

**PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

**Inquiry into budget estimates 2009–10**

Melbourne — 18 May 2009

Members

Mr R. Dalla-Riva  
Ms J. Huppert  
Ms J. Munt  
Mr W. Noonan  
Ms S. Pennicuik

Mr G. Rich-Phillips  
Mr R. Scott  
Mr B. Stensholt  
Dr W. Sykes  
Mr K. Wells

Chair: Mr B. Stensholt  
Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr R. Wynne, Minister for Housing,

Ms F. Thorn, Secretary,

Mr A. Hall, Executive Director, Financial and Corporate Services,

Ms M. Crawford, Executive Director, Housing and Community Building Division, and

Mr K. Downie, Director, Policy, Strategy and Communications Division, Department of Human Services.

**The CHAIR** — I declare open the Public Accounts and Estimates Committee hearing on the 2009–10 budget estimates for the portfolio of housing. On behalf of the committee I welcome Richard Wynne, Minister for Housing; Ms Fran Thorn, Secretary of the Department of Human Services; Mr Alan Hall, executive director, financial and corporate services, Ms Margaret Crawford, director of housing and community building; and Mr Ken Downie, director, policy, strategy and communications, all from the Department of Human Services. Departmental officers, members of the public and media are also welcome.

In accordance with the guidelines for public hearings I remind members of the public they cannot participate in committee proceedings. Only officers of the PAEC secretariat are to approach the PAEC members. Departmental officers, as requested by the minister or his chief of staff, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. There is no need for evidence to be sworn. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript to be verified and returned within two working days of this hearing.

According to past practice, the transcripts and PowerPoint presentation will be placed on the committee's website. Following a presentation by the minister committee members will ask questions relating to the budget estimates. Generally the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off. I now call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial performance information relating to the budget estimates for the portfolio of housing.

**Overheads shown.**

**Mr WYNNE** — Thank you very much, Chair. I am pleased to be here today with my colleagues to present in relation to the housing budget. We have got two slides that I will briefly go through. The first slide really paints the picture of the budgetary situation that we are in. The National Affordable Housing Agreement was resolved in November 2008 at COAG by the heads of government. That, of course, is the successor to the commonwealth-state housing agreement. As members of the committee would know, we have had the commonwealth-state housing agreement now for more than 50 years, and it has served both the states and the commonwealth extremely well. We have got \$1.4 billion in the base funding over five years with indexation. But the budget now reflects COAG's decision in November to create the new NAHA, and we have one base source for commonwealth funding.

I think in that context, Chair, it is a good result in terms of the base proposition for housing going forward. It does mean we can integrate our programs to an even greater degree than what we have in the past, and we do not need to talk about SAAP initiatives separate from housing initiatives, like transitional housing. We can focus on delivering projects, I think, in a more comprehensive way.

As part of that, the social housing NP was also negotiated in November, which delivers \$99.2 million, delivering 488 social housing units. Similarly, Chair, in November we had the homeless national partnership — \$104.8 million over four years for homelessness, with some very ambitious targets that were established between the commonwealth and the states, basically, as is indicated there, to end rough sleeping by 2020 and reduce homelessness by 50 per cent by 2020. These are quite significant targets. As members of the committee would recall, this is the first time that you have had a national leader signing up to really significant targets in relation to reducing homelessness. I think it is fantastic leadership that has been shown by the Prime Minister himself. His commitment, I think, is a very genuine commitment in relation to reducing homelessness. These are ambitious targets, but we are certainly committed to them as a Victorian government.

The remote indigenous housing national partnership is there. As you know, Chair, this is the first time that we have had Aboriginal housing transferred back to the states as part of the agreement. We have indicated to the commonwealth that we accept the national partnership, but we will not be absorbing in the order of 500 properties back into the state portfolio. We will be supporting local indigenous cooperatives, which in fact now manage those properties, to continue on that path. Other states, in fact, have taken those properties back

into their housing stock. We have taken the alternative and, in our view, the right policy setting — that is, to maintain those properties within the cooperative sector, the Aboriginal housing cooperatives. In fact if those organisations do not wish to continue on with the management of those properties, Aboriginal Housing Victoria is a potential management source for them.

The really huge big-ticket items, of course, Chair, are the Nation Building and jobs plan. This is \$1.5 billion that is being provided to Victoria as part of the national share to construct 5000 social housing units. Again, this is a very ambitious target where we are expected to have delivered 75 per cent of those units on the ground by December 2010. The other component, which I know has been very welcomed, is the near enough to \$100 million — \$99.2 million — for urgent maintenance benefiting in the order of 5600 properties, and I am happy to elaborate on that further during my presentation.

