as part of the 2002 election commitment was allocated in the 2003–04 budget to be expended over four years through to 2006–07. There has been a very intensive and successful consultation process with stakeholders to date — a very wide section of stakeholders, including community housing agencies, local government and tenants together with peak bodies and private sector financial institutions. That was held earlier in the year in preparation for the launch of the registration of intent process. That has proceeded, and the registrations are now being assessed. The department expects to be in a position to be able to take the next steps around August of this year.

There is a whole range of very important selection criteria against which those submissions are being assessed in terms of how they line up with the growth strategy, the organisational capacity and the operational capacity of the organisations that have registered an interest. There is a selection panel, which includes senior officers not only from my department but also from Treasury and Finance and the Department of Sustainability and Environment, which is involved in assessing the submissions and identifying prospective housing associations to partner with the government.

We are also getting financial and legal expertise to provide support to this process, because the sustainability of this initiative is vital to achieve the government's objectives. The government will be working with prospective housing associations to finalise their business plans and to assist them in negotiating access to growth funds. This is a partnership where the government will be providing that assistance. Last but not least, the government will also be providing a new regulatory framework to be embedded in legislation to provide all of the protections necessary to surround this initiative. It is my expectation that the government will be bringing that legislation in during the next sitting of Parliament.

The CHAIR — That is quite innovative. By way of supplementary, you might have information that is of a public nature about the selection criteria and so on which would be helpful to the committee in writing up its report. This is quite innovative, and it would be of interest to us.

Mr CLARK — Has the government yet decided how many public housing units will be handed over to housing associations under the new policy you have just outlined? If so, how many units will be handed over?

Ms BROAD — The government has indicated that consideration will be given only to a very small-scale transfer, if any, in this process. The government has very clearly ruled out any large-scale transfer. There has been some concern about this matter in light of overseas experience. While that is understandable, both myself and the director of housing have, in writing and at many consultation meetings where these matters have been canvassed in detail, made that very clear.

Mr CLARK — So 'modest' is well short of the 18 000 odd that was in the original report? Is that correct? When you say 'modest' you mean well below the 18 000 Mr Bisset's report initially referred to?

Ms BROAD — Absolutely.

Mr DONNELLAN — I am not sure whether this information is available and can be provided to the committee, but I was just wondering how many groups actually put in submissions under this program and whether it is appropriate to provide us with that information.

Ms BROAD — I might ask the director of housing to answer. The reason I am hesitating here is that while I have advice on that matter, given that the registrations closed on 27 May, there are some probity issues in relation to this process which are still under way.

Mr DONNELLAN — Maybe it is not appropriate.

Ms BROAD — We might take that on notice, and at the point where we think we can provide that information appropriately we will certainly do so.

Mr FORWOOD — I also have a quick supplementary. I do not expect you to know this because I certainly do not, but what is the accounting treatment of the transfer of these assets from your balance sheet to the balance sheets of the housing associations? How are you going to do it? Are you going to involve the land monitor in valuation? If you want to have a think about it and write me a note, that would be fine.

Ms BROAD — I might ask the director of housing to talk about this.

Dr DONALD — The process for transfer, if it were to occur — the minister has already foreshadowed that that would be case by case, and there is no current consideration of transfer — the standing practice would be that the valuation would be conducted by the land monitor or certainly under the overall oversight of the land monitor. That land valuation would dictate the asset transfer, and there would be a net reduction in the balance sheet in relation to that transferred stock. However, it is an entirely hypothetical issue at this point in time.

Mr CLARK — My question relates to the additional numbers of housing units being acquired and their cost. I must confess that I am a bit confused following previous answers and some other information that I want to refer to. When you look at the public sector asset investment program in budget information paper 1, which as you know comes out in the spring following the budget, and when you look at the Office of Housing new projects for 2003–04, the total spending shown there on new acquisitions is about \$16 920 000 for 484 units. If you look at the comparable figure for 2002–03, it was \$125 215 000 for 893 units. The average cost for that year was about \$140 000 per unit and the average cost for 2003–04 was about \$35 000 per unit, which seems very modest. None of those numbers seem to fit in with what we have been told about increases in the housing stock or the total amount of capital spend.

