

# VERIFIED TRANSCRIPT\*

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2006-07

Melbourne — 6 July 2006

#### Members

Mr W. R. Baxter

Ms C. M. Campbell

Mr R. W. Clark

Mr B. Forwood

Ms D. L. Green

Mr J. Merlino

Mr G. K. Rich-Phillips

Ms G. D. Romanes

Mr A. Somyurek

Chair: Ms C. M. Campbell

Deputy Chair: Mr B. Forwood

#### Staff

Executive Officer: Ms M. Cornwell

#### Witnesses

Ms C. Broad, Minister for Housing;

Mr P. Allen, acting secretary;

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

Mr A. Hall, acting executive director, financial and corporate services; and

Mr R. Jenkins, manager, corporate planning and performance, housing and community building,  
Department of Human Services.

\*Corrections to the transcript by one or more of the witnesses have been received and accepted after the initial publication.

**The ACTING CHAIR (Ms Romanes)** — I welcome Mr Peter Allen, acting secretary, Department of Human Services; Dr Owen Donald, executive director, housing and community building; Mr Alan Hall, acting executive director, financial and corporate services; and Mr Rob Jenkins, manager of corporate planning and performance, Department of Human Services.

I call on the minister to give a brief presentation on the more complex financial and performance information that relates to the 2006–2007 budget estimates for the housing portfolio.

**Slides shown.**

**Ms BROAD** — Can I commence by saying that the Bracks government believes every Victorian deserves a decent place to live, and since coming to office this government has made a number of important policy commitments relating to housing through Labor’s financial statement 2, Melbourne 2030, Growing Victoria Together 1 and 2 and A Fairer Victoria 1 and 2 as listed here on this slide.

**The ACTING CHAIR** — Minister, I am sorry to interrupt, but I should also reiterate that if you can keep your presentation to 5 minutes, and then questions and answers to 4 minutes, that means we get through a fair amount of material in the time we have got available.

**Ms BROAD** — I will do my best, but I was advised that it was 10 minutes for housing — 5 minutes for local government and 10 minutes for housing.

**The ACTING CHAIR** — I am sorry; yes, you are right.

**Ms BROAD** — I will do my best.

**The ACTING CHAIR** — It is 10 minutes; you have 10 minutes; I am sorry.

**Ms BROAD** — Thank you, Acting Chair. Moving to challenges and priorities, the housing portfolio faces a number of challenges stemming from the business environment and the wider housing market. The challenges are listed there on the left-hand side of the slide. As you would expect, these challenges have shaped the housing program’s priorities and strategic direction. The government has sought to respond to these challenges by providing more housing assistance, better quality housing, better homelessness assistance and better communities.

Moving to the 2006–07 state budget priorities, the budget delivers on the government’s housing commitments with a particular focus on key disadvantaged groups, including the supported accommodation assistance program, which has been funded to \$13.8 million over four years. Importantly, this investment makes up for funding shortfalls and indexation from the commonwealth government. Without this state investment, around 2100 Victorians in housing crisis would miss out on the housing and support they need each year.

In terms of young people, \$10.8 million has been committed over four years for two new initiatives — the youth futures program will provide more intensive support for around 200 young people each year, and the private rental initiative will help around 350 young people who have been homeless or are at risk of homelessness to access the private rental market. In addition, in terms of people with mental health issues, some \$4.15 million has been committed over four years to boost post-discharge housing support for people with mental health issues who are at risk of homelessness.

There is a \$50.5 million boost for social housing and \$25.5 million will be used to build and buy additional public and community managed housing. The government expects to deliver around 130 new affordable housing opportunities in 2007–08. A further \$25 million will continue the government’s strong investment in the maintenance and upgrade of public housing, ensuring that tenants across metropolitan and regional Victoria enjoy better quality public housing and living environments.

Moving to additional state funding for housing assistance, we can see here the latest injection of funds brings total additional housing investment under the Bracks government to \$453 million since 2000. You can also see from this chart that significant state funds in the form of internal revenue and initiative funding have been made over and above Victoria’s obligations through the commonwealth-state housing agreement. Essentially this additional investment is acting to prop up the shortfall in commonwealth funding.

Moving to more housing assistance, this chart highlights the number of households assisted with long-term housing, and that number has grown steadily since the government came into office. The table shows that the government is intending to assist 71 261 households with long-term housing in 2006–07, 146 more than expected in 2005–06. This is an important achievement, given the decline in social housing in nearly every other state and territory and in light of the decline in commonwealth-state housing agreement funding. Numbers would certainly be in decline without the significant additional state funding provided here.

Moving on to better quality housing, the chart on the left shows the ageing condition of Office of Housing stock. Over 58 per cent of office of housing stock is more than 20 years old, and this of course has important implications for the cost of asset management. The chart on the right clearly highlights the vital and significant investment that has been made by the Bracks government since it came into office to improve the value, the utility and the quality of existing housing stock. The additional state budget commitment of \$25 million in 2006–07 brings total expenditure to \$179 million, and that will enable the Office of Housing to deliver an additional 485 upgrades in 2006–07.

