

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 21 May 2008

Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Mr M. Pakula	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,
Ms M. Crawford, Director of Housing & Executive Director, Housing and Community Building,
Mr R. Jenkins, Acting Director, Policy, Strategy and Communications, and
Mr A. Hall, Executive Director, Financial and Corporate Services, Department of Human Services.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008–09 budget estimates for the portfolios of housing, and later, Aboriginal affairs and local government. On behalf of the committee I welcome Mr Richard Wynne, Minister for Housing, Minister for Aboriginal Affairs and Minister for Local Government; Ms Fran Thorn, secretary; Ms Margaret Crawford, Director of Housing & Executive Director, Housing and Community Building; Mr Rob Jenkins, acting director, policy, strategy and communications; and Mr Alan Hall, Executive Director, Financial and Corporate Services. Departmental officers, members of the public and the media are also welcome.

In accordance with the guidelines for public hearings I remind members of the public they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach 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 procedures in this room.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. There is no need for evidence to be sworn. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence being given today is being recorded. Witnesses will be provided with proof versions of the transcript. The committee requests that verification be forwarded to the committee within three working days of receiving the proof version. In accordance with past practice the transcripts and PowerPoint presentations, and any other documents tabled, will then be placed on the committee's website. Following a presentation by the minister, committee members will ask questions related to the budget estimates. Generally the procedure follows that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off, and I invite the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information relating to the budget estimates for the portfolio of housing. Minister, I gather you have something to table as well and circulate to members.

Mr WYNNE — Yes, I do, Chair, thank you very much. I have got here a slide presentation. I will just hand it around and I will basically talk to it in overview form. This is my second year of the Public Accounts and Estimates Committee, and I of course want to welcome Margaret Crawford, the new director of housing, who is with us today for her first PAEC presentation.

The CHAIR — A very important area.

Mr WYNNE — Indeed, absolutely, and we are delighted to have Margaret with us, and Fran of course, and various other colleagues who you have met on no doubt numerous other occasions.

The CHAIR — That is right. Thank you.

Mr WYNNE — I am going to give a brief overview of the budget priorities for 2008–09 and the progress against 2007–08 commitments and then we will move to questions and answers as is your wont, Chair.

The CHAIR — Correct.

Mr WYNNE — So 2008–09 budget priorities really are set against the backdrop of, of course, the record investment by the state in the last budget of \$500 million, including the commitment of \$200 million to public housing and \$300 million to housing associations. As you know, this was a record commitment by a state government — the biggest commitment by a state government anywhere in Australia to date — and we were particularly pleased with that budget outcome. This of course has run out successively over the last 12 months. Within the public housing side of the commitment, a lot of that has been about being very aggressive and proactive in terms of a spot purchase program — really getting out there into the market and seizing opportunities as they would come along. The forward years now are about, given that we have got a lot of the planning in place, implementing a lot of the projects that have gone through the planning process through the relevant local governments. Similarly for housing associations, \$300 million into housing associations. That is a very big commitment. In A Fairer Victoria you may well have noticed, Chair, that we have had a transfer of stock in the order of nearly 500 units that are currently managed by housing associations which will in fact go onto their budget bottom line. So it is a pretty healthy situation for both public and social housing.

So 2008–09 priorities include \$201 million to buy and build 1030 properties, both public social housing and indeed Aboriginal housing as well; \$194.3 million for 2150 upgrades and major improvements; increased homelessness and family violence services with an announcement of \$36.4 million in that area. Renewing neighbourhoods of

course, with an additional \$12.8 million over four years for neighbourhood and community renewal, and I would be very happy to talk some of the initiatives in that area which have been, I think, terrific outcomes for those communities more generally, and \$52 million to promote social inclusion through our neighbourhood renewal program. Now what do we mean by that? We mean not only lifting the physical infrastructure of those areas but also lifting the social infrastructure, offering people the opportunity for education, training and employment, and I would be happy to talk in more detail about that.

In 08–09 the government has indicated that it has allocated the \$201 million for more units, and I think that is a good setting for us going forward in terms of public and social housing, because if you think about it in a broader context we are trying to be active right across Victoria. So a third of our stock, as you know, is in regional Victoria, and we want to be actively ensuring that the funds do in fact get allocated in a fair and equitable way across the state. This is of course against a backdrop of a very difficult commonwealth-state housing agreement that we had in the past which effectively meant that Victoria was short by over 5000 units of public housing from the net effort of the CSHA. We have always committed, since we came to government, above and beyond our commitments that we were required to fulfil under the matching component of the commonwealth-state housing agreement, the 2 for 1 agreement, but the net effect is we are 5000 units down so we have got a fair way to go. We have got a new commonwealth government now and indeed I can say with certainty that we will have a commonwealth-state housing agreement going forward. It may be rebadged in a new name, but, as members of PAEC will recall, we were under the previous government in a situation where we were not at all clear about what form of new social or public housing arrangements the previous government was proposing to prosecute. But I can say with confidence, having had discussions with the commonwealth, that we will be signing a new agreement, hopefully by the end of the year.

Mr WELLS — And there will be no more problems.

Mr WYNNE — We can talk about that, Mr Wells. I would be very happy to talk about that. Progress against the 2007–08 commitments — there are always challenges, as you know.

Ms MUNT — There is always more to do, Kim.