I wonder whether you can provide us with a reconciliation of both spending numbers and housing stock numbers over the past few years, in particular allowing for gross acquisitions and disposals. The minister referred to 600-odd being disposed of, and it was not clear whether that netted off the 700 or whether the 700 was a net addition. The minister also referred to additional Victorian government unmatched spending as making the difference to this, but I do not think she mentioned what the number involved for 2004–05 for Victorian government unmatched spending was. I was wondering whether perhaps you could take those issues on notice and give the committee a written reconciliation of dollar spends and housing stock movements over the past few years and for 2004–05.

Ms BROAD — We can certainly follow that up. I would be ecstatic, as would a lot of other people, if it were possible to add housing units at a cost of \$35 000.

Mr CLARK — My worry is that they have just acquired vacant lots which have not yet been built on. If these have been included in the total numbers of units, I would be worried about that.

Ms BROAD — I am sure that matter can be clarified, because unfortunately that is not the case.

The CHAIR — You will take it on notice and get back to us.

Dr DONALD — I think we can clarify a couple of matters immediately, and we will need to take on notice the request for detailed information. In terms of the matters which can be clarified, budget paper 1 lists major multi-unit developments, so it does not include single houses — —

Mr FORWOOD — Budget paper 1? Budget paper 1 is the speech.

Dr DONALD — Sorry, budget information paper 1. That includes multi-units, so the average figure you have calculated does not apply to single houses. Much more importantly, you will probably recall from previous discussions that the total revenues of the Office of Housing come from a variety of sources. The total expenditure — capital and recurrent — does not simply comprise appropriations. Trying to match numbers of stock against appropriated figures will lead to difficulties. You need to take into account additional revenues.

Mr FORWOOD — That was the purpose of my first question, which you have taken on notice.

Ms BROAD — I think the other thing we can clarify is that, while the budget papers include the appropriation figures, the targets and output measures are based on total sources of funds, which include internally generated funds in addition to the state appropriation.

Mr CLARK — That would make a reconciliation even more helpful.

Mr FORWOOD — You might consider including in the budget papers in future years a table on the capital side of things. We all tried to find it, and it is just not here. It would be useful information to have.

Ms BROAD — That might be a matter you need to raise with the Treasurer. I am happy to take it on notice and refer it to the Treasurer, but he determines what is in the budget papers.

Mr DONNELLAN — I refer you to page 142 of budget paper 4 and note the level of commonwealth funding for housing. In the light of the declining commonwealth-state housing agreement funding, what role is the government playing in the national affordable housing debate?

Ms BROAD — Thank you for that question. In the introductory slides I drew attention to the impact of declining commonwealth-state housing agreement funding. Victoria is endeavouring to make a leading contribution to the national affordable housing debate and that includes the development of the national affordable housing policy. Commonwealth-state housing agreement funds have reduced by nearly 30 per cent compared to 10 years ago, representing a loss of some \$600 million to Victoria, and that equates to nearly 4000 housing units. So while the commitment to the new commonwealth-state housing agreement is welcome and provides a good foundation for continuing the supply of public and community rental housing, it is only one of the streams required for a sustainable supply of public housing.

It is important that the states and territories work together to ensure that the commonwealth engages through the national housing ministers conference and its agenda and through the development of a national affordable housing policy. Housing ministers have agreed to promote a national strategic and integrated long-term vision for affordable housing in Australia. If that sounds a bit longwinded it is because a former commonwealth housing minister did not want the term 'national affordable housing strategy or policy' used, so that is the term that is used instead. This national affordable housing project has been established to achieve this end. It aims to provide state housing authorities as the authorities that deliver housing with a much better policy tool to pursue the affordable housing debate at the national level. It will prove especially important in formulating practical and achievable responses to the likely recommendations of the Productivity Commission inquiry. The Victorian government has been very active in making submissions to that inquiry and we are now awaiting the release of the final report by the commonwealth Treasurer because it has the potential to have a very significant impact on all of the issues surrounding the supply of private, public and community affordable housing in Victoria and nationally.

