

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2022-23 Budget Estimates

Melbourne—Monday, 23 May 2022

MEMBERS

Ms Lizzie Blandthorn—Chair

Mr Danny O'Brien—Deputy Chair

Mr Rodney Barton

Mr Sam Hibbins

Mr Gary Maas

Mrs Beverley McArthur

Mr James Newbury

Ms Pauline Richards

Mr Tim Richardson

Ms Nina Taylor

WITNESSES

Mr Richard Wynne MP, Minister for Housing,

Ms Brigid Sunderland, Secretary,

Ms Brigid Monagle, Associate Secretary,

Mr Andrew Minack, Deputy Secretary, Corporate and Delivery Services,

Mr Ben Rimmer, Chief Executive Officer, Homes Victoria,

Ms Nicola Quin, Deputy Chief Executive Officer, Homes Victoria, and

Ms Sherri Bruinhout, Executive Director, Homes Victoria, Department of Families, Fairness and Housing.

The CHAIR: I open this hearing of the Public Accounts and Estimates Committee, and because I have a limited voice, the Deputy Chair will read the opening statement for me.

Mr D O'BRIEN: I ask that mobile telephones please be turned to silent.

I begin by acknowledging the traditional Aboriginal owners of the land on which we are meeting. We pay our respects to them, their elders past, present and emerging as well as elders from other communities who may be with us today.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2022–23 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, comments repeated outside this hearing may not be protected by this privilege.

Witnesses will be provided with a proof version of the transcript to check. Verified transcripts, presentations and handouts will be placed on the committee's website.

I welcome the Minister for Housing as well as officers from the department. Minister, I invite you to make an opening statement of 10 minutes. You can cut it shorter if you like, Minister. This will be followed by questions from the committee.

Mr WYNNE: Thank you very much, Mr O'Brien. I am delighted to be with you today for my final PAEC hearing. Never mind, we will all make a go of it, I am sure. Thank you, Chair. I hope you are recovering.

The CHAIR: Thank you. I am.

Mr WYNNE: I would like to begin as well, Mr O'Brien, by acknowledging the traditional owners of the land on which we are meeting, the Wurundjeri people of the Kulin nations. I pay my respects to their elders past and present and any other First Nations people who are listening to our broadcast today. We are delighted to have you with us.

With me today is Brigid Sunderland, who is the Secretary of our department. Welcome to you, Brigid. Ben Rimmer, the CEO of Homes Victoria, is to my right; to his immediate right is Nicola Quin, the Deputy CEO of Homes Vic; and to Brigid's left is Sherri Bruinhout, one of our executive directors with primary responsibility for homelessness. I have two additional witnesses available to us—Brigid Monagle, an Associate Secretary of the department, and Andrew Minack, a Deputy Secretary—who are with us in the gallery today.

We might commence if I can, Mr O'Brien, with our slide presentation.

Visual presentation.

Mr WYNNE: The Victorian government has provided \$5.3 billion for the Big Housing Build to deliver more than 12 000 new homes across the state, with 9300 new social housing properties and 2900 affordable properties. The program commenced delivery in 2021–22 and will be completed by the 2026–27 financial year, generating an estimated \$6.7 billion in economic activity and 10 000 jobs per year. But my expectation is we are likely to build closer to 15 700 homes by the end of this program. As I am sure the committee are aware, \$1.25 billion is directly targeted into regional Victoria for all of the important outcomes that we get there.

Chair, I am going very high tech for my last one; I have got a little bit of a video for you. No pressure here, but hopefully it is going to work. Have a squiz at this.

Video shown.

Mr WYNNE: Thanks, Chair. Before you ask, it was done within the department.

Mr D O'BRIEN: You are experienced at this, Minister, aren't you?

Mr WYNNE: Which is the obvious question, Mr O'Brien—done internally within the department.

Mr D O'BRIEN: But how much?