Leading to better homelessness assistance, this chart shows the significant additional state contribution made by this government under the supported accommodation and assistance program and in the area of homelessness assistance more generally. This contrasts very strongly with the previous government where minimal additional contributions were made over the period 1995–2000. Under the current SAAP agreement Victoria will be making up for commonwealth shortfalls and contributing more than 57 per cent of funds for SAAP and SAAP-like homelessness support services. As a consequence you can see that the 2006–07 target for SAAP support has increased from the target and expected outcome in 2005–06.

Moving to better communities, the government's place-based neighbourhood renewal program is now operational in 19 sites across Victoria, and they are shown on this map. All of those areas are generating jobs, as well as improving housing, creating safer communities and assisting residents to play a leading role in the transformation of their communities through their participation in government structures for each of those projects.

In conclusion, in the constrained commonwealth funding environment Victoria is still going to be able to achieve stock growth because of additional state funds totalling over \$453 million since 2000, when the government was elected. The government's future priorities for the Office of Housing are about looking for new opportunities and partnerships for continuing that growth, as well as continuing our stewardship responsibility as asset managers and providing better services to low-income Victorians.

**The ACTING CHAIR** — My first question goes to the homelessness assistance output measure on page 115 of budget paper 3. I note that a number of targets have increased over the last two years. Minister, can you explain how additional state funding announced to improve the response to family violence in Victoria, which was recently announced under A Fairer Victoria, is being put to use in this area?

**Ms BROAD** — Thank you, Acting Chair. The Bracks government is committed to addressing the causes and consequences of violence in the home, because family violence has profound, adverse impacts on the community. It is a prime cause of disadvantage being passed from one generation to the next.

In the 2005–06 state budget the government committed an additional \$35.1 million over four years to 2009 to initiate a new approach to addressing family violence in Victoria. That package began the implementation of reforms that draw on the work of the statewide steering committee to reduce family violence. It includes new housing options for women and children and for men.

I recently announced an allocation of \$40.6 million over three years to expand and reform Victoria's response to family violence from July of this year, so this has now commenced. That amount is made up of existing as well as new funds. Importantly, the additional funding represents an annual increase of more than 160 per cent for family violence services, which is a very substantial increase indeed. This funding is going to support a total of 20 partnerships, involving about 70 community service organisations that are receiving funding to provide new integrated family violence services. In the housing portfolio, these new funds mean more outreach support for women and children, as well as increased statewide and local after-hours services. I think it is important to note that prior to this initiative there were many areas of Victoria which did not have access to after-hours services, and that is now changing. As well as that, there are new housing options for women and emergency housing for men.

Over time it is expected that housing support services will work much more closely with other services, including courts and Victoria Police, to achieve a more integrated range of on-the-ground services to all families affected by family violence. The recent announcement of the \$40.6 million consolidates this foundation for a new approach to family violence over the next three years. It encourages family violence agencies to work together to ensure that there is a local area service approach in line with the objectives that the government has set for this new funding and the reforms that it is supporting.

**Mr CLARK** — I refer you to page 116 of budget paper 3 which sets out the performance measures for long-term housing assistance. The final item there is average waiting time for public rental housing for those clients who have received early housing allocation. Could you tell the committee what is the average waiting time for public rental housing for clients, people who do not fall into one of the early housing allocation categories specified there? Could you also tell the committee how many clients are on the waiting list in total? How many are on the waiting list for the early housing allocation?

**Ms BROAD** — Thank you. I will come back to the actual numbers, but I can indicate in relation to the numbers of people waiting for access to housing that there has been a reduction of around 14 per cent in the numbers of Victorians waiting for access to public housing over the period of the Bracks government. As you would be aware, the waiting list and allocation process is segmented to ensure that people with the highest level of need for housing assistance are assisted first. I think it is important to understand that people who are at the highest need section of the waiting list comprise now some 70 per cent of all new allocations in the year to date. So that means that early housing waiting times result from a very complex interaction between demand and supply across different locations in Victoria, but in overall time terms, under the government we have seen a very substantial improvement. In terms of the actual numbers, I might refer to the director of housing to give the actual numbers.

**Dr DONALD** — I think the question was in relation to the number or the waiting time for those on the wait-turn list?

**Mr CLARK** — It was the waiting time for those who were not on the early housing allocation and then the numbers for those on the early housing allocation and the total numbers.

**Dr DONALD** — Firstly, in relation to the waiting times for the early housing allocations, we expect the number to be around about 6.5 months at the end of June. This figure has increased gradually over time but there are measures in place to stabilise that growth. We expect after some increase associated with additional measures to assist people who have been waiting for longer periods and who have got special housing needs, which will see that figure increase slightly — and that is the reason for that — we will see those numbers stabilise and fall. The number of people on the early housing waiting list at 30 March, which is our latest available figure, was 4772 people. Those on the wait turn was 30 238 people as at 30 March. We do not have a number for the average waiting time for people on the wait-turn list.

**Mr CLARK** — Just to clarify the wait turn, as you referred to it, that is an additional number to those on the early list, or is the early number included in the wait turn?

**Dr DONALD** — That is an additional number. The total number waiting for housing at 30 March was 35 010 people.

**Mr SOMYUREK** — Just on that, Minister, the target for 2005-06 was five months. It blew out to 6.5. I know there is a note there in part (c). Can you expand on that note? There seems to be a bit of a blow-out there from 5 to 6.5.