Mr WELLS — There is more to do?

Mr WYNNE — We will have delivered by 30 June — 2007–08 — 1150 new social housing properties; we will have upgraded 2450, which exceeds the target; and assisted close to 120 000 people in need of homeless support services. In that context, particularly around homelessness, we have the most developed intervention in the homeless service sector of any state in Australia, and widely recognised as such. I was pleased to see the bipartisan support that we were given for the recent supported housing initiative, the 120 units that we are doing down at Elizabeth Street in the city. I was very pleased with that. I appreciated the bipartisanship that occurred around that because it is trying to fill a gap in the homeless provision, where for the chronically homeless this new model called Common Ground is about wrapping the services around the most vulnerable people on site.

We think that that is a really interesting model going forward, that with drug and alcohol services, health services, mental health services, education and training opportunities in fact you can turn people's lives around from a position of chronic homelessness to lead very productive lives. As I am sure the committee is aware, Chair, and I will finish on this point, I did look at some of these models overseas, both in New York and in the United Kingdom, and there are some very impressive outcomes going forward. Longitudinal research that is being done, particularly in the US, would indicate that an early intervention up-front, wrapping services around chronically homeless people, can make a real difference to their lives and they can get back into productive outcomes for themselves.

Chair, it is a good picture for housing going forward, with A new commonwealth government to work with. Challenges ahead, Mr Wells, no doubt — —

Mr WELLS — More to be done?

Mr WYNNE — But some that we are absolutely up for.

The CHAIR — Thank you very much, Minister. You should realise that both the Chair and the Deputy Chair have a very strong interest in these matters, so I am sure you will get lots of questions.

Mr WYNNE — Indeed. We look forward to it.

The CHAIR — First of all, I refer you to budget paper 3, which you have already mentioned, page 115 and following, where you have the outline of the performance measures and outputs, deliverables et cetera. Can you tell us about specific subsidies, concessions and revenue forgone — and I am sure there is a lot in your portfolio — and whether there are any specific changes to them in this year's budget; and also whether the figures in the budget paper represent the total spending on housing assistance in the coming year?

Mr WYNNE — In relation to your first point, specific subsidies, I can advise the committee that in 2008–09 the budget puts housing in reach for more low-income families. As you know, the announcements that we made in relation to stamp duty will save Victorian home buyers in the order of \$2460 on the purchase of a median-priced house, that is around about the \$315 to \$317 000 mark, a cut of almost 17 per cent. And more expenditure is expected, as I indicated, for social housing and homelessness in 2008–09 than in 2007–08, help which we believe is directed to the people in most need.

The budget does commit \$395.6 million to grow and improve social housing, to build another 1030 units for over \$200 million, and a further \$194 million for upgrades redevelopments. We will be undertaking 2150 upgrades in 2008–09 and major redevelopments on at least 15 sites. It is a big agenda, Chair. There will be more funding to the vulnerable through our homeless services and family violence services, as I indicated. Our Opening Doors program, which is one of our significant interventions which is providing a coherent response to young people when they come through the agencies. Being able to provide a comprehensive response to particularly young people at risk is, I think, a really important initiative here.

In supported housing I have already indicated the Common Ground proposition that we have down here in Elizabeth Street. Putting the services in place, putting long-term stable accommodation in place can make a difference to people's lives. Support for high-risk tenancies is the last aspect that I wanted to touch upon there. That is a \$4.2 million program over four years to try to support some of the most vulnerable people who are living in public housing. Many of those people, as you know, suffer from a whole range of difficulties. They might be drugs and alcohol, they might be mental health, they might be a combination of all those, or family breakdowns. Public housing for those people is really critically important. Stable, long-term, affordable accommodation is fundamental to maintaining these people's lives. We will be putting in place a program to support those tenancies over the next four years.

In relation to your second point, does budget paper 3 reflect the total spending on housing and homelessness, the answer is no, it does not. It tells part of the story but not all. It reflects the appropriations obviously made by the Parliament, but there are a number of other key aspects of the housing budget, including contributed capital, rental revenue — obviously the rental revenue that we get from the organisation itself — and earned interest. In reality, Chair, we are expecting to spend \$1 billion in 2008–09. That means our acquisition budget will be going up this year. In 2006–07, 52.2 million; 2007–08, 102.8 million; and in 2008–09 we will have 111.6 million in the next financial year for acquisitions.

On contributed capital, budget paper 3 does not include contributed capital. Contributed capital are appropriations that are used to acquire assets that go onto the state's balance sheet, such as houses but not land. Therefore, when the government provides funds to the Department of Human Services, to my section of the broader department, for the acquisition of public housing, some \$100 million in 2007–08 is not reflected in budget paper 3. But budget paper 3 shows funds appropriated for expenses, such as funds used to undertake upgrades or for homeless services more generally. So that is the broad sweep. In essence, Chair, \$1 billion to be allocated to public and social housing in the year going forward, which is the amalgamation of both what you have here in your budget papers and contributed capital, rental revenue and any interest that we have earned.

The CHAIR — Is there a separate financial statement for the Office of Housing?

Mr WYNNE — At the end of the financial — —

The CHAIR — To cover all these ones that you mentioned. A billion dollars is quite different to what we see in the budget papers.

Mr WYNNE — Yes, it is in the annual report.