Just briefly, neighbourhood renewal, as members of this committee know, is a huge success story of this government and one that I am pleased to see with a further \$17.1 million for neighbourhood renewal going forward. The NRAS scheme I am happy to elaborate further on as well. Funding for the first 3000 properties is assured, and already in the order of 918, I think it is, incentives have been allocated.

Chair, that is the broad brush of what the budget looks like going forward. Of course I am happy to elaborate further in detail.

**The CHAIR** — Thank you, Minister. Around 55 minutes has been allocated for questions. I would like to begin, as I have begun with other ministers, by asking what federal grants or funding — both output and asset — will your portfolio, department or agencies receive in the budget, and can the department provide the committee with a list and description of these grants, including what accountability mechanisms there are in respect of these grants, both upwards to the federal government and downwards to the people who might supply services?

**Mr WYNNE** — There are two components to our funding. The first is internally-generated funds through the activities of the housing department itself, but the broader funding to housing is through the national partnerships we have that I have already indicated here today. Essentially, working our way down the page, we have the core funding, the \$1.4 billion, which, as I indicated, is the new national affordability housing agreement, the successor to the CSHA, which also incorporates supported accommodation; the homeless national partnership, the \$104 million over the four.

The indigenous housing, as I indicated, is a new program which has now been assumed back by the states. That is, in effect, a capital program over the five years to upgrade the level of amenity for the 500-odd — what are called — CHIP houses, managed by Aboriginal organisations. There is the Nation Building program, a huge amount of \$1.5 billion for the construction of housing.

That will be very welcomed over the next few years, with near enough to \$100 million for renovation of public housing properties; and the NRAS scheme, which members of committee will recall is a joint scheme where the federal government has set a target over five years to put into the marketplace 50 000 units of private rental accommodation. This is probably, I would have thought, the most significant impetus into the private rental market, certainly in our time, because it means that this product will go into the market at 20 per cent below the market value for the areas where people are investing in.

In return the investor will receive a grant of \$2000 from the state and \$6000 from the commonwealth government for that 10 year period, so an \$8000 subsidy to have that property in the marketplace for that 10 year period. Obviously the investor gets the rent from the property, less management fees and so forth, and any capital gain at the end of that 10 year period. So it is \$2000 from the state government.

The commonwealth has indicated that if the program is as successful as they think it will be, they will look at doubling it again, so over 10 years you could, in effect, see potentially up to 100 000 units of private rental accommodation going into the market. For Victoria, just on population share, if it rolled over to a second tranche we would be looking at getting 25 000 units into the market.

That will make a really significant difference to freeing up what people I am sure are well aware is an incredibly tight private rental market. While things have eased off a little bit and the private rental vacancy rate at the moment is in the order of 1.4 per cent, it was at 0.9 per cent, so it has eased back a little bit. The truth is if you

are on a low income and are living anywhere within 10 kilometres to 15 kilometres of where we are today, you cannot get accommodation; you cannot get into the private rental market, and that is a really significant problem going forward.

We very much welcome the NRAS scheme. We think it is a good initiative and one that the government is very much partnering with the commonwealth on.

**The CHAIR** — Thank you, Minister, will you give a list of these and a description, particularly going forward over the life of these, and the accountability mechanisms? We would appreciate that.

**Mr WYNNE** — Yes, we would be happy to do that — in detail.

**Mr WELLS** — Minister, I refer you to page 320 of budget paper 3, where it refers to Nation Building — which you have been discussing — Economic Stimulus Plan: New Construction Stage 1 and social Housing National Partnership, both of which state that the significant proportion of these properties will be delivered and managed by the not-for-profit housing association sector.

As housing associations are not required to house the most vulnerable of tenants first and are also, as they openly advertise for tenants on incomes up to \$87 400, who have the ability to pay higher rents, this raises concerns about the availability of properties to some of Victoria's most vulnerable tenants, such as those on a disability support pension, those with mental illness and other extremely low-income earners.

How will you ensure that people on disability support pensions, those with mental illness and extremely low income earners have access to properties through the housing associations, and how will the extent of the access be monitored and reported? Does the department have the necessary assistance in place to provide transparent data about housing allocations?

**Mr WYNNE** — Thanks, Mr Wells, that is an excellent question.

**Mr WELLS** — Thank you, and there will be a lot more to come.

**Mr WYNNE** — It is a good question because it goes to the heart of the ongoing development of housing associations. I talked in the past, as you know, about the importance of having an alternative not-for-profit provider. It is part of the government's broader strategy to develop the not-for-profit sector.