**Ms BROAD** — I can certainly add to what the director of housing has indicated there in terms of the additional efforts that are being made by the Office of Housing to assist people who have been on a waiting list for longer periods of time, to particularly assist those people to find a housing solution that meets their needs. As a result of doing that and accommodating people — because as I understand the way the data was collected, the point at which it is reported is the point at which an allocation was actually made, and as a result of being able to make allocations for people who for a range of reasons have been on waiting lists for longer periods of time, who have had particular needs around locations and particular types of accommodation, at the point of reporting their allocations, whilst they are no longer on the waiting list that has contributed to that increasing number. So it is something of a paradox that increased efforts by the Office of Housing to accommodate people who have been on

that list for longer periods of time actually contributes to an outcome that appears to indicate the situation is deteriorating, which is not the case. I will ask the director of housing if he wants to add some comments to that.

**Dr DONALD** — Not greatly, Minister. We have given an interesting title to the action that you referred to — Informed Housing Opportunities. It is an initiative on our part to assist people who have special housing needs and who have been unable to locate properties or that we have been unable to allocate the properties that meet those needs in their particular area. We are trying hard to assist them by steering them towards other areas or by looking carefully at their needs and whether we can meet them. That has the impact, as the minister has indicated, that because we are allocating housing to people who have been waiting for some time because of their special needs, that adds to the average completed waiting time for applicants, but once we have moved through that group we can expect to see the average waiting time stabilise and go back to the more normal figure.

**Mr MERLINO** — Minister, I refer you to the homelessness assistance outputs on page 115 of budget paper 3. Given the government's recent announcement of a further investment of \$28.77 million over the next four years for homelessness assistance, could you outline to the committee how this new funding will be used and what progress has been made to address homelessness?

**Ms BROAD** — Thank you for that question. Since the Bracks government came to office there has been a very strong commitment to addressing homelessness, including through, firstly, the development and then the implementation of the Victorian homelessness strategy, and that has been followed with the youth homelessness action plan. That strategy and plan have been well supported with state budget allocations. In 2006–07 the allocation is \$8.84 million and that builds to \$28.7 million over four years, which will make a very significant contribution. It will certainly assist in delivering new and flexible initiatives that are particularly targeted at young people, who are the largest single users of homelessness services as a group, as well as people with mental health issues who are at risk of homelessness.

The 2006–07 budget commits that \$13.8 million over four years to the current SAAP agreement, and I indicated in my presentation that that is absolutely necessary to make up for commonwealth funding which has been cut under the SAAP agreement. But more positively, in terms of the Victorian government's contribution, we are now seeing as a result of those initiatives by the Victorian government the capacity to assist young people and people with mental health issues now being progressed.

The government certainly understands that early intervention and the prevention of homelessness among young people is vital because this is the time that life patterns and responses to life opportunities are established. Without timely and appropriate support to successfully move through to adulthood, young people can be trapped by homelessness and by ongoing cycles of economic and social disadvantage. I am particularly pleased that the Youth Futures program will provide housing support and training in basic living skills for young people who need that basic support in order to be able to live independently and avoid those cycles of long-term homelessness.

Of that funding, \$1 million on an ongoing basis will be used to provide more intensive support for around 200 young people each year across a range of accommodation settings that will help them, where it is possible, to reconnect with family and community, help them to access education and training opportunities and help them to enter into and maintain successful tenancies, which might include private rental housing. There will be some capital infrastructure grants of \$2.5 million also provided to accommodation linked to this support for around 28 households per year to provide assistance to move from youth refuge style accommodation to more independent living in the community.

I have also referred to the private rental assistance which is available to help provide advice and advocacy as well as practical assistance to around 350 young people each year who choose to rent in the private market. Lastly, but by no means least, the assistance which is being provided for people with mental health issues recognises that people leaving acute hospital settings and other institutions are at risk of homelessness and it is very important that they are assisted with the provision of adequate and stable housing options. This additional funding of \$1 million ongoing is going to assist around 240 people, who are at risk of homelessness when they are leaving acute health settings, to be linked up to housing and support services in the early stages and to support them across some six locations in Victoria.

**Mr RICH-PHILLIPS** — Minister, I would like to ask you about the redevelopment of the public housing in Carlton that you announced in December last year. Can you tell the committee, firstly, how many units of public

housing are currently on those sites and how many will be there post the redevelopment in 2009? As to the cost, your press statement said there was a \$50 million cash contribution from government and also contribution of land. Can you tell the committee the value of the land contribution as well?

**Ms BROAD** — Yes. I am very pleased to address the Carlton housing redevelopment which is a very significant redevelopment by the Bracks government, the biggest public housing project undertaken to date. In terms of the numbers that are being sought here, the redevelopment is planned to deliver approximately 795 new public and private homes which will be integrated in a similar fashion to the Kensington redevelopment. They will be at the Rathdowne-Drummond and Elgin-Nicholson streets and the former Queen Elizabeth Centre site in Keppel Street, across all those sites. That will see the replacement of some 192 walk-up flats, as they are referred to, which are very run down and in need of replacement, with some 245 new homes for low-income Victorians.

In terms of the actual number of people living there, I can indicate to the committee that the current number of residents at the estates where the redevelopments will occur — I am not including high rise here — is some 510. While the final configuration of the new housing, of course, is subject to planning processes — input from local residents — it is expected that the new housing will have a capacity of some 750 people if it is fully utilised. In terms of further information that was sought?