Mr DONNELLAN — As a supplementary question, is it looking at the issue of negative gearing and its impact upon low-cost private housing? Will the inquiry you just mentioned look at that issue as well and the tax implications and how that impacts upon the provision of low-cost private rental housing?

Ms BROAD — Those are matters which were canvassed in some of the consultations by the Productivity Commission and in submissions to it. The director of housing attended some of those consultations and might be able to add to that.

Dr DONALD — Attention has been given to the impact of negative gearing, and a range of views were more than adequately represented at those hearings, so the matter has certainly been considered in some depth and no doubt will continue to be so from time to time.

Mr FORWOOD — Minister, I refer you to pages 109 and 110 of budget paper 3, which are your output groups for housing assistance. On page 110 you will see that the total output group is shown as not applicable because the output is provided by the Office of Housing.

Dr DONALD — Which one?

Mr FORWOOD — Home ownership and renovation assistance. It says it is not applicable because it is funded out of the Office of Housing. If you go back to previous years it was around 200 and if you look at the measures on the previous page — joint venture units delivered during the year — the 380 dropped to 280, and the anticipated target is shown as 239. Does the Office of Housing put out an annual report in its own capacity which deals with these sorts of things, or is it part of your annual report? Where would I ascertain the total amount of funds spent on home ownership and renovation assistance?

Mr DOWNIE — It does not appear in these papers because it is not an output cost to the revenue of the state; it is funded through internal funds within the home loan portfolio, but it is not a secret so it can be provided to the committee.

Mr FORWOOD — Perhaps when you do that you could give us a profit and loss and balance sheet for the Office of Housing? That would be useful. In relation to the joint venture units delivered during the year, if you look of the target of 380 for 2003–04, which drops by 100 to 280 anticipated for the forthcoming year, note (e) says that it reflects SHIP and housing associations. I wonder if you could tell me what that means?

Ms BROAD — Can you direct us to where you are?

Mr FORWOOD — Page 109, under the heading ‘Quantity’ and ‘Joint venture units delivered during year’. The target was 380 for 2003–04, and you are expecting to deliver 280, and the target for the forthcoming year is 239. Note (e) on the following page says that the figures reflect SHIP and the planning stages for housing associations, and I do not understand what that means.

Ms BROAD — I think this is a timing issue.

Dr DONALD — The difference between the target figure for 2003–04 and the expected outcome is mostly associated with planning delays — development applications delays — in the delivery of the units as well as some construction delays. You are obviously well aware that these are major construction projects. They are sometimes contentious in the community and it takes time for planning approval to be obtained. Obviously the delays are difficult to predict — exactly how long that development process will take — but these projects are coming on stream; they are simply delayed from one year to the next.

Mr FORWOOD — So are they carried through funds from appropriation or are they being funded through the other mechanisms internal to the Office of Housing?

Dr DONALD — A combination of sources of funds, as indeed is the case with all capital projects. Funds required for those projects that are yet to commence and funds required for the completion of projects will be carried over.

Mr FORWOOD — Could you provide us with the carryover funding from 2003–04 to 2004–05? I do not want them now, but I am sure you have them. Seeing you have to get the approval of the Treasurer, I am sure you can do it.

The CHAIR — I am sure that members of Parliament would be very well aware of the reasons for the delays, particularly when members of Parliament become involved in opposing social housing!

Ms BROAD — I might also say that given I am Minister for Local Government as well as Minister for Housing, it becomes very interesting — —

Mr FORWOOD — When you write yourself letters!

Ms BROAD — When local government planning decisions that are made confound best endeavours for social housing projects, but I usually manage to balance my responsibilities.