The CHAIR — It is in the annual report. Separately? Not just as an overall figure within DHS?

Ms THORN — It is the total DHS annual report.

The CHAIR — You do not actually pull it out in terms of the Office of Housing?

Mr WYNNE — I will ask the director of housing to respond.

The CHAIR — That is okay. So long as it is there, you can give us a copy.

Ms CRAWFORD — I asked the same question.

The CHAIR — I am sure. It would probably have been the first question you asked.

Ms CRAWFORD — We do bring that all together and report once a year in this summary of housing assistance.

The CHAIR — It would be good if you can give us a copy of that. My other question, just to follow up in clarification of my colleagues talking about subsidies, is that I would have thought a major subsidy would be the revenue forgone in terms of rent. Have you got a figure for that, in terms of revenue forgone for rent? You are paying only 25 per cent of your income, if you actually have a job — —

Mr BARBER — If I can be of assistance, Chair, that figure is in the annual report. It is market rent less the subsidy. That is how it is worked out.

The CHAIR — I know how it is worked out; I am looking for a figure.

Mr WYNNE — You want to know what the total figure is. We will get you that figure.

The CHAIR — Thank you.

Mr WYNNE — Mr Barber is correct.

Dr SYKES — He might be applying for a job as ministerial adviser, Minister.

Mr WYNNE — With all due respects to my colleagues, I do not think he is shooting for ministerial adviser; I think he would like to be the minister. Just watch — you cannot have it, at least not at the moment.

Mr BARBER — You will be out at the next one.

Mr WYNNE — I do not know about that. I am happy in the service, believe me.

Mr WELLS — Minister, before I ask my question, what is the definition of ‘homelessness’?

The CHAIR — We had this discussion last year, didn’t we?

Mr WELLS — I just want to know if it has changed in the last 12 months.

Mr WYNNE — It is a very interesting question. There is a range of academic definitions of ‘homelessness’. My definition of ‘homelessness’ is someone who is living in insecure housing. That could be in a whole range of ways. I can elaborate, if you want.

Mr WELLS — No.

Mr WYNNE — A person living in insecure housing would be how I would define it — insecure housing or no housing.

Mr WELLS — Minister, I refer you to budget paper 3, page 115, in regard to the ‘Proportion of SAAP support episodes where an accommodation need was unable to be met’. I note that this output has increased from 9 per cent in 06–07 to 17 per cent and is expected to remain 17 per cent, so it is one in six requests being turned away. Are you able to tell the committee why this percentage of unmet need for SAAP has doubled in the last 12 months and why you are prepared to accept it remaining at 17 per cent?

Mr WYNNE — Thanks, Mr Wells, for the question. The whole question of support to homeless services is a matter that is currently being addressed by the federal government in an inquiry in relation to homeless services by Tony Nicholson, which is on at the moment. A green paper will be released in the next little while. It seems to me that one of the key aspects of this is to ensure that the support that is provided to homeless people is in fact developed in a more integrated way. We are going to be a part of that conversation, both with the Nicholson report and, more specifically, around how the federal government resources are in fact better allocated than they are now. He would argue that we need to ensure that people do not continue to cycle into chronic homelessness, so the initial intervention ought to be the one that assists a homeless person to stabilise their life. He would argue, more broadly, that SAAP services are potentially missing the longer-term supports that people require — for instance, if you look at the Common Ground initiative that we have in Elizabeth Street, that is about a strong and early intervention, wrapping the services around people and being able to redirect the outcomes for them.

We in Victoria, as I indicated in my introductory comments, are one of the largest users of SAAP services of any state in Australia. We have the most comprehensive intervention of any state and we are one of the largest users of SAAP services. In that context, it is I think a good story, but a story that is not complete because we want to ensure, in our engagement with the Nicholson review, that there is a more comprehensive response. You cannot forget that that is in a context, Mr Wells, of clearly increasing demand because of the critical private sector rental situation that we are in.

Mr WELLS — You say it is a good story, but unmet demand has jumped from 9 per cent to 17 per cent. I am not sure where you get a good story on that.

Mr WYNNE — The story is that when you have an incredibly tight private rental market, where do people go? Let's have a look at the situation of the private rental market at the moment. Anywhere within 10 kilometres of where we sit and meet here today, the vacancy rate is about 0.9 of 1 per cent. There are no vacancies in the private rental market at the moment, anywhere within 10 kms. The further out you go, it is not necessarily much better than that; it around about possibly 1 or 1.2 per cent. So if you are a poor person, how are you going to compete in that marketplace? Where does the pressure come? The pressure comes onto the public housing waiting list and of course it comes onto supported accommodation assistance programs and all those support organisations. That is why you see this type of phenomena. That will take time to change.

In your early comments you said, 'Oh, well, you'll have the federal government and everything will be better'. It will be better, and I will tell you why it will be better. For the first time in my history of knocking around in the housing sector, you have a government that has said it is prepared to intervene in the private rental market. Now, I have never heard of that before. You have a proposition afoot now where the federal government has said, 'We will actually intervene to try to take some of the pressure off the private rental market' — through this scheme called NRAS, the national rental affordability scheme.