**Mr RICH-PHILLIPS** — Is that 750 people in the public stock or in the total stock?

**Ms BROAD** — Public stock.

**Mr RICH-PHILLIPS** — The other part of the question was the value of the land that has been contributed.

**Ms BROAD** — I do not have that information here, so can we take that question on notice and agree to provide it?

**Mr RICH-PHILLIPS** — To clarify it, there will be a net increase in public stock post the redevelopment of that stock?

**Ms BROAD** — Absolutely. It is expected that it will increase from 192 to at least 245 in social housing.

**Mr SOMYUREK** — Minister, I refer you to the long-term housing assistance measures in the output table in budget paper 3 at page 116. I understand that a key part of the government's growth strategy is the establishment of housing associations. Could you provide the committee with an update as to the progress of this strategy and what impact the \$50.5 million recently announced in the state budget will have on the strategy?

**Ms BROAD** — Thank you for that question. Housing associations are a very important initiative by the Bracks government to implement the government's strategy growth in housing for low-income Victorians. This is about reforming the way the government works with community housing providers to increase the supply of affordable and appropriate housing through partnerships, which include partnerships with local government as well as community organisations and the private sector.

Importantly, these partnerships enable the government to deliver more affordable housing than is possible through a public housing model because of leverage which is contributed through the partners in housing associations and the growth strategy. It is also the government's view that increasing non-government and community sector involvement in the delivery of affordable housing will assist with broadening and diversifying of the housing assistance system, which means more housing choices for Victorians on low incomes.

Since the announcement of the strategy and the changes to the Housing Act to provide the legislative and regulatory framework for housing associations, five agencies have been registered as housing associations, and they are Loddon-Mallee Housing, Supported Housing Ltd, Community Housing, Melbourne Affordable Housing and Port Phillip Housing Association. I would also want to acknowledge that Yarra Community Housing has been registered as a housing provider because the government, in addition to housing associations, is also seeking to leverage opportunities with a range of housing providers that may not choose to or have the capacity to become fully fledged housing associations but still have the capacity to enter into partnerships with the government.

Total funding to date has been approved to the amount of \$74.5 million, and that has been leveraged with a further \$25.5 million through borrowings and third-party contributions. We are very confident that that amount of leverage

is one that will continue into the future. The \$25.5 million allocated in this new financial year will be used to leverage non-government equity in the form of land, cash and borrowings from the private and non-government sector. It is expected that it will provide an additional 130 housing opportunities across Victoria by 2007–08, so that will be a much-needed boost to housing opportunities for low-income Victorians as a result of that further \$25.5 million that has been allocated and will be made available in the same way that the \$74.5 million has been contributed previously under this government.

**Mr CLARK** — My question relates to the housing integrated information package, known as HIIP, which, as you would know, Minister, is the management software package for Office of Housing properties. You would probably be aware that the Auditor-General in his 2004 report on maintaining our housing stock said that the estimated cost of this package was \$42 million and it was expected to be available in August 2004.

Is the system now fully installed and operating satisfactorily? What has its total cost turned out to be? And, if it is not currently fully installed and operating satisfactorily, what further steps need to be taken to get it into that condition, and what are those further steps expected to cost?

**Ms BROAD** — In response, can I indicate that the awarding and managing of contracts is a responsibility under the direction of the director of housing, so I will ask the director of housing to give a progress report on where that contract is up to.

**Dr DONALD** — The housing integrated information program, or HIIP, is a web-enabled information system. It is intended to bring our current computer operating systems up to a modern standard that enables our staff and indeed contractors to access our system in an efficient and effective way, reducing paperwork and increasing the smoothness of business processes.

The contract was awarded to a company called Anite UK — it is a UK company — back in 2002, and it is fair to say there have been some difficulties in Anite's acquittal of its obligations under that contract. After a number of attempts to improve the performance of the contractor, we have engaged in intensive negotiations in recent weeks over the way forward.

In short, the company was letting us know that they thought they needed more time, and they had already had more time by agreement with us, and more money, which they had not had agreement to, in order to complete the contract. We were not prepared to simply allow that contract to blow out. We have negotiated the end of that contract with Anite, and we are currently exploring ways of pursuing the delivery of our web-based system, both through our own IT unit and through suppliers here in Australia.

**Mr CLARK** — How much has been spent so far under the contract and how much more do you expect will have to be spent to get the system up and running?

**Dr DONALD** — An amount of \$13 million has been paid to Anite. Under the terms of the contract termination, those funds will be fully repaid and there will be provision by Anite for the further sum of a roughly equivalent amount to assist with our development of the new system. That plus our budget provision should enable us to complete the project within budget.

**Mr CLARK** — That is within the original budget of \$42 million?

**Dr DONALD** — Yes, that is correct. The expectation is that the cost of the contract or, if you like, the outsourced component of that project will be of the order of \$30 million to \$35 million, subject of course to updates through any procurement processes that we need to engage in over the next few months. There will be some additional costs associated with staff in my agency to assist that work. That would take the costs to the magnitude to which you referred.

**The ACTING CHAIR** — In budget paper 4, on page 152, there is reference to the funding that is provided under the commonwealth-state housing agreement for the provision of housing assistance. You have made reference to this agreement in your presentation and other comments. Can you tell the committee what work is being done at a national level to address housing affordability, given that you have referred to challenges that have arisen because of declining CSHA funds?