The CHAIR — Minister, my question goes to the youth homelessness action plan. It is my understanding that that comes out of the Victorian homelessness strategy. In the department's response to the committee's 2004–05 budget estimates questionnaire there was some information on which we were keen to obtain further details, and that is in relation to the progressing and implementing of that initiative. My particular concern is with the youth homelessness program. Can you provide some more information on that program and how the effectiveness of those activities is assessed? I am also very interested in time lines and those evaluation processes.

Ms BROAD — Thank you for that question. The youth homelessness action plan does come out of the work of the Victorian homelessness strategy initiated in the first term of the government. It was also a 2002 election commitment. It is very important to focus on the homelessness area because around 40 per cent of those assisted by homelessness services each year are under the age of 25, so it is a very important group to focus on. That is the reason for the development of the youth homelessness action plan.

I am very pleased to say that after a lot of work not only within government but with agencies involved in delivering services to young people that the first stage report was launched on 23 May with Melbourne Citymission, one of the very important agencies involved in this area. Some 67 actions are listed under that first stage action plan for immediate action. I obviously will not go through all those today, but they are grouped under four main areas: developing preventive approaches, strengthening pathways to independence, developing the homelessness service system and responding effectively to client needs.

The report, which I would certainly recommend to members of the committee, identifies those actions and priorities that will be implemented over the next 12 months. Longer-term strategic priorities will be addressed in the final report which is to follow the report released in May. Perhaps I could acknowledge here again the very significant work that has been contributed by all the people involved. The final report is expected to be prepared in 2004 through to 2005. The \$8.8 million for the four years of its implementation, of course, has been allocated. The evaluation process will be formulated following the release of the final report, and that will examine not only the implementation but also the effectiveness of the key initiatives under the action plan.

Mr CLARK — Minister, as you know the Auditor-General recently released quite a critical report of several aspects of the performance of the Office of Housing, including at page 5 relating to the Office of Housing not being able to accurately calculate the cost of bringing stock up to housing standards because of the unreliability and accuracy of data, and that the Office of Housing would be unlikely to meet its full 2003–04 targets for property condition. At page 9 there are assessments that there was not an effective approach to managing regional performance to ensure maintenance related targets are met. Page 6 identified overcharging of \$2.7 million and \$3 million worth of work needing to be rectified while underperforming contractors were permitted to continue their work. What is being done to deal with each of these problems, particularly the difficulty of formulating the 2003–04 target for property condition assessments and the fraud and poor performance on the part of contractors?

Ms BROAD — I addressed a range of these matters in the upper house of the Parliament when the report was tabled. On that occasion I certainly welcomed the Auditor-General's report because it is very important that these issues are monitored and checked for the benefit of all public housing tenants in Victoria, indeed the whole Victorian community. That is also why this government initiated a major maintenance review in September 2002. This government recognised that there were significant issues around maintenance well in advance of this recent Auditor-General's report. There were, of course, earlier Auditor-General's reports on maintenance under the former government, but it was only after the election of the current government that a major maintenance review was initiated. Many of the issues that have been identified in the Auditor-General's report were also identified in the earlier review initiated under this government. I am pleased to say that many of the recommendations made by the Auditor-General are not only supported but have already been addressed or are in the process of being addressed as a result of the major maintenance review going back to September 2002.

We accept the Auditor-General's observation that progress is not fast enough and that efforts need to be increased to improve maintenance of public housing. That is the reason for one of the actions that I have taken following the tabling of the Auditor-General's report — to prioritise some \$15 million of the overall maintenance budget to address properties in the poorest condition. I should note that under this government, in the four years we have been in government, more than \$320 million extra, compared to the last four years of the previous government, has been allocated to address maintenance issues, and that signals very clearly that this is not only a matter which this government takes very seriously but is an area it has allocated substantial additional resources to and will continue.

The member in his question used the term 'fraud'. It is important to note that in the Auditor-General's report he has not actually identified any instances of fraud, but I can say very strongly to the committee today that if as a result of the Auditor-General's report or of the department's own endeavours in this area, including the additional mechanisms which are being put in place to provide stronger central scrutiny of contractors, any of those actions bring to light any instances of fraud, then they are certainly matters which I and my department will be cracking down on very strongly indeed.