I will not go into huge detail about this, but basically this is a scheme where investors would invest in a newly built rental property. It has to be retained in the private rental market for a period of 10 years and it has to be at 20 per cent below the market value for where that property is. In return the investor gets \$6000 subsidy per year from the federal government, \$2000 subsidy from the state government for the 10 years, plus obviously the rental income that comes through the property as well. That is a significant intervention that, in our view, will make a big difference to the private rental market.

What does it mean for Victoria? Probably over the next four to five years we will get somewhere in the order, we would think, of 10 000 to 12 000 units of private rental accommodation through this NRAS scheme — around about 12 000 units. But it also means, and the Prime Minister has indicated that if this scheme is as successful as what we hope, they will look at doing another 50 000. That would be 100 000 units across Australia. So for Victoria we would be looking in the order of, say, in the next 10 years potentially 25 000 units in the private rental market. That makes a big difference to how the equation works. It opens up opportunities for a bit more competition in the private rental market, and of course the peaks and troughs of the way the private rental investment market works will in fact change over time as well. If we get a gradual easing of vacancy rates that will assist; the NRAS scheme will assist; the investment in the public rental and social housing sector will assist as well. All of those combined will make a significant impact on really your initial question, which is the SAAP outcomes.

The CHAIR — Okay.

Mr WYNNE — But it is a difficult environment, and I do not shy away from that.

Ms MUNT — Minister, I refer you to budget paper 3, page 116, headed ‘Long-term housing assistance’. There is a line item there, ‘Number of dwellings with major upgrade during year (includes neighbourhood renewal areas)’. I would like to focus on the housing capital program and what is happening in the 2008–09 budget in that regard. I have had an interesting example of a capital upgrade in my own electorate, in Parkdale, where the upgrade was proposed and the plans were put together and they did not have community approval.

Mr WYNNE — Sorry, which one was this?

Ms MUNT — Parkdale.

Mr WYNNE — Parkdale, yes.

Ms MUNT — Parkers Road, Parkdale; it did not have opportunity approval. It went back to the community, where everyone got together to put together a better plan, and it has ended up being a wonderful example of where the community supports public housing. Could you expand on the housing capital program for 2008–09?

Mr WYNNE — Yes, briefly on the Parkdale one, this was an example of where there was disputation with the local authority?

Ms MUNT — That is right.

Mr WYNNE — Over what sort of housing outcomes should occur there. These, as I recall, were a number of very downgraded, I think it was concrete stock?

Ms MUNT — Yes, long-term housing.

Mr WYNNE — The classic long-term stock that has been around for a long, long time and, from all of the points of view on energy conservation and decent quality housing, were ready for replacement. I think there were 16 one-bedroom units that we replaced. It went through quite a significant ebb and flow with the council. I think there were initially plans approved, as I recall, and then the council rescinded, Ms Munt?

Ms MUNT — Yes, that is right.

Mr WYNNE — Rescinded the planning approval. This has gone on for a number of years and it is only more recently that we have been able to get a plan that has been basically approved by both the council and the local community more generally. We let a contract for initial site works on 7 April, so we are finally off and going with a new redevelopment down there at Parkdale. It took a lot longer than what any of us would have hoped, but there you go, at least we are up and going again.

But on your broader question, in 2008–09 we are spending more money on capital than last year. Over \$300 million this year versus \$291 million, nearly \$292 million last year. The capital budget balances our commitments to grow whilst ensuring we have quality living environments. So it is really this tension about doing redevelopments such as Robert Street in Northcote, or Parkdale, where you have got clearly run-down, old concrete stock that —

The CHAIR — Ashwood.

Mr WYNNE — Ashwood, which are past their useful life, so getting those sites redeveloped and trying to get a bit more density there so the net outcome is positive, as well as doing our acquisitions program. We spent over \$2 billion investing in improvements and maintenance and redevelopments since 1999. Now that is \$2 billion. Without getting too rhetorical —

Dr SYKES — Go on, your previous ministers have — have a go.

Mr WYNNE — All right. Chair, I have been invited by Dr Sykes to have a go.

The CHAIR — You are limited to about 4 minutes per answer, so just restrain yourself.

Mr WYNNE — I will only say one thing, but it is a very telling comment. Over the years of the previous government we got 44 high-rise towers. Apart from general maintenance, \$1 million a year was spent on those estates. It tells a story. We were left with a smouldering wreck in the high-rises. So when you drive home tonight, if you drive past any of the high-rises have a look up, and you will see floor by floor by floor by floor renovations of all of those high-rises. That is an enormous task. We have spent tens of millions of dollars on what had been some shocking neglect of those high-rise estates, and they are an important part of our broader housing portfolio.

When you say, ‘\$2 billion, where has it gone?’, they are some of the places it has gone, into readdressing some of the neglect that had occurred in the past. It is a big number. We have delivered, since we came to government, to June 2007, 11 500 social housing units, 90 million on building and buying more units in partnership with housing associations, and as I indicated our stock numbers for this year and going forward. People laugh and say, ‘There is more to be done’. There is more to be done; there is always more to be done in housing. There are big backlogs — CSHA, 5000 units down. We have inherited some really difficult situations, particularly the high-rise stuff. We are catching up still.

Mr WELLS — But you still support the 2030 program, don’t you?

Mr WYNNE — Of course I support the 2030 program.

Mr WELLS — But it is putting an enormous pressure on the price of houses in Melbourne.

Mr WYNNE — How do you mean?

The CHAIR — I am not sure this is actually relevant.