**Ms BROAD** — As I indicated in my presentation, Victoria is now forced to operate in an environment where the commonwealth has cut funding under the commonwealth-state housing agreement. The level of those cuts has now reached some \$900 million in real terms since 1994–95. In terms of what does that represent, that represents the loss of around 6000 new homes at current replacement prices. This has had a very major impact on the environment that the Office of Housing and the Victorian government are now operating in.

To respond to the challenges posed by that very substantial decline in funding as a funding source, as I indicated earlier, the government is working with other levels of government, as well as the not-for-profit sector and the housing industry, to develop a range of innovative strategies to increase the supply of affordable housing for lower-income Victorians in other ways. I am pleased to say that Victoria is playing a leading role in the development of what we are calling a national framework for action on affordable housing which has brought together housing, local government and planning ministers from all states. That is particularly good for me because that brings together two of my portfolios. Those ministers, together with the commonwealth government and the Australian Local Government Association, have met and considered what contribution they can make across all of those portfolio areas for the first time. That agreement of ministers across all of those portfolio areas recognises that efficient housing provision does interact with a range of other systems including land use planning and, of course, taxation arrangements. I am confident that this collaborative approach will provide a better basis, a sounder basis for the development of a strategic, integrated, long-term vision for affordable housing.

As well as that, ministers are also considering the role and scope of a broader national housing agreement to replace the current commonwealth-state housing agreement. The current agreement concludes in 2007–08 and at this point there is no indication from the commonwealth government as to whether there is a commitment beyond 2007–08. In light of the very substantial reductions in funding over more than a decade now, there is certainly a high level of concern in the housing sector about what will happen beyond 2007–08. I think it is important to look for new opportunities through a new agreement and to focus on wider strategic objectives for the housing portfolio around affordable housing beyond the traditional public housing model that has been funded through commonwealth-state housing agreements, and at a much higher level, in the past.

So the Victorian government is continuing to pursue strategies for growth and innovation in the face of this pretty adverse funding environment. Housing associations are within the capacity of the Victorian government to implement and make a difference to the supply of affordable housing, and the Victorian government will certainly continue to make that investment through housing associations. Where there are matters that fall outside of the state's jurisdiction — matters such as the commonwealth's rent assistance program, various taxation arrangements as well as local government and planning matters — Victoria is going to continue along with other states and territories and the Australian Local Government Association to pursue opportunities through commonwealth policies and programs, including making a case for housing affordability being placed on the agenda for the Council of Australian Governments.

Victoria has now, through the Victorian Premier, made that commitment, that Victoria will advocate for housing affordability being placed on future agendas for COAG, because it is such an important issue for an increasing number of Victorians and Australians who are facing great pressures accessing — whether it is home purchase or private rental housing or affordable housing through public rental.

**Mr RICH-PHILLIPS** — I would just like to clarify some matters on the Carlton redevelopment. You said in your previous answer that currently there are 510 people accommodated in those sites at Carlton in public housing and post redevelopment there would be 750 accommodated in public housing. I draw your attention to an article that appeared in the *Age* of 5 June this year which contains some criticism of the redevelopment from the Church of All Nations and the tenants union and included a statement — not a quote — but a statement in the article that:

There are 510 people living in the Carlton public housing estate —

which reconciles with the figure that you gave —

but after redevelopment there will be about 371 people in public housing and 729 in private housing.

Which suggests a reduction of 140 public tenants on that site. Are you able to shed any light on where this figure of 371 public tenants comes from, given it contradicts the figure of 750 you gave earlier?

**Ms BROAD** — All that I can indicate is that the 750 figure I referred to previously is a maximum estimated capacity figure, because, as I also indicated earlier, until planning processes have been completed — and they are subject to a range of approvals and input from residents, Melbourne City Council and the like — and until the final form of the redevelopment is settled, it is not possible to give a final figure. But it is expected that the capacity will be in the order of 750 in relation to the social housing through the expected 245 units that will replace the 192 existing flats which are being demolished.

**Mr RICH-PHILLIPS** — Is your use of social housing in that context synonymous with public housing? Are we talking about the same thing?

**Ms BROAD** — We are certainly talking about public housing in relation to the Carlton estate. In relation to the new QEC site which presently does not have any housing, private or public, on it, there is the possibility that in order to achieve the increased leverage that I have talked about earlier, to increase the amount of low-cost housing that can be delivered partners may be sought as part of the redevelopment — or not the redevelopment, the new development — on that area. So that has the potential to include partners and therefore, I am using the broader term ‘social housing’ to encompass that possibility. But again, until the Office of Housing goes through all of the processes including expressions of interest with developers, it is not possible to be definitive about that at this time.

**Mr RICH-PHILLIPS** — You are in a position to give an assurance that there will be no drop below the current 510 in whatever form the final development takes — the 510 that is currently accommodated?

**Dr DONALD** — As in total tenants?

**Mr RICH-PHILLIPS** — Yes, but the figure the minister used earlier. You said it was a maximum of 750, subject to planning, but we would not go back? That is what I am asking.