Mr WYNNE: Okay, so our housing stock is obviously growing. More than 1100 dwellings have been purchased, including 590 in shovel-ready developments and 514 already built that we spot purchased. Just a couple of examples: we purchased 14 new apartments in Maribyrnong which have now been completed and tenanted. Five fast-start projects are in construction, delivering over 850 dwellings in Bills Street, Hawthorn; Dunlop Avenue, Ascot Vale; Elizabeth Street in my own electorate of North Richmond; the Markham estate in Ashburton; and the Tarakan estate in West Heidelberg. I know you follow my social media very closely—what is the matter with you?

Members interjecting.

Mr WYNNE: Oh, cut it out. And you will see that we have been out and about inspecting all of those sites, and they are well and truly out of the ground and really progressing very well. Over 2300 dwellings in the rapid grants round have been contracted through funding in excess of \$700 million, with the regional grants round recently closing. And we are redeveloping of course some of our oldest estates in the poorest condition. Public housing estates in Brighton—

Mr HIBBINS: Hear, hear.

Mr WYNNE: hear, hear; well done—Flemington and Prahran will be rejuvenated with the investment of \$519 million delivered via the ground lease model. Key priorities for the portfolio in 2022–23 include continuing obviously the Big Housing Build, improving the design of the social housing system and embedding the 10-year social and affordable housing strategy, which we will be releasing shortly, before we begin enduring reforms to part of the homelessness service system using the lessons of the successful From Homelessness to a Home program.

Our budget funding for housing this year includes \$75.3 million for beginning those reforms of the homelessness service systems; ongoing targeted support for Victorians with COVID experiencing homelessness of \$11.5 million, which includes a COVID isolation and recovery facility operated by Launch Housing, St Vincent's Hospital and the Brotherhood of St Laurence; an Aboriginal homelessness access point, which provides culturally sensitive and appropriate front-door assistance to Victoria's First Nations people at risk of experiencing homelessness; and \$13 million investing in a thriving North Richmond to improve access to health and support services, public amenities, safety and security in the North Richmond estate. And just three more: there is \$9.4 million for sustained support and improved housing outcomes to continue the homelessness after-hours service, which is essentially the dedicated 24/7 telephone line for anybody in need of homelessness assistance; \$12.4 million for alternative accommodation for people with COVID who need to safely isolate but cannot do so in their current residence; and finally, \$22.8 million for the high-rise fire upgrade program to complete fire safety upgrades to 19 high-rise public housing buildings, which of course is very critical to the safety of our tenants. That, Chair, is my presentation.

The CHAIR: Thank you, Minister. Mrs McArthur.

Mrs McARTHUR: Thank you, Chair. Mr Rimmer, you have a target of approximately 3000 dwellings a year under your Big Housing Build. There were reports last week that Australia's largest home builder, Metricon, is currently experiencing financial difficulties. One of Metricon's largest customers is the Victorian government. Can you tell the committee: how many homes does the state government have contracted with Metricon, and what is their value?

Mr WYNNE: It may be better, can I say, Mrs McArthur, in the first instance that I commence the answer, and if Mr Rimmer wants to further clarify, I am sure he would be pleased to do so. Obviously the government has been in very close conversation with Metricon. You would be aware, of course, that the Treasurer met with Metricon last week to—

Mrs McARTHUR: Did you meet with them, Minister?

Mr WYNNE: No, I did not, but I have been briefed by the Treasurer in great detail. We have also had extensive conversations with the Master Builders Association and Rebecca Casson, who is of course well known to committee members and an excellent advocate for the industry. It is very clear that Metricon are trading well. They are trading well, and that is the evidence that has been presented. Metricon informed the government that all its trade creditors have been paid in full and on time, and Metricon expects this to continue. It has also informed the government that it is working very constructively with its key lenders, so we are confident around that. I can indicate to the committee that we are obviously a major customer of Metricon—

Mrs McARTHUR: How many homes, Minister?

Mr WYNNE: Well, we have projects amounting to \$195 million, and that, I am advised, is 610 properties. And can I say, Mrs McArthur, the quality of the build is very, very good. They are an excellent builder.

