

## CHAPTER 15: CARING COMMUNITIES

### Key findings of the Committee:

- 15.1 Although suicide figures are not formally included in road toll statistics and subject to associated reporting and analysis, social research should be conducted to gather relevant and reliable information about the incidence of road traffic fatalities attributable to suicide and assess whether any budget related strategies need to be formulated to address this issue.
- 15.2 The Committee noted that the Minister for Police and Emergency Services advised that 12 road deaths that occurred in country Victoria during 2005-06 were attributed to suicide (3.6 per cent of the combined total of 334 road deaths).
- 15.3 Figures released by the Real Estate Institute of Victoria (REIV) show the median Melbourne house price at June 2007 has reached \$420,000, an increase of 11.7 per cent on this time last year and a significant increase on last quarter of 10.2 per cent.
- 15.4 Information released from the Housing Industry Association (HIA) shows more than a third of Melbourne home owners are under mortgage stress.
- 15.5 Figures compiled by the Victorian Council of Social Service (VCOSS) at March 2007 reveal 26 (or 49 per cent of selected areas) local government areas have an increase in rental rates of more than 10 per cent.
- 15.6 The current number of housing applicants on the public housing waiting list has declined by 2.2 per cent over the past 12 months to June 2007. There are now 34,150 applicants waiting for housing.
- 15.7 In September 2006, in recognition of housing affordability concerns by the community, the government released the *Towards an integrated Victorian housing strategy* aimed at addressing the State's future housing challenges.
- 15.8 The Committee noted that the Treasurer has stated that to make home ownership more affordable: in December 2006 stamp duty on the average family home was reduced by 14 per cent: the First Home Bonus was extended to 30 June 2009: land tax reforms will result in a saving of \$700 on the price of an average block of land; and the introduction of a new Electronic Conveyancing System that will reduce the expenses of buying a home.
- 15.9 The Committee noted that the government announced an extra \$510 million for social and public housing, aimed to provide 2,350 new or redeveloped dwellings.
- 15.10 The government should develop quantity and timeliness performance measures concerning housing affordability for inclusion in the budget papers and the Department of Human Services' annual report.

## 15.1 Introduction

In considering the budget estimates pertaining to the *Caring Communities* vision of the *Growing Victoria Together* initiative, the Committee asked a total of 190 questions, which represented 27.6 per cent of all questions asked during the budget estimates hearings.

Answers provided at the estimates hearings were recorded in *Hansard* and the transcripts of evidence were contained in Appendix 1 of the *Report on the 2007-08 Budget Estimates – Part One* and the *Report on the 2007-08 Budget Estimates – Part Two*. The material received to the questions on notice and unasked questions since the Part Two report is presented in full in Appendices 4 and 5 respectively of this report. These responses are categorised according to the applicable *Growing Victoria Together* vision to which they relate.

This chapter sets out an analysis of various issues pursued by the Committee at the budget estimates hearings that relate to the *Caring Communities* vision of the *Growing Victoria Together* (GVT) initiative.

## 15.2 Road traffic fatalities attributable to suicide

The Committee noted that a review conducted in 2003 of suicide and natural deaths in road traffic at a local, national and international level found that:<sup>211</sup>

- relative to other methods of suicide and injury, literature on suicide and natural deaths in road traffic was scarce, particularly for pedestrian suicides;
- driver suicides and natural driver deaths are relatively minor components of road traffic fatalities but may be underestimated;
- driver suicides are mostly male and aged 25-34 years; and
- risk factors are previous suicide attempts, a history of mental illness and the presence of alcohol.

In examining issues surrounding Victorian road deaths, the Committee at the estimates hearing inquired about the number of suicides that involved the use of a vehicle in country Victoria in the past 12 months.

The Minister for Police and Emergency Services advised that according to Victoria Police, 12 road deaths that occurred in country Victoria during 2005-06 were attributed to suicide (3.6 per cent of the combined total of 334 road deaths).<sup>212</sup>

The Committee believes that, although these figures are not formally included in road toll statistics<sup>213</sup> and subject to associated reporting and analysis, social research should be conducted to gather relevant and reliable information about the incidence of all road traffic fatalities attributable to suicide that involve characteristics such as:

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<sup>211</sup> V Routley, C.Staines, C.Brennan, N.Haworth, J.Ozanne-Smith, *Suicide and Natural Deaths in Road Traffic – Review*, Monash University Accident Research Centre, July 2003. p.iii

<sup>212</sup> Hon. B Cameron MP, Minister for Police and Emergency Services, response to the Committee's question on notice, received 11 July 2007

<sup>213</sup> *ibid.*

- age and gender;
- previous suicide attempts;
- history of mental illness, depression or drug and/or alcohol abuse; and
- geographical location.