Mr WELLS — We are talking about supply and demand.

Mr WYNNE — I am happy to talk about 2030 — no problem.

The CHAIR — It is actually Mr Rich-Phillips’s question.

Mr WYNNE — If Mr Rich-Phillips wants to ask me that question, I will answer it.

Dr SYKES — That was a decoy strategy.

Mr PAKULA — Now is the time for unity, Gordon.

The CHAIR — Gordon, it is yours.

Mr RICH-PHILLIPS — Thank you, Chair.

Mr WYNNE — Is this a 2030 question?

Mr RICH-PHILLIPS — The minister may respond in terms of 2030 in his answer. The budget papers show net long-term stock only increasing by 130 units next year.

Mr WYNNE — Yes.

Mr RICH-PHILLIPS — It is 74 556, up from 74 426. At the same time the Office of Housing waiting list at March was 35 394. There is obviously a substantial waiting list for public housing.

Mr WYNNE — There is.

Mr RICH-PHILLIPS — When could those people on that waiting list reasonably expect to be accommodated in public housing? Obviously, I take what you say about capital work for this year, there is minimal increase in stock so you have got roughly a 50 per cent additional demand on top of the stock you have got now. When can those people expect to actually be accommodated? What is the turnover rate in the existing stock that would see those 35 000 people accommodated in public housing?

Mr WYNNE — As you say, Mr Rich-Phillips, you are right. At March 2008 we had 35 000 on the waiting list. It has gone down by about 6000. We had 41 000 in 1999 and that is not a bad result, but — —

Dr SYKES — There is more to be done.

Mr WYNNE — The waiting list does move around, according to what the market conditions are. As I indicated in my earlier answer, the private market for low-income people is no longer an option for them. As members of Parliament we all get representations from our constituents, and every one of you has written to me in relation to somebody who has been waiting on the public housing waiting list for a period of time. My advice generally to those of our constituents is, 'Broaden your scope of where you are prepared to go to'. That is my answer. I am sure you will have stories, as we all have, of people who say, 'I have been waiting on the list six, seven, eight, nine years'. Why? It is because they are asking for a highly specific property in a highly specific area, and they are not prepared to open up to other options. Therefore it is so contained. The particular area they may be asking about may have a very limited amount of stock in it. It is not for me to be saying to people how they should seek to redress their applications, except in broad terms to say, 'Be as expansive as you possibly can be and that will improve the opportunities for you'. We should not forget of course we do have a segmented waiting list as well. Obviously those in most acute need are those who are housed first. In broad terms, that is my answer.

Mr RICH-PHILLIPS — In the context of that answer, do you have stock that is occupiable but is unoccupied because it is in areas where there is no demand at the moment?

Mr WYNNE — Yes, we do.

Mr RICH-PHILLIPS — What sorts of numbers are currently unoccupied?

Mr WYNNE — Current vacancies?

Mr RICH-PHILLIPS — Current vacancies that could be occupied.

Mr WYNNE — I have that figure for you. I will just get it for you off my colleagues here. For instance, yesterday I was up in Maryborough; we had a community cabinet up there. We have got a very small number of people — about 35 — who are sitting on the public housing waiting list. For that area it is nothing; it is a very small number of people. But we have got a whole bunch of stock that does not fit people's needs. For instance, we are top-heavy across the broader portfolio with a lot of two and three-bedroom units, where the waiting list is predominantly single people. You have got this mismatch.

Ms THORN — Or very big families.

Mr WYNNE — Or big families. So you have big families at one end and a huge amount of the waiting list are single people. There is a mismatch between the stock and the supply. But to answer the question more specifically, as at 30 June 2007 we had 559 vacant properties, which is exactly 0.9 per cent of direct tenure stock.

Mr RICH-PHILLIPS — Will you accommodate an applicant where they do not match the stock? Will you put a single person into a double-room unit to accommodate them?

Mr WYNNE — Will we put a single person into a double — —

Mr RICH-PHILLIPS — Into a room that exceeds their requirements just to accommodate them.

The CHAIR — A two-bedroom place.

Mr WYNNE — Yes.

Mr RICH-PHILLIPS — Likewise, larger families into smaller accommodation simply to accommodate them in the absence of a larger house?

Mr WYNNE — We will accommodate families. We have particular issues with some communities. Where we are building now we are building more five-bedroom stock for some communities. I opened some units in Footscray months ago which were very large — significantly larger units, four-bedroom units — to try to accommodate some of the larger families. We obviously try to match stock to people's needs. It requires us to reconfigure our stock configuration, and that takes time. But the answer to your question on vacancies is 559.

The CHAIR — Thank you, Minister. By the way, the housing stock numbers that Mr Rich-Phillips refers to, does that include the housing cooperative numbers?

Mr WYNNE — That is total public and social housing stock, yes.

The CHAIR — So it includes the housing cooperatives.

Mr SCOTT — My question is regarding neighbourhood renewal. I refer the minister both to his handout and page 116 of budget paper 3. Will the minister confirm and outline what is being done to address the needs of disadvantaged communities through the neighbourhood renewal program, particularly through funding in this budget? And do not miss out on East Reservoir, if you can.

Mr WYNNE — No, we will not miss out on East Reservoir. I think we have a map at the back here. The second last page shows you all of our 19 neighbourhood renewal sites around Victoria. I reckon this is probably one of the best success stories of this government — 19 sites.