Mrs McARTHUR: Can we ask you also how many other large-scale builders you are using for the big build, and who are they?

Mr WYNNE: Well, I mean, we—

Mrs McARTHUR: Mr Rimmer might answer that, perhaps.

Mr WYNNE: Okay, sure. Well, we have got a huge number of builders. Many of them are—

Mrs McARTHUR: Maybe you could take it on notice.

Mr WYNNE: No, we have got it here.

Mrs McARTHUR: Got it there?

Mr RIMMER: I have some information here for you, Mrs McArthur.

Mrs McARTHUR: Thank you.

Mr RIMMER: The top three builders engaged in metropolitan Melbourne, not only in the Big Housing Build but across all of our work, are Icon, who have over \$500 million worth of work with Homes Victoria; Built; and Arc3. And in regional Victoria—we have talked about Metricon—Metricon are our largest builder in regional Victoria, but Hamlan and Simonds are the next two. But there are approximately 80 builders engaged right across the program, and some of those are very large, like Icon and their equivalents. Some of those are very small. They are small—

Mr WYNNE: Family businesses.

Mr RIMMER: builders in regional Victoria and the small towns in regional Victoria.

Mrs McARTHUR: So how many build partners, not-for-profit agencies and others, including small contractors, are exposed to Metricon in your big build?

Mr RIMMER: Roughly something like 10 of our community housing providers have contracts with Metricon, but to be honest with you, Mrs McArthur, the experience across the construction sector goes well

beyond Metricon itself. All builders are experiencing different challenges to a greater or lesser extent right now. So all of the smaller scale construction contracts that we have in place either directly or through the community housing sector, we are looking at all of those pretty carefully and making sure that we are doing whatever we can to ensure that the sector continues to deliver in a smooth way.

Mrs McARTHUR: Well, it was reported last weekend that more than one builder a month collapsed in March, with many more to come. Have you sought assurances from all your other building partners on their ability to complete the jobs?

Mr RIMMER: We are in constant conversation with the wide variety of our builders, all 80 or so of them, and they are all indicating to a greater or lesser extent that they are experiencing challenges in terms of the supply chain and the availability of materials—

Mr WYNNE: Yes. I might go into some of that. I think this is, Mrs McArthur—

Mrs McARTHUR: And also given the supply chain problem will your ability to build these houses be impacted by the supply chain issue? What will be the cost?

Mr WYNNE: I think that is a significant challenge; there is no question about that. I draw the committee's attention to an excellent briefing provided to us by the master builders, and if you look at some of the challenges that they advise us of, supply shortages continue to be a problem for the sector—roof trusses, doors, insulation, gyprock. The quarterly change in price in building materials in Melbourne in March—I will just quickly run over a few if you do not mind: steel products, plus 17.2 per cent; ceramics, 5.3; plumbing, 4.8; other materials, 4.8; timber, board and joinery, 4.7. I mean, these are significant challenges for the supply chain and obviously do have an impact. So across Australia the cost of materials used in housing building increased by 4.2 per cent during the March 2022 quarter and is now 15.4 per cent higher than a year ago. I mean, these are the sorts of challenges that industry is experiencing right across the country.

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

Mr MAAS: Thank you, Chair. Thank you, Minister and members of the department, for your appearance this afternoon. Minister, if I can take you to the program From Homelessness to a Home and specifically budget paper 3 at page 47, there is a line item, 'Investing to make homelessness rare, brief and non-recurring'. Can you explain what this initiative is and how it is addressing homelessness?

Mr WYNNE: Thank you very much. This is actually really groundbreaking work that we have done here in Victoria. I mean, no other state has made the interventions that we have made in supporting homeless people and rough sleepers, particularly through the two years of COVID. I think we can be rightly as a state very proud of what we have done to support our most vulnerable in the community, and indeed I can say with a little bit of humility that we are in fact drawing attention internationally from the United Kingdom and Scotland, where people are saying, 'Jeez, what are you doing here? This is an extraordinary intervention. Can you tell us more about that?'. And Sherri Bruinhout, who is with us today of course, has taken a leadership role in that.