We have eight housing associations currently registered, and they are required to report to the registrar of housing associations on their activities going forward. We transferred, as you know, last year a significant number of properties to housing associations which have been, in effect, under community management by housing associations — in the order of 500 properties — at no consideration, to boost their balance sheet, to give them capacity to borrow going forward.

As I have indicated publicly, we do intend to split the allocation of the federal funding basically 50–50 between housing associations and the public housing sector — so that is 50 per cent in housing associations and 50 per cent to public housing, which is my department. In that context we have also indicated that all housing associations must take residents who are public-housing eligible, and they have to take 50 per cent of their tenancies off the public housing waiting list.

**Mr WELLS** — So that will deal with the issue of the 87 400. That will be only the other 50 per cent.

**Ms MUNT** — I refer you to budget paper 3, page 84. Under 'Significant challenges facing the department in the medium term' you have listed the facilitation of the provision of short and medium-term accommodation to victims of the bushfires in February. You briefly touched on the response in your introduction, but I was wondering if you could please elaborate on what you are doing to respond to the needs of bushfire victims in relation to housing.

**Mr WYNNE** — I am sure members of the committee were looking at last night's news. It is hard to believe that it is 100 days since the bushfires ravaged the state. We all know the scope and severity of those fires. In a very appropriate response from both sides of the Parliament the shadow Minister for Housing — I think she might be here — and I visited a number of bushfire-affected communities, along with the federal Minister for

Housing, the Honourable Tanya Plibersek, to really see the devastation of those fires. Dr Sykes is here; it has been up in his part of the world. It was really quite overwhelming to see communities completely devastated.

The secretary of my department is here with me, and she would attest to the extraordinary efforts that were undertaken by DHS as a whole. We put in place for the first time the case management process, which was really to work with communities not just through the initial crisis but in fact work with communities on an ongoing basis as they sought to start to repair their lives. Now, 100 days in, we have the temporary villages at Marysville and Flowerdale, and Kinglake will be coming on in the next short while.

From the point of my department, we have had really overwhelming support from the community, particularly in very practical ways in terms of offers of support from people who were prepared to provide rooms and indeed provide their holiday houses. We have a huge number of caravans that are available to us, and we have used those as people have sought alternative accommodation, and of course public housing and the private rental market were important elements of that as well.

After the first few days I think it would be fair to say that we have delivered a really significant level of support to all of the bushfire-affected people from a housing perspective. As people know, over 2000 houses were lost in Victoria. All victims who requested emergency accommodation have received it — all who requested it. Over 1300 families have been assessed for housing need, and we of course have made available all of the public housing stock within the broader regions of all the fire-affected communities. We have made available 560-odd caravans and a number of movable units.

As I think members of the committee would be aware, the government is undertaking a very significant cleaning program, and the reports on the news last night were only slightly inaccurate: they talked about, I think, 1000 blocks having been cleared. I am advised today that it is in fact better than that: it is on the order of 1300 blocks, so they are well advanced on that work. I think the planning processes are being smoothed out. This is an unprecedented situation we find ourselves in, but going forward I can indicate to the committee that my department, the Office of Housing and DHS more generally through its case work efforts continue to work with all of those fire-affected communities, and we will continue in that effort.

**Mr RICH-PHILLIPS** — I take you to page 120 of budget paper 3, the measure of ‘Average waiting time for public rental housing for those clients who have received early housing allocation ...’. The target for this year is a waiting period of seven months. In 1999 that same measure was 2.8 months. In 2003 the Auditor-General, in his report on public sector agencies, made some comments about waiting times, and the response from the Office of Housing then was that, ‘the Office of Housing has advised that a number of initiatives have been developed to ensure that the early housing waiting times target on a statewide basis of four months continues to be achieved’.

In 2003 strategies were put in place to keep it to four months — it has now gone out to seven months. Why? Why has it increased seven months, do you expect it to continue to increase, and what strategies have been put in place to prevent it increasing further?

**Mr WYNNE** — This is reflective of what is an incredibly difficult housing market that we are experiencing. Normally you would get a greater churn of people through public housing as other options open up for them, but the practical reality is that the market is incredibly tight. As I indicated earlier, the rental market, while it has eased off a bit, is still at 1.4 per cent and it is unlikely to improve. That is not just reflective of the Melbourne metropolitan area; it is reflective of the broader regional rental market as well.