In 2008–09 we are going to invest a further \$52 million, \$41 million for capital projects and \$11 million for what we call community building. If you think about any of the neighbourhood renewal sites, in my own and indeed Mr Barber's area, the Atherton Gardens estate in Brunswick Street, Fitzroy, is a good example of where we are doing fantastic work around not only renovating all of those high-rise towers, but we have also put in place a terrific rainwater and grey water collection scheme for the collection of water to be used on the gardens there and really tried to lift the environment of that estate; and we have controlled entry to the towers to make sure the places are secure. But the interesting aspect there is that we actually have a very significant employment program afoot there as well, with Brotherhood of St Laurence.

People are getting trained as concierges in the foyers of the towers to monitor people coming in and out of the foyers. People are employed in maintenance and in cleaning programs. This is really the essence of what we are trying to do with neighbourhood renewal. It is about saying, 'Right, we will fix the physical infrastructure of the place', but you will not actually make a profound and long-term difference if you do not fix up the social infrastructure.

If you think about much of the public housing that has been built around Victoria and you remember its history, it was designed as worker housing, whether it was the high-rises, which were part of the slum reclamation program, or Braybrook, Maidstone or Broadmeadows — all of those large conurbations of public housing were worker housing.

If you go back to the early research, a very good piece of social research that was in fact undertaken by the Brotherhood of St Laurence in relation to the high-rises — I think the research paper was called 'High Living' — shows that everybody worked. There was not this concept that people in public housing did not work, whereas now if you go to any of the large conurbations of public housing, most people do not work. So that is the big social challenge for us going forward.

It is in not that difficult to lift the physical infrastructure of these areas, but it is when you change the social fabric, when you in fact offer the people the opportunity to get training, to get employment, to get education that you profoundly change the way those suburbs work. So if you think about Corio-Norlane, you are driving into Geelong, past the waterslide there, everything to the left and everything to the right is basically all public housing; that whole area in there is a massive area of public housing. We have put \$40 million into there in terms of lifting the physical infrastructure, and we have now put in place other aspects of urban renewal to start to get employment in there and to start to get community hubs in there. The generation of community interest and activity there has been quite phenomenal.

I was down there three weeks ago. They have taken over one of the Commonwealth Games demountables. That has now become a community facility, a place for people to meet, and a place for the neighbourhood renewal staff to work from in the community. They are a huge success story right across not only metropolitan Melbourne but particularly also in country Victoria.

Those areas and places like Kangaroo Flat and Wendouree West are terrific examples of where you would often go to some of those public housing areas and see there was not a shop or local convenience store to be found. We have a great example of where we in fact reopened the local milk bar and put within the complex some computer and

internet facilities so that kids could come to the milk bar after school and be casually supervised by the milk bar staff while doing their homework and so forth next door.

Also located on the site is a men's shed to enable blokes who have been unemployed or out of mainstream activity, to get themselves engaged in the men's shed activities. So we have this sort of hub that has been developed and a whole lot of local people have been employed in the milk bar. That is a sensational outcome for that community. In a broader sense that is what neighbourhood renewal does: it is about renewing in every sense the fabric of the community.

I am a huge fan of neighbourhood renewal. We support these projects. They are long-term projects. All of the commitments are in the order of eight years, and that is a big commitment by any government going forward. But if you go to some of those places now, compared to what they were before, you will see they truly are renewal, and they are sustainable renewal going forward.

Dr SYKES — Minister, I refer you to budget paper 3, page 116, and the output under the heading relating to the average waiting time for public rental housing for those clients who have received early housing allocation, which are those families at risk of recurring homelessness, coping with a disability, or have special housing needs. It is the third one down, I think.

Budget measures apparently show a steady increase in waiting times from an average, as I understand it, of 3.7 months in 2001–02 through to 6.4 months in 2005–06; and the waiting time for 07–08 is 6 months and the target for 08–09 is 6.1. I have noted your comments on increasing pressure on housing and the activity the government is undertaking in general. Do you have plans to lower the waiting time for this group; if so, what is the target; and what additional measures would you implement to achieve this lower waiting time, keeping in mind that this group is particularly vulnerable?

Mr WYNNE — Certainly. You would be aware of the Disability Housing Trust. We have just amalgamated three organisations together. I know I will get these wrong, and I will be flogged for this because the chair of it is my former boss, Brian Howe. It is Disability Housing trust, Singleton Equity Housing and Supported Housing Ltd, and it is chaired by my former boss, Brian Howe. These include a registered housing association. These three have come together and combined their resources to enable, as their new name suggests. I think they are calling themselves or rebranding themselves as Housing Choices Australia.

We just launched them last week. Naturally enough, Dr Sykes, their specific area of interest is people with a disability; they are — I think — going to do some really excellent work in this space. If you think about the fact that we are transferring across to those housing associations in the order of 500 properties by 30 June that would have been managed by those organisations, they get the titles of those at no consideration, so they have built an asset base of their own now, they have got access to the \$300 million leverage that comes off that.

