

Public Accounts and Estimates Committee

Inquiry into the Victorian Government's Budget Estimates 2020-21

Housing (Minister Wynne): 18/12/2020

Witnesses:

- Hon Richard Wynne
- Mr Ben Rimmer
- Mr Greg Stenton
- Mr Argiri Alisandratos
- Ms Chris Asquini
- Mr David Snadden
- Ms Sherri Bruinhout

ADDITIONAL INFORMATION REQUEST

QUESTION 1: Prioritising public housing improvements based on client need (Task allocation: Housing)

What level of inspections are conducted at these public housing properties before the upgrades are done?

(Mr RIORDAN: reference cited: BP3, p. 82)

Additional information

Mr RIORDAN: Thanks, Chair. Welcome, Minister and team. Budget paper 3, page 82. The budget provides for the ongoing social housing capital upgrade program. **However, we have received correspondence from a Mr Ronald Coleman living in Jackson Street, St Kilda. Now, he has had a leaking roof, mouldy walls and carpets. His property has been 'upgraded'—in inverted commas—with the installation of new kitchens and bathrooms, which I am sure he is appreciative of, in six of the 19 units, but instead of repairing the roof and the fences, which are falling over, the priorities seem to have been mixed up. What level of inspections are conducted at these public housing properties before the upgrades are done?**

Minister WYNNE: What level of inspection?

Mr RIORDAN: Yes. I mean, rather than someone just saying, 'We're going to put all new kitchens in' and leaking roofs and mouldy walls and other things are left unattended to in an upgrade. How does that work?

Minister WYNNE: In the first instance of course, I mean, we have committed significant funds towards our maintenance and upgrade program, with the \$500 million that we have allocated to build and upgrade community and public housing under the building works package. So we have got a significant amount of money there, and obviously a further \$30 million will be invested in disability accommodation as well. It aims to provide critical investment. I think that is where you are going to—

Mr RIORDAN: My question is: **what is the level of inspection before these properties are done?**

Minister WYNNE: Yes, well, I will come to that—in maintenance upgrade and refurbishment projects. So I think the allocation that we have provided is significant, at \$500 million, but in relation

to the particular asset management question that you raise, I would be happy for the Director of Housing to provide you with some insights into how they go about both the contracting and the inspectorial services as well, if that is okay.

Mr RIORDAN: Yes.

Mr RIMMER: Thanks, Mr Riordan. Each area of DHHS operationally has a team that are responsible for a particular group of public housing assets, homes. There is a regular inspection cycle for those assets, and we also receive, as you would expect, complaints and feedback and ideas from tenants very regularly about what is going on with their houses. The new money that is now available for maintenance is very well known to the operational teams, and they are spending it—I have to be frank with you—with some speed and fervour, which is good, because it is driving economic activity. If there is a specific question—I think you mentioned a particular address.

Mr RIORDAN: Yes, **there is a specific address. So I can perhaps give that to you after?**

Mr RIMMER: **I would be very happy to follow that up for you, Mr Riordan.**

Source: Inquiry into the Victorian Government's Budget Estimates 2020-21, Unverified Transcript for Housing (Minister WYNNE), 18 December 2020, **pp. 2-3**

RESPONSE

Homes Victoria engages prequalified construction services consultants registered with the Department of Treasury and Finance Construction Supplier Register to inspect and provide a costed scope of works for every property to be upgraded. This involves the onsite inspection of each property to assess the condition of the property and identify all works to extend the useful life of the property for a further 10-20 years. The consultants assess each property in accordance with a very prescriptive set of capital improvement business rules. Tenants with special accommodation requirements may request modifications to their existing public housing property due to a medical condition or disability which can be undertaken as part of the upgrade program.

Homes Victoria undertakes five yearly property condition audits of all properties. Properties are included on the upgrade program based on property type, age, previous upgrade history, property condition information and feedback from the divisional area/housing offices.

Source: (if a source is available, please insert here)

QUESTION 2: Equitable distribution of funding for rural Victoria (Task allocation: Housing)

Why does there appear to be such inequity in the funding of housing projects in rural Victoria?

(Mr RIORDAN)

Additional information

Mr RIORDAN: I would like to clarify—and this is really important for many country areas, and my area specifically—is in your Big Build budget 61 per cent of the \$1.25 billion has been allocated. **Of that allocated budget there are some real anomalies. For example, Geelong has 7 per cent of the public housing waiting list and is going to receive 31 per cent of that. An area that I represent, and particularly the township of Colac, gets zero and has no funding allocated.** Now, even more galling, really, is that there has been a strong community effort by non-profit and other community organisations trying to get more social and community housing for a real crisis in our community, and you specifically will not let the department deal with them. So where is the equity in the allocation of this funding for people? If you are in need, you are in need, and country Victoria is really missing out.

Minister WYNNE: Well, they are not missing out, Mr Riordan. I do not agree with that. So 25 per cent of the investment of the Big Build, as you rightly indicate, is allocated to regional and rural Victoria.