For many people public housing has played a really significant role as a stepping-off point to other housing options. But when those other housing options are closed off, the whole system basically tightens up. Emerging migrant communities, particularly, use public housing to get themselves established; they are a classic example, and I think I have talked about this in the past.

The high-rises have played an incredibly important role in that respect, where public housing is often the first port of call, particularly for migrant communities coming into Victoria, and they use it as a point to stabilise their families, get employment and then move on to other housing options, whether in the private rental market or indeed in home purchase. That whole system has closed down because the options going forward for people are severely diminished. The total allocations have declined — I think you talked about 1999, Mr Rich-Phillips?

**Mr RICH-PHILLIPS** — Yes.

**Mr WYNNE** — From 11 000 in 1999 to 6000. So that tells you, really, that gap, about how the whole system has tightened itself up.

You asked what the options are going forward. I guess there are two elements to that. The first element is obviously the NRAS scheme. We think there is really serious potential here to loosen up the system by the subsidy scheme that is a joint federal-state scheme, the \$8000. In that context we were a bit slow out of the blocks in Victoria. People were still trying to come to terms with what this was all about, what this new scheme was, but I think we should have confidence that there will be a significant take-up in this next tranche, which is being offered out now.

Particularly with some of the larger investment vehicles, the superannuation funds and so forth, who in the past have sort of looked at this and said, 'Well, housing, is this really where we want to be?', I think we can have some optimism that the slower start-up in Victoria will catch up in the next tranche of offers.

The other element of it, self-evidently, is the core-based funding that we have got through the NAHA, which is the general business of the provision of housing, but really the massive stimulus is the Rudd government's \$1.5 billion. That is going to put 5000 units on the ground and 3750 of them will be on the ground in the next 20 months.

That is a significant improvement, and as I said earlier, if the Rudd government is re-elected in future terms, it has indicated that over the next five years it will look at putting a further 50 000 units through the NRAS scheme as well — again, 25 000 units. That is a big number; that is a very big intervention in the private rental market. If you think about that — remember it is mandated at 20 per cent below market value — it really starts to offer opportunities for people who want to use public housing as a stepping-off point and get into other housing options going forward.

I think we should remain optimistic, because I think the settings are good. I think the policy settings are right and the investments that are being put into public and social housing and the not-for-profit sector will reap benefits going forward and will loosen up the public housing system.

**Mr RICH-PHILLIPS** — Have you got targets in the forward estimates to reduce that waiting period of seven months?

**Mr WYNNE** — The targets are, as indicated here for 2009–10 — —

**Mr RICH-PHILLIPS** — Seven months.

**Mr WYNNE** — Again seven, yes.

**Mr RICH-PHILLIPS** — Out to 2012–13 or whatever?

**Mr WYNNE** — There is a lag with this so it does take time to get the product on the ground. Obviously we do not want it to be seven; we want it to be significantly less than that but we have to measure it year by year.

**Mr NOONAN** — Minister, I wanted to ask a question about the homelessness national partnership. You provided some information in your presentation about it, and I think you described the targets as ambitious. I do not think there would be anyone on this committee who would think that to have ambitious targets in homelessness areas is not important. Given that \$104.8 million is allocated over the next four years of the estimates period, I wonder whether the minister can outline what the funding under this partnership agreement will do for those in greatest need?

**Proceedings interrupted.**

**Mr WYNNE** — Thanks, Mr Noonan. You have raised with me the question of essentially what we hope to achieve with the national partnership in relation to homelessness. It is made up a number of elements. Firstly, there was a white paper target to reduce homelessness by 20 per cent by 2013, and our government had signed on to the national partnership target of 7 per cent. The white paper also seeks to deal with, again, I think, a very laudable target to end rough sleeping by 2020.

If you talk to those people in Victoria — and I will go into some further detail about how the funds are being allocated — who are very experienced in the homeless area, they would regard the response by Victoria as the most sophisticated of any state in Australia. Certainly in my time as Minister for Housing in the last 2½ years it has been very clear to me that Victoria does have an extremely sophisticated response to homelessness. Indeed from the point of view of a comparison with other states we are a long, long way ahead. Can I also say that the rough sleeping problem is not as acute in Victoria as in other states. That is generally accepted as being a statement of fact, particularly when you deal with other states.