I should also say that the vast majority of contractors do a very good job. It is important to remember in dealing with those contractors who are not performing adequately that we do not overlook the fact that the vast majority of contractors deliver maintenance to what is a huge housing business run by the Office of Housing and the Department of Human Services through its regional offices, and which I think anyone who has had any experience in dealing with their own housing maintenance renovation issues would know can lead to a whole lot of complications. With \$10 billion in assets, the housing portfolio certainly includes a proportion of housing stock where there are a lot of housing maintenance issues, but the government will continue to give this matter a very high priority, devote very substantial resources to it, and look to improve our performance in this matter.

Mr CLARK — Since you have had the review going since September, do you have arrangements in place to recover the overcharging of the \$2.7 million and the \$3 million of rectification work from the contractors involved?

Ms BROAD — I understand there have been some improvements already in that area, and I might ask if we can provide that information.

Dr DONALD — The latter figure is one that would be recovered. The first figure is an estimate, as it is based on a sample. One needs to realise the identification of the particular cases at point, and any cases that are identified are followed up and rectification work and/or recovery of funds provided for services that ultimately have not been provided will be put into place.

Mr FORWOOD — In light of the minister's comments, I just make the comment that the May 1999 report showed that 95 per cent of the total stock had been assessed by the department as fair, good or excellent, and this was consistent with the commonwealth government which appointed the steering committee review which showed that 99 per cent of public housing stock in Victoria was in good condition.

Ms GREEN — Minister, I refer you to the output group in budget paper 3 on page 109. There is a measure there that refers to neighbourhood renewal projects which I know have been embraced with some passion by my colleagues, the members for Ballarat West and Seymour. Could the minister outline what has been delivered thus far, what initiatives will be delivered over the coming year, the experience of the earlier neighbourhood renewal projects and how that has informed the delivery of those in progress now?

Ms BROAD — Thank you for that question. The neighbourhood renewal has already helped to narrow the gap between some of our most disadvantaged communities in Victoria and the rest of the state. Residents, governments, service providers and local businesses are all working together to lift local employment, education and economic opportunities as well as improving housing, reducing crime and creating safer streets, and indeed healthier and stronger communities.

In relation to the Wendouree West example, which is much used by some of our colleagues, and rightly so, as one of the two early pilot projects of neighbourhood renewal, it has pioneered many of the processes and it does exemplify many of the values which can be achieved through this place-based initiative by this government. Each of the 14 neighbourhood renewal communities is unique, but it is true to say that what has been learned at Wendouree West is certainly informing all of the projects in the various stages of implementation. The experience there has certainly assisted in understanding the central importance of a number of aspects of the neighbourhood renewal approach, including first and foremost engaging residents, establishing suitable governance structures, joining up service providers, creating opportunities for education, training and employment, and achieving early changes which can be observed, pointed to, appreciated and demonstrated to everyone involved.

One critical lesson which has also been learnt is that achieving sustainable change in disadvantaged communities can be a slow process. It certainly involves substantial investment of resources over an extended period of time to achieve results. I am pleased to say that quite a number of the residents who have been involved from the early stages of the Wendouree West project are now terrific advocates for neighbourhood renewal generally, and one of

the most effective approaches in engendering engagement and support in other communities is for residents from Wendouree West to talk about their experiences and share them with other communities who are starting out as the government has successively rolled out new projects, including the ones committed to at the 2002 election, which are all now under way. It has been a particular benefit to have those residents able to explain to other residents the benefits of the program.

The CHAIR — Minister, before you move off that, one of the key points was creating opportunities for education and employment for residents, particularly those that were picking up traineeships and apprenticeships. Has there been any quantification of the results for the individuals involved, because it is really important from a skills base for this state to have professional trades people highly skilled and available, and that has been one of the results, I understand. If that documentation could be provided later, that would be good.