I know, in talking to Brian, he is particularly interested in engaging the families who are often getting older and who are seeking to support a disabled person. They are saying, 'What does the future hold for my son or daughter going forward?'. Clearly often it is an older woman who is trying to support a child who might be getting into their 30s and 40s. What is this person's future going to look like? That is absolutely the space that Brian and the housing association are in, you will see a terrific amount of activity in that area starting to pick up on the incredible demand there is and the demand that we would all naturally respond to, of ensuring that a person with a disability has got decent, long-term accommodation options for them going forward.

Dr SYKES — Let me clarify: the waiting time has gone from 3.7 to 6, and you are saying pressure of housing plus growing demand — I presume as the baby boomer parents have a greater need — what is your target? It is sitting at six months at the moment. Are you proposing to bring it back down to 3.7 over the next couple of years?

Mr WYNNE — We are expecting to meet our target of six months in 2007–08.

Dr SYKES — That is just holding it.

Mr WYNNE — We think that the sort of propositions that Housing Choices are engaging in will be of assistance there, Bill. At this stage I can paint you the broad landscape of how that looks going forward, and I think that is going to make a big difference, because there is a big appetite and a strong recognition of the need. There is a

strong engagement, particularly with the carers and the families, but there is also a strong engagement with the broader philanthropic sector who want to be involved with this as well. I think there are good outcomes coming forward, Bill.

The CHAIR — And it varies throughout the state of course, as you described?

Mr WYNNE — Yes; of course.

The CHAIR — Two years in our area.

Mr NOONAN — Minister, I wanted to ask you about energy efficiency measures being taken as part of this budget. I wonder whether you can explain to me what you are doing as part of this budgetary process? I think you mentioned greywater and rainwater. If that is the extent of it, you might expand on that; but if there are broader implications out of what you are doing in that area, it would be useful for the committee to understand.

Mr WYNNE — We are doing some good work in terms of environmental sustainability. All of our new-built housing is appropriately energy rated — 5-star-plus energy rating, and that is what we have got to work towards. All of the projects that I have opened most recently — or many of the projects — have got rainwater tanks in them. A lot of them have got the solar panels on the roofs for hot water and correct orientation to the north in terms of passive solar access. That is just good, sound property development, I would have thought. In the future we have a responsibility to be leading the way as public authorities.

If members are not aware of the K2 apartment block, I recommend it to you. It is in Windsor. We have got a 96-unit, environmentally sustainable development down there which has pretty much cleaned up every award you can think of. It is an absolutely cracker development, and it achieves 6 and 7-star greywater, third-pipe, black water — — you name it. It is doing everything that is right on the edge of environmental sustainability, and that is the way we want to lead going forward.

More generally, we have done about 13 600 upgrades of energy and water saving initiatives in public housing, so we are progressing through that. As I said, all new buildings have 5-star energy rating — 3075 dwellings have been done since 2001. The water saving projects that I indicated at Atherton Gardens is a terrific one as well. We are going to be looking to work more collaboratively with DSE around other projects that can make a difference to our public housing tenants more generally.

It is our responsibility; we are major builders. The government public housing authority is a major investor in housing, and we ought to be leading the way, not only in terms of our multi-unit developments, but more generally the provision of public housing and social housing.

Mr BARBER — Minister, over the last couple of years you have made an annual payment of over \$60 million a year to the Treasurer under an old arrangement we are familiar with, set up by Mr Stockdale.

Mr WYNNE — Yes.

Mr BARBER — It is a repayment of principal and interest to what used to be the Office of Housing — or the Housing Commission — debt.

Mr WYNNE — Yes.

Mr BARBER — I understand it is up for negotiation each year between yourself and the Treasurer, but is it a fair bet that it will be 60 million next year and ongoing? If it is at that rate, can you tell me how long it will take to finally get out from underneath these sharks?

Mr WYNNE — Sorry? Sharks?

Mr BARBER — Loan sharks; I think that is what you would call them.

The CHAIR — I am sure you are not referring to the officers of Department of Treasury and Finance in that way.

Mr BARBER — Thirdly, when I look at the budget papers and I see output group ‘Long Term Housing Assistance’, 230-odd million, is that before or after the 60 million?

Mr WYNNE — Thanks, Mr Barber, for your question. It is not 60; it is 50. It is \$50.5 million; that would be payment to the Treasurer — 50.5.

Mr BARBER — I am looking at note 24(d) from last year’s accounts.

Mr WYNNE — Fifty million is what I am — —

Mr BARBER — Whatever your advice.

Mr WYNNE — No, it is not my advice, it is what I am up for paying; I am not paying 60! It is 50.5.

The CHAIR — Answer, please, Minister.

Mr WYNNE — It is \$50.5 million, which you rightly portray as a scheduled payment to the Treasurer. It is a deed of debt assumption agreement between the director of housing and the Treasurer, to be paid in instalments every year — that 50.5. This year the adjustment was \$37.9 million, so we kept \$37.9 million and paid back 12 million. But every year it is different. I mean some years it is extinguished for the year; other years we have to pay a bit back. I do not know whether, Rob, you want to clarify this 60 figure?

Mr BARBER — Staff are going to advise you that \$60 million is the contingent liability, because you cannot be charged more than the amount of principal and interest that is due each year. But if you tell me you paid 50 million last year, I will take your word for it.

Mr WYNNE — I did not pay \$50 million. No, 37.9 we retained, and we paid whatever it is less than 50 — 12, or near enough.