The \$104.8 million is basically split in a number of ways. We have \$36.3 million for boosting prevention and early intervention, and that was one of the key outcomes of the white paper. It is really about saying, 'You have to do a lot at the front end to try to support people at risk of falling into homelessness'. Obviously we have a significant amount there — \$52.57 million — to improve and expand services to homeless persons, and \$15.8 million for what we are categorising as breaking the cycle of homelessness.

The other two really important initiatives here — and I want to talk in some detail about these — are \$15.6 million to be allocated to mental health reform and \$1.6 million of new funding to be invested in the court integration services. In relation to the mental health one I want to draw the attention of the committee to the really groundbreaking work that we are doing with the Common Ground proposal down in Elizabeth Street. We talked about that, I think, Chair, last time around.

This is essentially the proposition which says that if you not only provide a person with secure, stable accommodation at an affordable price but you also wrap around them services to support their tenancy on site, whether it be drugs and alcohol, mental health, employment and psychiatric services as well, people can and do get better. The experiences of that have been drawn from our learnings from New York where in fact, as I think I talked to the committee about last year, I visited a number of Common Ground facilities there.

It is not just visiting those facilities; the really important thing that we learn from America is from its longitudinal studies. They have done studies of people over a length of time where they have said, 'If you intervene here and you invest at this point in a person's life and you support that person, the cost to the public purse going forward is infinitely less than if you just let them ricochet through the system' — through the mental health system, through the public hospitals, through the casualty wards, the ambulances, the prisons. The cost to the state is infinitely more.

Their classic case study — I cannot remember his name — was Million-Dollar Murray. Million-Dollar Murray lived on the streets of New York, in Times Square. It was costing the state of New York \$1 million a year to keep him on the street, because of all his interventions through the public system. Once people intervened with him, got him secure housing, got him the supports around him, he cost the state of New York something in the order of \$17 000 a year. It is a self-evident truth, but the key from the point of view of the American example is that they have done these really detailed longitudinal studies.

When you go to Treasury and you have to argue the case, in America they say, 'We do not have to argue about that any more, because people understand that intervention here is going to get you this result over here and save the state enormous amounts of money'. It is just simply a statement of fact, whereas here we still do not have that work done. In America they will argue about how much of a quantum of money you might get through the budget, but no-one is going to argue about that being the right intervention to take.

The Common Ground I think is going to be a terrific example of where we really integrate those services in effect across the whole of DHS. The Department of Human Services is absolutely fundamental to the success of the Common Ground. We will be doing longitudinal research on this as well, so that we will be in a position, if we are here having this conversation in five years time, to track where people are at and the cost of that intervention versus what it would have cost the state to do nothing. In that respect we will not only do Elizabeth Street but we will be looking for other opportunities to do smaller Common Ground-type proposals in other parts of Victoria as well.

The other quick one I just wanted to indicate was a really excellent example of an intervention with young people. We launched just last week a program with one of our housing associations, Yarra Community Housing, and the AFL. Down in Hoddle Street, just near the corner of Hoddle and Victoria streets, we have just

opened a development of 21 units, where there was a partnership between Melbourne Citymission, Yarra Community Housing as the housing provider and the AFL.

The AFL is going to play a hands-on mentoring role with homeless young people to get them out of the cycle of homelessness and to really engage them in the most positive elements of what AFL football has got to offer to people, not in terms of people playing sport as such but role models and leaders. The AFL Players Association, through Mark Bolton in particular, has been absolutely fantastic in putting this proposal together. We very much look forward to it as another intervention with young people as a model towards preventing homelessness.

I think that is a good space for us to be in. It is a substantial amount of money and they are ambitious targets. But I would reiterate that Victoria has got, without a shadow of a doubt, the most progressive and far-reaching strategies around homelessness of any state. I would also indicate that we want to develop a new homelessness strategy going forward. I announced a couple of weeks ago to the homeless sector that we want to refresh our thinking, make sure that we are on the right track, learn from other experiences both within Australia and overseas as to what works and why it works and to really bring the homeless service providers along with us in that. We will be starting on the development of consultation around a new homeless strategy going forward in the next few months. You will see that emerging as well, Mr Noonan.

**Dr SYKES** — I refer you to budget paper 3, page 120, and the output measure for the number of properties to be acquired during the year, which shows a figure of 3430.

I also draw your attention to the total number of dwellings, which is expected to increase by only 2415, from 74 532 to 76 947. The discrepancy between these two figures is over 1000 properties. It appears that the government intends to dispose of 1000 properties during the year. My question is: does the government have a strategy for acquisitions and disposals, can the minister outline the strategy, and can the committee have a copy of the acquisition and disposal strategy document or any documents that outline strategies in this area?