Ms BROAD — I would be very happy to do that. I should acknowledge here too the contribution to the overall effect of this program of my colleague Jacinta Allan, because the community jobs program has been a very important part of delivering on the focus on education, training and employment.

The CHAIR — And there will be spin-offs for housing when more people are trained as skilled in the professions and trades you require?

Ms BROAD — That is quite right. There is also a tremendous benefit for other people on housing estates to see people from their own estates doing these jobs. I have a figure here of some 734 positions funded through the community jobs program over the last two years with over 50 per cent of participants going on to further study or full-time employment.

Mr FORWOOD — Minister, recently there has been considerable public controversy over a family in regional Victoria that was allocated a \$250 000-odd house despite having a less than satisfactory record with the Office of Housing. I wonder if you could outline to the committee the basis on which a house would be allocated in those sorts of circumstances and whether or not you think there is a better system for dealing with these sorts of issues?

Ms BROAD — Perhaps I can start by saying there have been a range of approaches to this from members of Parliament, and I have dealt with those approaches. A number of members have written to me privately about some of these issues and have not sought to exploit them publicly. I cannot say that for all members of the opposition. I think it is important to acknowledge that the family here is a multi-service family that requires intensive support and assistance to manage in the community, and whilst some people might take the view that perhaps it would be easier for the Office of Housing to not house people with the needs that this family has, the view that this government takes is that every member of the Victorian community has a right to affordable, safe, secure housing. As well as that, every member of the Victorian community has a right to due process in these matters. The Office of Housing has taken into account a whole range of factors, addressing particularly housing assistance to this family to ensure that appropriate housing assistance is provided and balancing up the needs of the family and the wider community.

Essentially the process which is followed in relation to the rental of public properties is that all Office of Housing tenants are required to sign a tenancy agreement and to adhere to the Residential Tenancies Act, and that is no different from any housing tenants, whether they be private or public housing tenants. Where there are any issues the requirements of tenancy agreements and adherence to the Residential Tenancies Act are applied to all tenants through the proper processes, which include the Victorian Civil and Administrative Tribunal.

Unless Mr Forwood wants to go into further detail about this particular family, my view is that it is not particularly appropriate to single them out publicly. There are responsibilities which I share with the Minister for Community Services, and the Department of Human Services is certainly working very hard to deliver an integrated response to all of the issues here. My responsibilities are particularly in relation to the housing matter, but I certainly recognise that this is not simply a housing matter and it is important that all of the issues involved are addressed. I believe that is what the department is doing.

Mr CLARK — I would just like to ask a supplementary question. I do not want to follow down the path of any particular case, but I think a lot of members get feedback from constituents that they are sick and tired of seeing public housing stock being abused and apparently inadequate action being taken to respond to that. Can you assure the committee that if tenants fail to live up to their responsibilities under the agreements that you have

referred to, your policy is to take firm and appropriate action to deal with them to protect the public interest and not disadvantage those tenants who do comply with the law and look after the public assets in which they live?

Ms BROAD — Yes, I certainly can. I think the last part of your statement is a very important one — that is, that the vast majority of public housing tenants, just like the vast majority of private rental tenants, do the right thing and take very good care of their rental properties. But where that is not the case certainly the department takes appropriate action, including very strong action where that is warranted.

Mr FORWOOD — Thank you, Minister, for that response. I just wanted to ask, and you may need to take this on notice, how many people were evicted from public housing last year?

Ms GREEN — That is not a supplementary.

The CHAIR — That is a separate question. Thank you very much, Minister — —

Mr FORWOOD — Do you mean — —

The CHAIR — You can put it on notice.

That concludes the consideration of the budget estimates for the portfolios of local government and housing. Thank you, Minister, departmental officers present and those who compiled the copious volumes that are presented to the minister and departmental officers here at the table, many of whom never see the fruits of their work. So I ask that you pass on our appreciation to them. You will be forwarded early next week a copy of the transcript and any follow-up questions that may require your attention. Thank you.

Witnesses withdrew.