**Ms BROAD** — Yes, I will have a go at this and then I might hand over to the director of the Office of Housing. Given that the number of units that we are talking about here is 245, and with an expected estimated maximum capacity of 750, to achieve a result that you have indicated with those numbers would have to be the result of an incredibly inefficient allocation process and an under-utilisation of the capacity of that housing. That is certainly not something which I as minister or, I expect, the Office of Housing would allow to happen. So theoretically, through very poor allocation decisions, it might result in that figure but I cannot imagine any circumstances where that would be allowed to happen. I might ask the director of housing.

**Dr DONALD** — The minister is absolutely correct. That capacity of 750 people would be exploited to the maximum level. One of the difficulties with the present stock is that over the years since its construction, the nature of demand has changed very considerably from family units. We have very large numbers of three-bedroom units there which explains, if you like, the issue of counting bedrooms and capacity. But the reality of the situation is that the demand has substantially shifted towards smaller households and particularly singles and childless couples. In responding to that demand, what we will be doing is actually increasing our capacity to house people in those sorts of households within the Carlton area. So in fact this exercise is one of better responding to the nature of the demand in the locality. That means a number of small units, but as the minister has indicated and as our estimates for guiding this process indicate, in fact the holding capacity, if you like, of those units will be significantly greater than the number of people currently living there. Because of the change in the pattern of demand, the number of people living in those units is significantly less than the maximum capacity simply because of that change in the socio-demographic structure of applicants and public housing residents in the area.

**Mr MERLINO** — Minister, I refer you to the neighbourhood renewal outputs on page 116 of budget paper 3. Can you please confirm and provide further detail to the committee of what progress has been made in addressing the needs of disadvantaged communities through the neighbourhood renewal program?

**Ms BROAD** — Yes; thank you for that question about a very successful and important program initiated and strongly supported by the Bracks government. Since the announcement of new funding of almost \$30 million for neighbourhood renewal in the social policy statement *A Fairer Victoria* in 2005, that has assisted the program in being extended to new sites as well as allowing for the program to be extended in time at existing sites. That is a recognition by the government that when you are dealing with very disadvantaged communities with not many opportunities, turning that situation around takes longer than was originally envisaged when the program was first set up. That has been a very important step forward in terms of the progress that has been made through neighbourhood renewal.

That funding was in addition to the \$153 million that the government had already invested in neighbourhood renewal up to 2004–05. In 2005–06 a further \$51 million was allocated to neighbourhood renewal. That has enabled the expansion to four new areas in Victoria. It has also enabled the extension, as I indicated, to eight years for all existing projects, and it has also assisted all projects with some additional resourcing to support employment and community infrastructure development.

A very important part of neighbourhood renewal, in addition to improving housing, is providing opportunities for education and training and employment to support people living in neighbourhood renewal areas. In 2006–07 the government expects to allocate over \$50 million again to neighbourhood renewal, and that will bring the total commitment to more than \$254 million since 2001. There are currently 19 areas spread across metropolitan Melbourne and regional Victoria, and the four new sites are Delacombe near Ballarat, East Reservoir, West Heidelberg and Hastings.

Importantly, as well as spending increasing amounts of money on further neighbourhood renewal projects, the government is continuing to carefully evaluate the progress that is being made through community surveys, and the progress that is being made as evaluated through those surveys is very significant. They include results like residents now forming 50 per cent of the governance structures for all projects. These are areas that prior to the neighbourhood renewal program had no participation of residents in governance structures. It has required the acquisition of a lot of skills, and of course those skills can be applied in a range of ways, so that is of great assistance to residents.

There are now some 17 dedicated employment and learning coordinators who are helping residents to link up with employment and educational opportunities. There is a long list of further outcomes that I could go through. We are seeing things like vacancy rates going down substantially, property values increasing, crime rates going down. There is a very long range of indicators demonstrating that this is a very good investment the government is making, and is benefiting local areas and residents into the future.

**Mr CLARK** — I refer you to the maintenance call centre at Moe maintained by the Office of Housing which you welcomed back in 2004. Is it correct that the call centre is now experiencing a high level of WorkCover stress claims due in part to industrial relations matters? If so, could you inform the committee what the level of those stress claims has been, what the nature of the industrial relations problems at the call centre are and what has been done to tackle those problems?

**Ms BROAD** — Acting Chair, I certainly do not have advice about those matters or information before me. I am certainly willing to undertake to seek that information and provide what is available in relation to those matters, but I certainly do not have that today.

**The ACTING CHAIR** — You can take that on notice.

**Mr SOMYUREK** — Page 116 of budget paper 3, the long-term housing assistance output, clearly demonstrates that in terms of provision of housing the government is doing a reasonably good job. What is also important, which is overlooked sometimes — and I certainly do not find a reference to it on this page — is the need to provide security and safety in some of these public housing estates. Is there any government initiative to enhance the security and safety in public housing estates?

**Ms BROAD** — Improving security and safety for residents as well as visitors and workers at public housing estates is a priority for the government. There are a number of initiatives aimed at improving safety and security. Since 2000 there has been a concentrated effort and almost \$7 million has been targeted at upgrading security services on high-rise estates — that includes Collingwood, Fitzroy and Richmond. An additional \$3.5 million was allocated last financial year across public housing sites in Brunswick, Carlton, Collingwood, Fitzroy, Footscray, Prahran and Williamstown. Those measures include building and car park access, control systems, electronic surveillance cameras, as well as concierge stations in foyers and improved external and internal lighting. I am pleased to say that this emphasis will continue in 2006–07 with \$3.6 million estimated to be spent on projects in Albert Park, Flemington, North Melbourne, Prahran, South Melbourne, St Kilda and Williamstown.