**The CHAIR** — The figures show there will be a discrepancy of about 200, not 1000. The minister, to answer.

**Mr WYNNE** — In relation to the 76 947, Dr Sykes, that excludes crisis and transitional housing as well, so they are not counted in there. In 2008–09 we disposed of about 750 rental housing units. We will dispose of in the order of 900 properties in the 2009–10 year. They are basically properties that are past their economic life or properties that simply cannot be rented because nobody will take up those rentals.

As you know, Dr Sykes, a third of our stock is in regional Victoria. You know very well, as you drive into any of those big country towns — in the lead-up to your good city of Benalla, as you and I know very well — a lot of the public housing is on the fringe of the city. Some of that is quite difficult to rent, not necessarily in Benalla but more broadly in some of the regional cities, and a lot of it is quite downgraded. The beauty of what we got through the maintenance money, the \$100 million, is that we have had the opportunity to inject quite a deal of money into upgrading properties to breathe some life into them going forward.

In that respect the near enough to \$100 million — the \$99.2 million — for urgent maintenance will breathe life into a lot of properties which we might have looked at in the future and said that some of them will have to be disposed of as well. With the investment of \$20 000 or \$30 000 to upgrade the kitchen and do some carpeting and painting, you can potentially get out of some of those properties in the order of another 10 to 15 years, and I think that is a good thing. But where we clearly have properties that are past their economic life or we simply cannot rent them, obviously we will dispose of them.

**Dr SYKES** — Can I just get clarification on the strategy, Chair? I understand that reason for disposing of properties, Minister, but there also seems to be a strategy of disposing of strategies in smaller communities, and in my area I refer to places like Longwood, Murchison and Bright. I understand it is on the premise of the inability for tenants in those locations, particularly if they are complex needs tenants, to access the necessary support services, which you have highlighted as being so important in public and social housing.

**Mr WYNNE** — Absolutely.

**Dr SYKES** — In selling those I think there is an intention to focus on housing in the larger communities, presumably on the premise that the support services are there.

**Mr WYNNE** — Yes.

**Dr SYKES** — That might be contended because there seems to be pressure on the services. So I come back to my question: is there a strategy, particularly factoring in the issue of availability of support services, and is it possible for the committee to have access to documents that relate to that acquisition and disposal strategy?

**Mr WYNNE** — Clearly the disposal strategy is a matter of sensitivity in terms of the market situation, so I would be reluctant to provide that, but more broadly I am happy to provide the committee with the broader overarching strategy — —

**The CHAIR** — The rationale, that sort of thing.

**Mr WYNNE** — Yes, the broader overarching rationale and that sort of thing, but there are market sensitivities around the disposal of properties, obviously.

**Dr SYKES** — In what you provide I would be particularly interested in this issue of ability to deliver services to these social housing tenants. Often they have complex needs. They are leaving their extended families, they are leaving their social network, they are leaving their support services and they are coming to communities where they do not necessarily have any affinity and they put a heavy demand on support services that are arguably quite severely overloaded. So everyone is a loser as distinct from everyone being a winner.

**Mr WYNNE** — Indeed you and I have had separately in — —

**Dr SYKES** — Some discussions on that.

**Mr WYNNE** — A number of discussions about that. Not surprisingly, the broader policy setting of the government is to ensure that these units are very well located. In that context we do have a number of developments in regional Victoria which are very poorly located and inaccessible to the larger towns where the services are, so we are looking at those fairly critically as well. The broader proposition you put is right and it is one that we will be happy to provide you with the rationale — —

**Dr SYKES** — I just make the point that just because it is a larger town does not necessarily mean it has the service capability to deliver the services required by clients that often have complex needs.

**Mr WYNNE** — I understand, indeed, but we are doing developments in Bacchus Marsh and Ballarat; we are doing them all over regional Victoria, as you know. I understand that, but really the key here is that disposals are about where a property's economic life is finished and we cannot get a tenancy taken up. But your broader point I am happy to take — —

**Dr SYKES** — So you will provide us with some broader information for a start?

**Mr WYNNE** — We will, absolutely.

**The CHAIR** — We appreciate that, Minister.

**Ms HUPPERT** — Minister, I refer you to page 120 of budget paper 3 and to the outcome under 'Quality':

Percentage of neighbourhood renewal projects that have achieved active resident participation in governance structures

which sounds like a very interesting measure. Could you please outline what progress has been made in addressing the needs of disadvantaged communities through the neighbourhood renewal program and what is intended through the budget period?