Mr RIORDAN: But we are 37 per cent of the emergency housing waiting list.

Minister WYNNE: And as I will indicate in my answer to you, we are open to partnerships right across regional Victoria, whether they are from the not-for-profit sector or whether they are partnerships with local governments themselves. I mean, we have not allocated all of these funds, absolutely not. **We will be looking for opportunities right across the state; Colac, of course, along with many other regional cities will have an opportunity not only to participate but we will be certainly looking for partnerships.**

Mr RIORDAN: So some early advice put out by your department, that there are areas that will not get it—you are saying that is not true?

Mr RIMMER: Mr Riordan, I am sorry, there has never been advice put out to that effect. There are certainly local government areas of Victoria which have a minimum investment guarantee, and other local government areas are able to access a whole range of other money on top of that. So all areas of Victoria—

Mr RIORDAN: Are eligible.

Mr RIMMER: are able to access money.

The CHAIR: **Thank you. Mr Gary Maas, MP.**

Minister WYNNE: **So the answer is: Colac will not be precluded—absolutely not.**

Mr RIORDAN: Thank you very much.

Minister WYNNE: **And I will get you an answer to the planning question before we finish today.**

Source: Inquiry into the Victorian Government's Budget Estimates 2020-21, Unverified Transcript for Housing (Minister WYNNE), 18 December 2020, **p. 3**

RESPONSE

The Big Housing Build will invest 25 per cent of the program – \$1.25 billion – across regional Victoria.

Building social and affordable housing in regional Victoria responds to the increasing population in Victoria's growth areas and creates more rental housing to support employment growth in regional towns and cities.

The Big Housing Build provides a Minimum Investment Commitment to regional local government areas that have a significant regional town or city or have high population growth. 18 local government areas have been identified for the Minimum Investment Guarantee, with \$765 million committed across these local government areas.

Homes Victoria will work to identify projects for the allocation of the \$485 million not yet committed to local government areas through the Minimum Investment Guarantee. This means that no LGA is precluded.

Local governments that identify opportunities, such as on underutilised council land, are encouraged to work with community housing providers to develop partnership proposals. Community housing providers are key delivery partners in this package and can work with local governments to develop projects and seek funding for these through Big Housing Build funding streams.

Local Government Area	Guaranteed minimum investment
Greater Geelong	\$180,000,000
Greater Bendigo	\$85,000,000
Ballarat	\$80,000,000
Latrobe	\$60,000,000
Greater Shepparton	\$45,000,000
Mildura	\$40,000,000
Baw Baw	\$35,000,000
Wodonga	\$30,000,000
Warrnambool	\$25,000,000
Wangaratta	\$20,000,000
Horsham	\$15,000,000
Swan Hill	\$15,000,000
Macedon Ranges	\$30,000,000
Mitchell	\$25,000,000
Bass Coast	\$25,000,000
Moorabool	\$20,000,000
Surf Coast	\$20,000,000
Golden Plains	\$15,000,000

Source: (if a source is available, please insert here)

QUESTION 3: Assessment of land acquisition (Task allocation: Housing)

**What is the proportion of the \$5.3 billion for new land acquisition?
Can we have a breakdown provided to this committee, and how do you assess value?**

(Ms Vallence: reference cited: BP3, pp. 50-73)

Additional information

Ms VALLENCE: Minister, budget paper 3, pages 50 through 73, the Big Housing Build, indicates that it is about an average \$440 000-odd per house for that package, and that is the full asking price of a house on the open market in a number of growth areas with full developer profits built into the asking price. **What is the proportion of the \$5.3 billion for new land acquisition? Can we have a breakdown provided to this committee, and how do you assess value?**

Minister WYNNE: We would be happy to provide you with an assessment of it as this rolls out—absolutely we will—but we are bound by the valuer-general, obviously, in terms—

The CHAIR: **Thank you, Minister. The member's time has expired.**

Minister WYNNE: We will provide it to you.

Ms VALLENCE: Thank you, Minister.

Source: Inquiry into the Victorian Government's Budget Estimates 2020-21, Unverified Transcript for Housing (Minister WYNNE), 18 December 2020, p. 14

RESPONSE

The \$5.3 billion Big Housing Build proposes to construct more than 12,000 new homes.

The homes will be delivered through a range of programs, including through developments on existing Homes Victoria land, on under-utilised government owned land, on land owned by the Community Housing Sector or on local government owned land developed in partnership with the Community Housing Sector.

The value of land purchased for new social and affordable housing by Homes Victoria will be determined by the Valuer General Victoria and require approval of the Victorian Government Land Monitor, in line with Government land transaction policies to ensure good public value.

Sites are currently being identified for new housing development and being assessed against a range of criteria including proximity to services and public transport, housing yield and distribution across regional and metropolitan areas. The amount of funding required for land purchases will not be known until sites have been identified.

Source: (if a source is available, please insert here)