As well as those initiatives, in 2005–06 \$12.6 million was allocated to provide a physical security presence on estates across the inner metropolitan area. A very substantial amount of this allocation was focused on providing security services at Collingwood and Fitzroy, which are also neighbourhood renewal areas. What comes through very clearly through neighbourhood renewal projects is that public housing residents, just like any other residents,

are very keen to live in a safe and secure community. That is the reason that government has agreed that it is such a high priority in our neighbourhood renewal areas.

There has been an increase since 2001–02 of 74 per cent in expenditure on security services, which is a very significant increase. I can certainly indicate to the committee that the security access that is being provided in high-rise buildings through the use of security cards has been very strongly welcomed and is very strongly supported by residents.

**Mr SOMYUREK** — That is an amazing increase. Do you have any results in terms of a decrease in criminal activity on these sites? I understand you probably will not have that at your fingertips, but could we get some facts and figures and statistics on the resultant decrease in crime, I assume?

**Ms BROAD** — I am very happy to follow that up and provide that information, because certainly it can be demonstrated that along with that very substantial investment there has been improvements in crime rates as a direct result.

**Mr RICH-PHILLIPS** — Minister, last year you told the committee that there was in the order of 77 000 social housing units — stock — in the system. It would be useful for this committee to gain an understanding of how long tenants typically occupy public housing stock. I am wondering if you are able to provide any data to this committee to give us an indication whether people who move into public housing stay for a short transitional period and then leave or whether people move in and stay for 2, 3, 4 or 5 years, or whether you have got very long-term tenants beyond five years? Are you able to provide data for 77 000 units, just a breakdown of whether 20 000 are occupied by people who have been there less than 12 months or 40 000 occupied by people who have been there two years et cetera, so we got an idea how long the people are staying in public housing once they obtain a place?

**Ms BROAD** — I am very happy to take that on notice. I do not have that information with me today. I might ask the director of housing if there is anything he has to say of assistance.

**Dr DONALD** — Just some indicative information: we allocate around 7000 households a year to social housing, against the total public housing stock of around 66 000. That gives you an indication of the level of turnover. But clearly the distribution of duration is not indicated by that average of about 10 years. We obviously need to follow that up and do some analysis and see what we can provide on notice.

**Mr RICH-PHILLIPS** — If you could take that on notice it would be very interesting.

**Ms BROAD** — Again, this is very indicative, but over time the nature of public housing as housing built for working families who tended to move on into other forms of housing has changed significantly as a result of, by necessity, that very tight targeting of housing allocations to families in high need. I indicated earlier in my presentation that that is now in the order of 70 per cent of allocations, so the nature of how our public housing is being used has changed very significantly over time, and that will certainly have an impact on how long people are staying in housing.

**The ACTING CHAIR** — On page 117 of budget paper 3 there is the home ownership and renovation assistance output measure there, with a number for households to be assisted but no allocation about the cost. Can you clarify for the committee where the funding will come from for renovation and inspections and other activities relating to this output measure?

**Ms BROAD** — I can certainly help in resolving that mystery. This is a terrific program which provides very valuable assistance to older home owners and home owners with a disability to assist them to continue living independently in a safe and secure environment by addressing in their homes features which might be a hazard and which by being fixed can ensure that accidents are prevented and people are assisted to remain living in their own homes as long as possible. This free home renovation service provides an inspection to eligible households and delivers a property condition report that provides expert technical advice, and a subsidised home renovation service loan is also available to eligible households to assist them with the cost of home renovations and modifications and maintenance which relate to health and safety issues.

It is available to Victorians who are 60 years of age or older or who have a disability or are caring for someone with a disability. Importantly, in August 2005 some changes were made to ensure that this is being directed to

homeowners who satisfy the above criteria and who hold a commonwealth health care card or a pension card to make sure it is a service being provided to homeowners who need it the most. More recently it has been expanded to include private sector renters who meet these eligibility criteria. It is recognised that there are many older Victorians and Victorians with a disability who are living in private rental accommodation who are also in need of assistance to be able to continue to live independently and safely in that accommodation.

This is a service that is entirely funded by the Office of Housing and it is delivered by Archicentre. I am very pleased it is also well supported by the Metropolitan Fire Brigade and Country Fire Authority because of the safety issues related to smoke detectors to avoid house fires. So their assistance with this is greatly appreciated.

Because the output is funded from internally generated revenue by the Office of Housing there is no appropriation in the budget and that is the reason there is no dollar amount indicated in the budget papers, but over all budget expenditure for this output — I will check this figure. The annual program that is provided for renovation assistance is in the order of \$1 million a year to Archicentre under contract. In addition to that the figure for loans — I wanted to check I was not giving a much larger figure — takes the amount up to \$16.9 million in 2006-07.

**Mr CLARK** — I refer to my previous question about workplace issues and WorkCover stress claims in the Moe maintenance call centre, of which you indicated you had no awareness and I understood Dr Owen Donald to indicate the same. My understanding is that you were sent an email on 22 June 2005 by Janine M. Webb, the president of the Trafalgar branch of the ALP and a member of the Gippsland Trades and Labour Council, headed ‘Government-funded sweatshop in the Latrobe Valley’, which states:

I have been informed that at least six union members have had to take sick leave and lodge WorkCover claims for stress-related illnesses caused, not by the job they do, but the conditions they work in.