While the Committee recognises the difficulty in ascertaining true intent and psychological motivation, such research could also be aimed at identifying possible underlying causes of suicide involved in road deaths such as psychological factors (for example, lack of social connections in isolated communities, financial problems or interpersonal disputes) or contributing factors such as presence of addictive substances, for example, alcohol or drugs. Research showing the extent of suicide in road traffic, associated characteristics/profiles and likely causal factors could reveal whether additional programs and funding need to be directed at ensuring that appropriate road safety data systems capture this information (so that figures are reliable and not underestimated and anecdotal), monitoring of trends take place (particularly in comparison to national data) and protective measures applicable to suicide prevention can be developed are funded to address this problem in future.

The Committee recommends that:

**Recommendation 47:** **To determine the extent and underlying causes of deaths on Victorian roads due to suicidal intent and assess whether any budget related strategies need to be formulated to address this issue, the Department of Justice consider commissioning a research project that includes focus on country Victoria and includes pedestrian deaths.**

### 15.3 Housing affordability

#### Introduction

The Committee was interested in examining the issue of housing affordability to assess the strategies that have been put in place to ensure that people who want to own homes are not being priced out of the market or have to pay rising rents, thereby absorbing an ever increasing share of their income.

There are three measures that might be used for housing affordability: percentage of households spending 30 per cent or more of household income on rent or mortgage repayments, as a percentage of all occupied private dwellings, based on place of usual residence. (ABS 2006 Census); median price of unit/flat/apartment, 12 month average; and percentage of private rental affordable for people on benefits and occupied dwellings that are public housing (Australian Bureau of Statistics, 2006 Census).<sup>214</sup>

While households can be considered to have affordability problems if they spend more than 30 per cent of their incomes on housing costs (Australian Bureau of Statistics, 1996), there is no accepted definition of housing affordability. It is a relative term that is about the capacity to enter the housing market; that is, cost and availability. The cost of housing in a municipality relates to the prosperity of the community, the functioning of the economy, location choices relating to employment opportunities and transportation issues. In Australia, the number of households above the 'rental stress' threshold, that is, spending more than 30 per cent of their income in rent, has climbed to 520,598. This makes a combined total of 1.1 million households under financial stress from their loan

<sup>214</sup> [www.communityindicators.net.au](http://www.communityindicators.net.au), accessed 17 August 2007

and rental payments. Victoria is among the worst affected states, with households under mortgage stress jumping from 71,287 in 2001 to 140,960 in 2006 – an increase of 98 per cent. This compared with a national rise of 89 per cent (Australian Bureau of Statistics, 2007).<sup>215</sup>

### **Increasing housing values**

The Committee found that figures released by the Real Estate Institute of Victoria (REIV) show the median Melbourne house price at June 2007 was \$420,000, an increase of 11.7 per cent on this time last year and a significant increase on last quarter of 10.2 per cent. The median price has been calculated from almost 12,000 houses and 6,000 units and apartment transactions conducted in April, May and June.<sup>216</sup>

Highlighting the increase in housing values, there are now no suburbs in metropolitan Melbourne with a median house price below \$200,000.<sup>217</sup>

### **Increases in home mortgage interest rates and rental rates**

Information released from the Housing Industry Association (HIA) show more than a third of Melbourne home owners are under mortgage stress. Since the August 2006 census, three interest rate rises have seen the number increase by a further 15.8 per cent, now having an impact on 110,603 owner-occupiers.<sup>218</sup>

Research undertaken by the Committee has also revealed that increases in rental rates have been identified for many local government areas in Victoria. Figures compiled by the Victorian Council of Social Service (VCOSS) at March 2007 reveal 26 of 53 selected local government areas had an annual increase in rental rates of 10 per cent or more. That equates to a weekly increase in rental payments of between \$20 and \$100.<sup>219</sup>

### **Number of applicants on the public housing waiting list and transfer list**

As identified in the Committee's *Report on the 2006-07 Budget Estimates*, the number of public housing applicants waiting for the Office of Housing to house them at 30 June 2006 was 34,930. Of this total, 4,628 (13.2 per cent) were applicants for early housing (those most in need) and 30,302 (86.7 per cent) were applicants on the wait turn waiting list (those with less urgent needs).<sup>220</sup>