**Mr WYNNE** — I have talked about this before. Neighbourhood renewal is a fantastic program that goes from Latrobe and Wendouree and East Reservoir, Delacombe and Doveton. We have 19 existing sites right across metropolitan and regional Victoria. It is truly one of the success stories of the government, because it is an investment in both the social and physical fabric of communities. If you think about that, for communities that often happen have been left behind, this really has lifted those communities up. The interlinking of both physical and social outcomes through the program is, I think, quite a phenomenal success story. Let me give you a couple of examples.

This has been the evaluation of neighbourhood renewal. I will give you a brief snapshot. We have had a 4 per cent reduction in unemployment in our neighbourhood renewal areas, a 12 per cent increase in further education and an increase in community participation. Although there have been some conversations in some neighbourhood renewal areas about the reduction in crime, I think overall the reduction in crime has been quite significant.

**The CHAIR** — It is 27 per cent in my area.

**Mr WYNNE** — There you are, Chair. There are some people who debate that, but I can say — —

**Ms MUNT** — It is greater in my area. Do you want me cite mine?

**The CHAIR** — Minister, our apologies for the distraction.

**Mr WYNNE** — It is the sort of program, I must say, Chair, that does elicit very positive responses.

The other element of it is the link of neighbourhood renewal to social enterprises. A large number of social enterprises have developed, which are often linked to community hubs and Men's Sheds. They are really energising communities and giving people for the first time a sense in which there is really a future for them going forward. Whether it is heading back into training leading to employment, there is a sense in which people through a social inclusion agenda feel that they are now back and part of the community and valued by the community. It is really one of the most powerful outcomes of neighbourhood renewal.

Obviously the upgrade of the stock is really important. The opportunity particularly for young people to get employment is fantastic. Things like fencing programs, gardening programs and maintenance are important things, often for young people who have never been employed in some of these areas, and that is a fantastic thing.

When you talk to them you get this incredible sense of pride. They will take you around and say, 'I built that park' and, 'I built those new fences there'. There is a real sense in which they are back again and engaged in their community. I think it is a wonderful example of where relatively modest levels of government investment have created huge outcomes, both in the physical and social fabric of the communities.

I also indicate that we have two new neighbourhood renewal sites that were announced in the budget. We indicated we would have two new sites, and I am pleased to advise the committee that two areas that by any measure have been on any of the social indicators require this level of support will be funded — one in Maryborough and the other one in Flemington, the high-rise area in Flemington. Flemington in particular has a significant conurbation of public housing; it is one of our biggest public housing estates. It has had some significant issues over the years, so I am pleased to provide that information to the committee.

**The CHAIR** — Thank you very much for taking the opportunity to make announcements during our hearing, Minister.

**Mr WYNNE** — It's a pleasure.

**The CHAIR** — I am sure you will provide us with the appropriate press release.

**Ms PENNICUIK** — Minister, the boost to social housing in the budget is a welcome step. Can you clarify the time frame for delivering the 5000 new houses? Also, given that there is a shortage in public housing properties at both ends of the spectrum — that is, in one-bedroom properties for single occupants, or larger properties for larger families, in particular new refugees with large families — can you let me know what the proposed breakdown of those 5000 is? What percentage would be one-bedroom and what percentage would be larger four or five-bedroom ones?

**Mr WYNNE** — The acquisition target is 75 per cent of the 5000 by 2010, with the other 25 per cent by the end of 2012, so there is a tailing off of that.

**Ms CRAWFORD** — June 2012.

**Mr WYNNE** — June 2012. Thank you, Director of Housing. The stock will largely be acquired on the basis of the waiting list. The waiting list is essentially one and two-person households. That does not mean, though, that we will not be acquiring or building some larger stock as well. It will be skewed essentially so it is reflective of the waiting list.

In relation to the larger families and indeed the larger refugee families that you talk about, I am pleased to say that over the last couple of years, particularly in the western region, we have built a number of five-bedroom properties, obviously with larger lounge rooms and so forth for people to recreate in. Also what we have done, which I am particularly pleased about, is use the high-rise flats in a much more creative way. We have a number of large families living in the high rises. We have knocked out the adjoining wall between two units to make six-bedroom units, which is absolutely sensational. We have piloted that down at Alfred Street in North Melbourne in a block there. There are some technical issues from an engineering point of view as to how many walls you can punch out.