I also understand there has been a memorandum sent to Dr Donald in the name of Paul Smith, the director of housing services, prepared by Simon Guy, manager, maintenance call centre, which states:

In late June 2005, you asked Paul Smith, director housing services, to undertake an assessment of work practices, workplace consultative arrangements and associated management arrangements at the maintenance call centre to ensure they comply with relevant awards and DHS industrial relations agreements.

In light of that can I ask: can you reaffirm that you have no knowledge of the matters that I referred to in my previous question and that Dr Donald also has no knowledge of those matters?

**Ms BROAD** — In response, I believe the record will clearly show that I did not say that I had no knowledge or awareness of these issues. I indicated to the committee and I reiterate that I did not have any advice on the particular aspect that the member raised at this committee. The Office of Housing is a very large employer and there are a whole range of employment issues across the organisation which I similarly do not have detailed advice about today. I think it is important to place on the record that the call centre at Moe is a very important initiative of this government coming out of the work of the Latrobe Valley task force, which I was a member of, which recognised that there did need to be government action to address the particular circumstances in the Latrobe Valley as a result of the complete and utter failure of the previous government to provide any assistance to that community following the huge reductions in employment in that area.

As well as that, the services provided by the call centre are contributing very importantly to improving services to public housing tenants through the actions to improve the Office of Housing’s performance on maintenance issues, as one example of the work undertaken through the call centre. As to the particular details of emails that are sent by staff, as I am sure the committee will appreciate, given the number of employees working for the Department of Human Services and the Office of Housing, that is not a matter that you would expect a minister to be aware of. I will ask the director of housing whether he has anything to add.

**The ACTING CHAIR** — Just very briefly, because we have then got time for two more questions after that.

**Dr DONALD** — The specific matters that were the subject of the question we obviously do need to take on notice, because they are about matters of detail that we do not have in front of us, and that was the point of the response. As to the more general issues associated with workplace issues at the Moe call centre, yes, of course I am aware that the call centre is a workplace, that call centres are by their nature involved in fairly intensive activity

which is managed quite closely, and yes, there have been some workplace-related illnesses that have been drawn to my attention. Those are being managed very closely, as are industrial relations matters generally in relation to the call centre. There has been significant improvement in the operation of the call centre with regard to, amongst other things, the level of workplace illness, and we would be very happy to provide the details in response to the particular matters that you have directed to attention.

**Mr CLARK** — The first answer was disingenuous, to say the least, from the minister. When we get the transcript will see exactly what it says.

**Mr MERLINO** — Minister, I refer you to the long-term housing assistance measures on page 116 of budget paper 3. Can you please inform the committee how the Social Housing Advocacy and Support program is impacting on the quality of housing assistance provided to tenants living in social housing?

**Ms BROAD** — The Bracks government believes that every Victorian is entitled to decent services, and that means assisting people who are having difficulty getting access to affordable, secure housing when they need help. In recognition of the fact that a stable home is a crucial support for people to get their lives on track the government announced the commencement of the Social Housing Advocacy and Support program from the start of this year. It replaces the former Public Housing and Advocacy program, and it has replaced that program because the government, after extensive consultation with agencies in the area, designed with a lot of input the new program that it is expected will provide better and more targeted assistance for social housing tenants to help them sustain their housing and to prevent homelessness which can occur where tenancies break down, in particular.

Funding for the new program has increased slightly from \$5.7 million in 2004–05 under the old program to \$5.9 million under the new program, and that will further increase in this current financial year to \$6.05 million. There are 11 non-government organisations that have been funded to deliver this intensive support and case coordination in local areas across Victoria. The selection of those providers was based on their capacity to deliver the best outcomes for tenants in those areas. It will help tenants by providing extensive longer term ongoing support, particularly to tenants who have complex needs. It will also provide more efficient and speedy referrals for more straightforward problems, so integrating a range of service providers to deliver better services and better outcomes was a very important consideration in designing this new program.

**Mr RICH-PHILLIPS** — Minister, I was wondering if you can provide on notice, as you have in previous years, for the year ended details of rent arrears, tenant responsibility and accrued maintenance?

**Ms BROAD** — Rent arrears — what was the second thing?

**Mr RICH-PHILLIPS** — The value of outstanding maintenance debts resulting from tenants, the provision for doubtful debts, bad debts written off and just the usual housing stock numbers — total stock, acquisitions and disposals for the year finished.

**Ms BROAD** — It is certainly my expectation that all of those numbers can be provided.

**The ACTING CHAIR** — That concludes the consideration of the budget estimates for the portfolios of local government and housing. I thank the minister and departmental officers for their attendance today and for the work that has been put into preparing for the questions the committee has had for those two portfolios. It has been a useful session. The committee has a few issues to follow up. There will probably be some other questions, Minister, that will be forwarded to you in writing at a later date. As I also mentioned before, when you receive the Hansard transcripts, if you can respond within two working days the committee would appreciate that. I thank everyone for their participation this morning. This is the final hearing of estimates for this year and for this Parliament, so thank you for being part of that.

**Committee adjourned.**