With health advice throughout the pandemic being, 'You must stay at home', we obviously had to take a step to give a safe place to stay for people clearly who did not have one, helping to keep them safe and to prevent community transmission of the virus, because as we know, people do not choose homelessness as some sort of lifestyle choice. I mean, they find themselves in homelessness for a multiplicity of reasons—drug and alcohol and many underlying health issues—which made them particularly vulnerable at the height of the infectivity of the COVID virus. This involved extending funding in March 2020 for programs that assisted people into private rental and secure accommodation for those who otherwise would have obviously been rough sleeping and in incredible danger.

As we moved into a more COVID normal, we then invested \$150 million in the From Homelessness to a Home program to make sure that people could make a successful transition out of hotels into long-term housing. This package provided long-term housing for people currently in emergency hotel accommodation through a mix of properties that we headleased in the private rental market, additional homes that were obviously owned by Homes Victoria and crucial wraparound support services to help people make their transition from homelessness to a home. So it is not just about securing a property for somebody but understanding that people also need to transition into their longer term housing situation but they need the wraparound services to support

them to stabilise their lives. The package also included funding to keep those currently accommodated in hotels there until longer term housing options became available.

The budget also included a further \$75 million to use really many of the learnings and to build on the successful outcomes of the program and reform elements of the homelessness service system. The broader context of this I think is very much a recognition from the government that we have actually been able to successfully house 1845 households, more than 2100 individuals. And of course we are now moving towards the second phase of this, which is housing 250 families who are currently in hotels, and we are successfully starting to move families out now. So it has been quite an extraordinary intervention by the government, one that I am immensely proud of and one for which I think you have to pay absolute acknowledgement to the community housing providers, who have done quite an extraordinary job in terms of supporting a huge number of people. But we absolutely understood it was not just about moving people into the house, it was actually ensuring that they had the wraparound services to support them.

Just on the weekend actually, when we were all down at our polling booths, sure enough, a mature-age woman came up to see me. She introduced herself and she said, 'I just want to thank you'. I said, 'Oh, yeah. Sure. Why?'. And she said, 'Well, I actually was in the hotel'. She said it was extraordinary because she had been sleeping rough. She said, 'I just want to thank you. Not only did you secure a safe situation for me through COVID, I have now transitioned into long-term housing'. She is living in a beautiful unit at Lincoln Square in Carlton. What can you say? She actually cried. Why wouldn't you? I mean, it was a beautiful moment, and she just said, 'Well, you've actually saved my life'. We particularly want to target that particular set of units in Lincoln Square. Lincoln Square is just off Lygon Street, literally where that beautiful parkland is there. She is one of the women who we were seeking to target, of 55s and above, because we know that many of those women disproportionately have found themselves in homelessness through no fault of their own. They may have been working through a period of time but often in insecure, sporadic work, with very little superannuation of course due to that, and they find themselves in this acute situation. So it was a really strong reminder to me of just how important these initiatives are that quite literally change people's lives. 1850 people's lives have been changed, and 250 families. This is a very good program, and that is why I think people really are looking at this, frankly internationally, and saying, 'Well, you've done some good work here'.

Mr MAAS: Thanks, Minister.

The CHAIR: Thank you, Minister. Mr Hibbins.

Mr HIBBINS: Thank you, Chair. Thank you, Minister and your team, for appearing this afternoon.

Mr WYNNE: Mr Hibbins.

Mr HIBBINS: I also want to ask about Homelessness to Home.

Mr WYNNE: Yes.

Mr HIBBINS: Now, the last time you were before this committee you actually said that you were very much looking forward to coming back to PAEC and reporting back on how the program has run through, and you also said that if you think about it in the broader context of a homeless intervention, it potentially could end homelessness in this state. Now you are coming back to us and the program has been cut from \$55 million to \$12 million. Can you report back to us on how the program went? Obviously it is a success. Why has it now been cut, and are you walking away from ending homelessness?