Mr JENKINS — There is a formal agreement between the director of housing and the Treasurer, and the schedule to that agreement has got the \$60-odd million in it. The figure that is in our budget at the minute is 50.5, as the minister has indicated, and this current year we are paying 12.6, I think.

Mr BARBER — At that rate how long does it take to extinguish this debt?

The CHAIR — You might check with your actuary on this.

Mr WYNNE — No, that is an ongoing conversation that we have with the Treasurer each year.

The CHAIR — If you could provide additional advice, we would appreciate it.

Mr PAKULA — Minister, page 116 of budget paper 3 talks about long-term housing assistance measures. I am just wondering if you could give a little bit more information, and if you like, Minister, you could talk specifically about the Western Metropolitan Region. We are talking about what major public housing redevelopments are in the pipeline; what projects you might have, including, as I say, those in the western part of Melbourne.

Dr SYKES — Have you got notes on that one?

Mr WYNNE — Yes, I have got my notes on that one, of course I have. Where do you want me to start?

Dr SYKES — At the beginning, Minister.

The CHAIR — Dr Sykes would probably prefer you start at Benalla.

Mr WYNNE — Dr Sykes, where would you like me to start? Benalla?

Dr SYKES — That would be a lovely spot

Mr WYNNE — We know Benalla well, don’t we?

Dr SYKES — We do, it is a lovely area. A great place to live, work and a raise a family.

Mr WYNNE — I used to live there part-time. I did not raise a family there.

Dr SYKES — Come back and have another go.

Mr WYNNE — I was very happy there; I have very happy times in Benalla. The biggest redevelopment we are doing at the moment is the Carlton redevelopment. It is down to a short-list of five developers. As you know, it is a major walk-up estate, which is being progressively demolished. At the moment we would expect on advice to the director of housing, who is of course responsible for these tenders, to be in a position to announce that development in the next two or three months; I believe we are on schedule. But that will be, at this stage, the biggest public housing redevelopment that we will undertake. It will be closely followed by Richmond, which we will be commencing consultations and planning work with the community and the council in the next short while. That is the largest conurbation of high-rise public housing in the state — a really huge development opportunity there.

Then we get to smaller redevelopment opportunities, and to, for Mr Pakula, the Braybrook–Maidstone area, which of course you are extremely familiar with. We have got a large redevelopment proposition on those broadacre estates in the order of 1200 units. So that is a massive project there. I talked about Corio–Norlane earlier — again, a massive project. At Shepparton, where the shadow minister is, there are 84 units of housing there; Wodonga, 79 units; Kensington, which as we know is just about complete now, 900 units — that is a huge development over there.

We are busy right across the state. As I indicated, we want to really look at both redevelopments and particularly neighbourhood renewal projects. I was up in Horsham last week. We were very much welcomed by the community, with the upper house member, Jaala Pulford, with a \$1.8 million community engagement project up there. There is tremendous energy up there around it. We are very keen to continue those investments right across the state. These are big projects. Carlton is a huge project. Richmond will be a huge project, and others going forward.

Mr DALLA-RIVA — Minister, in your presentation you had on the first page, ‘Growing social housing and making it better’.

Mr WYNNE — Yes.

Mr DALLA-RIVA — In terms of the 201.3 million to buy and build 1030 properties, I understand that you have indicated a number of times that you will be transferring, I think it is, 500 properties from public housing to the associations. Is that correct?

Mr WYNNE — Yes — the titles.

Mr DALLA-RIVA — I understand that when it was initially set up there was not going to be any large-scale transfers of stock from public housing to associations. There seems to be a change in policy in respect of that.

Mr WYNNE — Yes.

Mr DALLA-RIVA — How does that impact on the budget and the forward estimates with this sort of changing from it being public housing to housing associations, and has that been a policy change that is not reflected in the budget? Or is it something that is reflected in the budget, and, if so, what impact?

Mr WYNNE — It is a very good question, because you point to a potential inconsistency — it is not. These are properties that have been managed by those associations through the director of housing for significant lengths of time in all of those circumstances. There is a differentiation that needs to be had between the direct provision of public housing, which is the responsibility of the director of housing. So if implicit in your question is whether we are going to be transferring direct public housing stock over to housing associations through that transfer of the 500, the answer is no. These are properties that have been administered — some of them quite long term — by these housing associations. So it is not a change in policy.

Mr DALLA-RIVA — Is there any property transfer?

Mr WYNNE — Absolutely, the title is transferred.

Mr DALLA-RIVA — Are you paying land tax? Are you paying stamp duty, I should have said?

Mr WYNNE — They are being transferred at no consideration.

Ms THORN — And it has a negligible impact.

Mr WYNNE — Perhaps that could assist me with the Treasurer.

The CHAIR — That might actually be a subsidy.

Mr WYNNE — That is a cunning plan.

Mr RICH-PHILLIPS — He would assess them at market value.

Mr WYNNE — Why didn't you think of that?

The CHAIR — There might be some revenue forgone there, Minister, which might actually land you in more trouble.

Mr WYNNE — As the director of Housing reminds me, they are charities as well; they have got charitable status.

The CHAIR — That is revenue forgone, which I am sure the Treasurer has taken into account.

Mr WYNNE — I am sure he has.

The CHAIR — Minister, thank you for the presentation on the housing portfolio, and I thank the departmental staff for their attendance and assistance.

Witnesses withdrew.