**Dr SYKES** — A house of cards — a bit like the budget!

**The CHAIR** — Without assistance, please!

**Mr WYNNE** — I cannot remember how many we have now, but I think it is four or five of these five and six-bedroom units. For some of the emerging refugee communities, this has been just a fantastic outcome. Indeed, as the secretary points out, the other option we do have available is movable units as well, so that if you are in public housing and you have an extended family, you can get a movable unit to put at the back. We will have some very innovative movable units in response to the fires, which we are testing at the moment.

One is under construction up in Dr Sykes's area, and we are very much looking forward, subject to assessment of that particular product, being in a position to purchase a further number of those movable units, which will be an excellent outcome in terms of the larger families. But the high-rise stuff is fantastic — really good.

**Mr SCOTT** — Minister, I refer you to table A.5 on output initiatives at page 315, budget paper 3. Could you please provide the committee with an update on the National Partnership Agreement on Remote Indigenous Housing as it affects Victoria?

**Mr WYNNE** — Yes. As I indicated earlier, we got about \$30 million over 10 years. Victoria does not qualify for remote indigenous housing support, because according to the commonwealth we do not have defined remote indigenous housing. However, we have in the order of 500 commonwealth-administered houses — this is known as CHIP (community housing and infrastructure program) houses, which were previously fully funded by the federal government, and 20 organisations have these houses.

As I indicated earlier, they are all run through cooperatives like Framlingham, Warrnambool, Brambuk, and Rumbalara in Shepparton — the bigger organisations. Some that are quite small have got perhaps only half a dozen houses, and go through to some of the larger ones that might have 30 or 40 houses in their stock.

What we are seeking to do over the next two years — and as I indicated earlier, we do not want to have this stock back in the state system; we want Aboriginal communities to manage their own stock and to grow the stock over a period of time — is to get those cooperatives registered as housing providers, which then gives them accessibility to funds, and also obviously the renovation money will be available for them going forward. We are progressively working in that conversation with the cooperatives to get them registered over the next two years.

That is a good space for them. We are very pleased to have the stock back within a Victorian context, because they really have been removed from the broader housing conversation here in Victoria, because they were directly federally funded.

**Mr DALLA-RIVA** — Minister, I refer you to budget paper 3, page 120, in relation to long-term housing assistance. I understand that each year the Office of Housing produces a report called 'A summary of housing assistance', which outlines all the services delivered under the performance indicators that are there?

**Mr WYNNE** — Yes.

**Mr DALLA-RIVA** — I understand the summary gets released on a yearly basis?

**Mr WYNNE** — Yes.

**Mr DALLA-RIVA** — An issue was raised under FOI, and the request was initially refused on 4 May; and then you issued a press release on 12 May, saying it had been publicly released on that day. There are a couple of issues. One is how you actually release this in the forward estimates. I am trying to get clarification in terms of your press release on the day. The third dot point at the end of the press release says:

The supply of affordable housing stock is also at an all-time high, with more than 78 000 social housing properties across Victoria — up from 77 456 last year.

I am trying to reconcile it with the forward estimates. What the budget paper says does not seem to match with what you have indicated in your press release of 12 May. I am trying to work out whether there is another measure in terms of what is provided in your ‘summary of housing assistance’ as opposed what is provided in the forward estimates? I am happy to provide you a copy of your press release to you.

**Mr WYNNE** — I obviously do not have the release with me at the moment, but I am happy to provide Mr Dalla-Riva with the following response. The ‘summary of housing assistance’, which, I indicated, shows that social housing in Victoria is at an all-time high. We had in the order of just over 78 000 dwellings as at June 2008.

As Mr Dalla-Riva indicated in his question, we did have some delays in producing the report because of the need to address a number of changes. The first was to ensure that we reported accurately the effect of asset conversion; and, secondly, to ensure that the reporting reflected the changes to community housing — that is, the end of old programs and a new standardised approach.

We generally publish the summary in March the following year for the financial year, but sometimes it is as late as May. We want to try to be timely and to accurately reflect the situation. That certainly was our goal: to ensure that it was both a timely and an accurate response.

**Mr DALLA-RIVA** — The final thing is the link. I understand it is meant to link to the document. It is not connecting at the moment, so maybe you can see what the reason is.

**The CHAIR** — There may be some reasons such as social housing including housing provided by housing cooperatives, but the minister should be able to clarify that.

**Mr DALLA-RIVA** — Yes, if you can clarify it, and check the link as well.

**Mr WYNNE** — Yes, I am happy to provide that.

**The CHAIR** — Thank you, Minister. I also thank Ms Thorn, Mr Hall, Ms Crawford and Mr Downie for their attendance.