Mr WYNNE: No, we are not walking away from it, Mr Hibbins, and I am very pleased to see that you have come today. It is always a pleasure to be with you after your—

Mr HIBBINS: I cannot believe this is the last—

Mr WYNNE: Yes, it is very sad actually. I have enjoyed our conversations on the journey through, but always at a good place. You have had a very big weekend; no doubt about that. I do make that segue to you, because I think there are going to be real opportunities with this, now, new government, to look at some further partnering up that may be available to us, not just in terms of the supply side but also in terms of better targeting of homeless services going forward. So I am really very keen to see how that all lands.

Mrs McARTHUR: It is a shame you are going, Minister.

Mr WYNNE: It is, actually, but—

Mr D O'BRIEN: You should stay on.

Mrs McARTHUR: Stay on.

Mr WYNNE: Well, jeez, that could make a story. What do you reckon?

Mr HIBBINS: The clock is running—no chitchat.

Mr WYNNE: I had better tell the candidate I have recast my position. No, no, it is all good.

Mr NEWBURY: Breaking news.

Mr WYNNE: Breaking news: Lauren O'Dwyer will win the seat of Richmond. Do not worry about that. You have thrown me off.

Mr HIBBINS: Homelessness to Home—why is it being cut?

Mr BARTON: Where is the money?

Mr WYNNE: Where is the money? Well, we have got \$75 million. This budget includes \$75 million to begin reform in parts of the homeless system, obviously learning from the successful interventions that we have taken so far. But I do point you to, Mr Hibbins, that the program is continuing, as I have indicated. We have got over 1700 households out with 2120 individuals, and importantly 270 kids are now safe and secure in long-term housing. Of course last year we announced \$66 million in the homes for families program, which is going to support 250 families. Some of those have actually got quite a lot of children still in the hotels. Some have got five and six children that are living in the hotels, so we are desperate to get them out into long-term housing.

Mr HIBBINS: Well, I guess the question is: if this is a successful program, why not continue the hotel—

Mr WYNNE: Well, it was a COVID response. Effectively it was deemed to be a COVID response. I think it has been a comprehensive response by us, and in that context obviously we have had to scale it down. Yes—we had to scale it down.

Mr HIBBINS: The Treasurer made the point it is unfair to compare peak COVID-response funding to what constitutes an ongoing need, but surely the ongoing need is to not have people rough sleeping and living on the streets.

Mr WYNNE: Sure.

Mr HIBBINS: If you can get people off the streets and into hotels and then into homes during COVID, why can't we do it all the time?

Mr WYNNE: Well, in fact we are, and we continue on with that effort. I mean, it is not as if we have stopped. We continue to have a very strong homeless intervention budget, and we will have a bit more to say in the near future about some further initiatives we will make in that space.

Mr HIBBINS: Okay, thank you. Minister, I want to ask now about—my understanding is the shift at local housing offices is to an appointment-only model rather than a walk-in model.

Mr WYNNE: Yes.

Mr HIBBINS: I mean, is that appropriate given the often very urgent needs that tenants will actually have and their ability to actually come back and make an appointment rather than having their needs addressed on the spot?

Mr WYNNE: Yes. I know you wrote to me about this in relation to the Prahran housing office, and I am well aware of the issues there. This in part over the journey was absolutely dictated by health orders. Obviously

we had to keep the offices closed but provide as best we could a service really through those last two years. In that context many of the offices are opening for appointments, and I think that that is a measured response at this stage because obviously people are coming back to their offices. But I think it is obviously quite challenging for tenants going forward. We want to ensure that, as we again move back into a more normalised environment, we do continue to offer a quality service out of our housing offices and of course, as I know your colleague has indicated, get the community rooms open as well because they are important resources. In every instance we have been absolutely guided by the health advice, as you would expect.

Mr HIBBINS: Thank you.