The current number of housing applicants on the waiting list has declined by 2.2 per cent over the past 12 months to June 2007. There are now 34,150 waiting for housing; of this total 4,799 (14.1 per cent) are in need of early housing and 29,351 (85.9 per cent) are on the wait turn list.<sup>221</sup>

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<sup>215</sup> *ibid.*

<sup>216</sup> [www.reiv.com.au](http://www.reiv.com.au), *REIV Median Prices*, REIV News, 7 August 2007; Mr B Schneiders, 'Big surge in house values', *The Age* newspaper, July 28, 2007

<sup>217</sup> [www.reiv.com.au](http://www.reiv.com.au), *REIV Median Prices*, REIV News, 7 August 2007

<sup>218</sup> [www.hia.com.au](http://www.hia.com.au), *Higher Rates Tip More Into Mortgage Stress*, HIA Latest News, 17 August 2007

<sup>219</sup> Victorian Council of Social Service, *VCOSS league table show rents continue to rocket*, media release, 21 August, 2007

<sup>220</sup> Public Accounts and Estimates Committee, *Report on the 2006-07 Budget Estimates*, September 2006, Executive summary, p.23

<sup>221</sup> [www.dhs.vic.gov.au](http://www.dhs.vic.gov.au), *Public Housing Transfer and Waiting List*, June 2007, p.1

## Government initiatives

In September 2006, in recognition of housing affordability concerns by the community, the government released the *Towards and integrated Victorian housing strategy* aimed at addressing the State's future housing challenges. In this strategy the government acknowledges the significant increases in house prices, as in the rest of Australia, and the resultant increase in financial security for home owners and some home buyers. However, the government also acknowledges that many lower to middle income Victorians are finding it more difficult to buy or rent a home and the potential for this trend to divide people geographically according to wealth and income. Such a division is contrary to the government's vision of a State that is more socially cohesive and provides opportunities for all.<sup>222</sup>

In presenting the budget estimates to Parliament, the Treasurer indicated that while Victoria enjoys the highest rate of home ownership of any Australian State, many Victorian families cannot afford to buy a home or pay rent in the private market. The Treasurer acknowledged that housing affordability is a significant issue across Australia and stated that to make home ownership more affordable:<sup>223</sup>

- in December 2006 stamp duty on the average family home was reduced by 14 per cent;
- the First Home Bonus was extended to 30 June 2009 and increased to \$5,000 for newly constructed homes;
- land tax reforms will result in a saving of \$700 on the price of an average block of land; and
- the introduction of a new Electronic Conveyancing System that will reduce the expenses of buying a home.

The Treasurer also announced an extra \$510 million for social and public housing, providing 2,350 new or redeveloped dwellings and improving services for homeless Victorians. This will bring total investment in social and public housing in Victoria to \$1.4 billion over the next four years.<sup>224</sup>

At the estimates hearing the Minister advised the Committee that the commitment of \$500 million includes:<sup>225</sup>

- \$200 million over four years to provide 800 redeveloped and new public housing units to boost the supply of public housing; and
- \$300 million to create an investment fund: \$60 million for 350 additional social housing units and the housing fund will commit \$240 million over four years to build or acquire 1,200 units of public housing.

The Committee noted with satisfaction that the \$300 million investment fund was sourced from funding in 2006-07 derived from a greater than expected budget surplus. Notwithstanding the additional funding provided in the budget, the Committee believes that given the rises in residential property values, home mortgage interest rates and rental rates and the high demand for rental properties, the government is faced with ongoing challenges in its efforts to ensure that public housing in Victoria:

<sup>222</sup> Department of Human Services, *Towards an integrated Victorian housing strategy: a framework to address our future housing challenges*, September 2006, p.4

<sup>223</sup> Budget Paper No.1, *2007-08 Treasurer's Speech*, p.10

<sup>224</sup> *ibid.*

<sup>225</sup> Mr R Wynne MP, Minister for Housing, 2007-08 Budget Estimates hearing, transcript of evidence, 17 May 2007, p.12

- is available to needy groups;
- is equitably distributed between rural and regional Victoria;
- has maximum effect on reducing the length of waiting lists; and
- is adequately and appropriately managed and maintained.

The Committee believes the government should develop quantity and timeliness performance measures concerning housing affordability for inclusion in the budget papers and the Department of Human Services' annual report.

The Committee recommends that:

**Recommendation 48:** As occurred in the 2007-08 budget, consideration should be given in future years to applying a significant portion of any budget surplus in excess of the initial prediction to increase the level of public housing.

**Recommendation 49:** To enhance accountability, the government develop quantity and timeliness performance measures concerning housing affordability for inclusion in the budget papers and the Department of Human Services' annual report.