The CHAIR: Thank you, Minister. Ms Richards.

Ms RICHARDS: Thanks, Minister, for your time here this afternoon and to your officials for their time and the work you all do as well. I would like to take you to the affordable housing rental scheme and refer you to budget paper 3, page 215, and the new measure, 'Total number of affordable housing dwellings'. I am hoping to explore what this measure is and how it is addressing housing affordability in Victoria.

Mr WYNNE: Thanks, Ms Richards, very much. With the announcement of the Big Housing Build of course in 2020 we did commit to building 2400 affordable houses, and just a few months ago our government announced the affordable housing rental scheme, which is a terrific addition to the offering that we have made, which sets out what these homes are, who will be eligible and how they will respond to the growing housing affordability issues. There are 2400 initial homes, and all of this will be delivered as part of the scheme. We will see an increase in the supply and affordability of rental properties across all of Victoria, both in Melbourne and indeed in regional Victoria as well. They will be made available—and I think we talked about this last time, I think with Mr Hibbins in relation to the income thresholds as defined, as I indicated last time, by the bands in the *Planning and Environment Act*. Eligible households will be those earning the top end of the moderate income range as set out in the Act, which of course sets out different ranges depending on obviously household composition and whether it is in regional Victoria or in metropolitan Melbourne. The threshold for a single person living in Melbourne will be an annual salary of \$62 860 whereas for a family in regional Victoria it will be \$96 000. We are very, very keen to prioritise essential workers for all the obvious reasons—nurses, police, teachers and care workers—into regional areas where we know there is a need for them.

What has been very interesting is when I have been out on the Big Housing Build, when I go and talk to local councils. I talked to the Corangamite council and some of the housing groups in Warrnambool as well. I mean, they really talk absolutely about the crucial need to get affordable housing into their areas. They simply cannot get people to do essential work.

Mrs McARTHUR: Correct.

Mr WYNNE: Yes, correct—100 per cent. So that is why this program targeting, Mrs McArthur, into regional Victoria with an affordable housing component is going to be critically important to deal with these questions going forward, coupled also with the land supply problem. So we know in Warrnambool, for instance, there is a lot of work going on in terms of identification of land. Obviously we have got the games coming, and we will probably talk about this a bit in planning. That is why we have got to get the strategic planning done to ensure that we have got an appropriate supply of land so that developments can occur, not just within the government's purview but also private development as well.

So these two combined together are really part of the solution to this really, really acute problem that we have got right across regional Victoria. So I am really pleased with both the scope and architecture of this. It is a significant intervention—2400 properties is a good intervention—but we really need to get the private sector to come in behind us to build upon this as well.

Ms RICHARDS: Thanks, Minister. Just in the short time I have got left, can you just explain a little bit about the rent settings of these properties and how they are considered affordable?

Mr WYNNE: Yes. Well, I kind of explained it slightly earlier on. Because the *Planning and Environment Act* actually dictates the bands and how you get access. The scheme has a cap so that households in metropolitan Melbourne will pay at least 10 per cent less than the median market rental price for the area, and in regional Victoria, where the challenge is supply—as I have already talked about—of affordable rentals, that

cap will be set at the median market rental price of the area. That is an additional protection of the scheme that is a really important point. That means renters will never pay more than 30 per cent of the median household income, relative to household size and obviously location.

Ms RICHARDS: Terrific. All right, I will leave it there. Thanks, Minister.

Mr WYNNE: Thank you.

The CHAIR: Thank you, Minister. Mr Newbury.

Mr NEWBURY: Thank you. Minister, it might actually be a question for Mr Rimmer, following on from some earlier questions in relation to Metricon and the confirmation of the government in contract for over 610 properties at \$195 million. Has the government offered any cash advance to Metricon?

Mr WYNNE: No, we have not.

Mr NEWBURY: Extended terms of payment?

Mr WYNNE: No.

Mr NEWBURY: For any work?

Mr WYNNE: No. All existing contracts are in—well, sorry, I will leave it to the Director of Housing. Ben.

Mr RIMMER: Thank you. Mr Newbury, we are in discussion with all of our builders. We use something called the volume builder panel. A number of builders are part of that panel, including Metricon, and as part of that panel there is a price escalation mechanism that is in place that allows—

Mr NEWBURY: You read my mind. This is my next question. But, please.

Mr WYNNE: It is a rise and fall contract.

Mr RIMMER: And if prices in the sector are rising, that allows for an appropriate provision of those price increases to flow on to the prices we pay. Because obviously it is in our interests as an organisation to have a sector that is stable and doing well as a sector, with businesses that are continuing to thrive. So there is a price escalation provision in the contract. In addition to that we are looking, obviously, at making sure we pay our bills in pretty rapid time, given that we know that a number of players in the sector are experiencing some cash flow challenges, and we understand the difficulties involved with that. So we are looking at the things we can do within our normal parameters to be a good client and a responsible client, as I suspect all members would want us to be.

Mr NEWBURY: So I take it from your answer, in short, that the contracts are not fixed price. They have got that scale and that panel mechanism in terms of the escalation of costs. So therefore—

Mr RIMMER: Mr Newbury, for want of absolute certainty, most of our contracts have that escalation mechanism in place. We also purchase housing through the community housing sector. Some of the community housing sector contracts have the form of fixed-price contracts of the sort that you would expect to see more normally in the retail purchase sector, and we are obviously working closely with the community housing providers about that. But most of our contracts have this escalation mechanism built into them.

Mr NEWBURY: I do note the minister's answer to an earlier question of 4.2 per cent for a quarter in price increase and 15 per cent over the year, which might be a little bit higher than that. With that in mind, I guess I am leading to the question: the policy announced was \$5 billion for 12 000 houses. How much is it actually going to cost? Or noting this increase—I mean, you have noted and acknowledged the increase and I think we all acknowledge the increase—the policy announced was \$5 billion for 12 000 houses, but what is it actually going to cost?

Mr WYNNE: I mean, in fact we will do better than the 12 000. We expect over the four years to build in the order of 15 400 to 15 700 properties.

Mr NEWBURY: So would it be fair to say that if it was \$5 billion, it would be at least 20 per cent more?

Mr WYNNE: I do not think you can necessarily make that calculation, because I just want to explain to you why it is actually a higher figure. Because of the way that we have been managing to partner up with other organisations, particularly as it relates to things like land, so if for instance a local council comes along and says, 'We want to put our land into a partnership with you', that completely changes the equation in terms of the \$5.3 billion because you are getting the land component.

Mr NEWBURY: And I do appreciate that. I just am on fixed time and I am trying to work out—you have said it will be more than 12 000. No worries. What is the cost?

Mr RIMMER: Mr Newbury, the current cost per dwelling is tracking exactly as per forecast. There are some projects that are a little bit more expensive, some projects that are a little bit less expensive than we expected when the policy was announced.

Mr NEWBURY: So if there are 3000 more homes than expected, then there will be an equivalent increase in the \$5 billion cost?

Mr RIMMER: No, I would not describe it like that, Mr Newbury.

Mr NEWBURY: Could you take that on notice? It is a fair question.

Mr WYNNE: No, no. I do not have a problem with your question.

Mr NEWBURY: Would you mind taking that on notice: what will the cost envelope be at the end of the day?

Mr WYNNE: Of course we will take it on notice, but to be frank, Mr Newbury, some of that is going to be speculative, isn't it? We just do not know what the economic setting is going to be looking like in two years time. I mean, you do not know that. I do not know that. We really have to see how that goes. The important point I wanted to make too is, yes, 100 per cent, there is no question the industry nationally is facing a serious problem in terms of supply chain and escalation, which I have already articulated through the very excellent work of Rebecca Casson's group, the master builders. The dynamics in this are about where other partners come into the game and are able to assist in terms of being able to spread the \$5.3 billion far more widely than what we have at the moment. The \$5.3 billion assumes that you do not have those forms of partnerships, and they are coming in all the time from the philanthropic sector and from local government as well.

Mr NEWBURY: Thank you.

The CHAIR: Thank you, Minister. Ms Taylor.

Ms TAYLOR: Yes. Thank you, Minister and officials, for being here this afternoon. I was wanting to explore the ground lease model but looking at the project too. I am probably particularly interested because they happen to fall in southern metro, which is pretty exciting.

Mr WYNNE: Indeed.

Ms TAYLOR: If I could refer you to budget paper 4, page 130, which has a table identifying new projects for the Director of Housing, I refer you to the line item 'Homes Victoria Ground Lease Model Project 2'. Could you explain just what this project is and what it will be delivering?

Mr WYNNE: Thank you very much. I must say thank you very much also, Ms Taylor, for your continued enthusiasm for our projects. The ground lease model 2 really builds on the first iteration of this, which was actually the first time in Australia anyone has actually had a go at this innovative model. It actually changes the dynamics around the way governments deliver social housing going forward. You can see that about six months after we announced ground lease 1, we are now looking of course at ground lease model 2. These projects are based on a build-to-rent framework in partnership with consortia that involve the community housing sector and the private sector. The ground lease model 2 project is being delivered at sites in South Yarra, Prahran, Port Melbourne and Hampton East, transforming 502 outdated public housing homes that were in really poor condition. I think, Mr Hibbins, you have got to concede they were shockers.

Mr HIBBINS: I have made many representations to your office on the state of those.

Mr D O'BRIEN: A good local member.

Mr WYNNE: Indeed you did, and we have responded accordingly. I mean, truly they were some of the worst old concrete public housing that probably you could ever imagine. They were well past their time. It is transforming 502 outdated public housing homes into more than 1400 new social housing, affordable and market-rental homes. It will include at least 650 new social housing homes, with at least a 10 per cent uplift on each of the four sites. It also allows us to build homes for those Victorians who need to live close to work but have been forced further afield by housing rental costs.

If you think about what we call in planning 'locational advantage' and if you think about sites like South Yarra, Prahran, Port Melbourne and Hampton East, I mean, they are all beautifully located. They are close to public transport, they are close to jobs, they are close to health services and they are close to education. It brings together all of the components, frankly—and we will talk about this later in planning—of the 20-minute neighbourhood concept, where pretty much everything you kind of need ought to be within 20 minutes of where you live. That is why these sites are so important in terms of not only uplifting really quite appalling and out-of-time public housing stock and getting that social mix into the community more generally but also opening up the opportunity that that provides—not just a safe, affordable and secure home but the opportunity for education, the opportunity for work and the opportunity for training. I mean, all of these sites are located close by our TAFES and our universities, and we know that that is your pathway. That is why I am so pleased that we bring all of these components of our government program together in this particular ground lease model—1 and 2.

Ms TAYLOR: Who will own these sites and the homes on them once the project is complete? I know that is often asked, so it is good to be very clear.

Mr WYNNE: Sorry, your second question was?

Ms TAYLOR: I was just asking: who will own the sites and the homes on them once the project is complete?

Mr WYNNE: Well, they will be managed by a social housing provider, and they will be leased out to our partner consortia. In ground lease model 2 it is not yet closed as to what the length of time will be, but the beauty of the model is that, in ground lease model 1 at least, at the end of the lease period—sadly, I will not be here in 40 years, or maybe not—

Mr D O'BRIEN: You are staying on now, aren't you?

Mr WYNNE: I told you I am staying on.

Mr D O'BRIEN: Yes, you will be the Member for Richmond in 40 years time.

Mr NEWBURY: It is breaking news.

Mr WYNNE: It is breaking news. Mr Newbury, can you get that out there, please—now.

Mr NEWBURY: I am tweeting it now. We will do a selfie together. I have thrown you, haven't I?

Mr D O'BRIEN: Again. Try and concentrate please, Minister.

Mr NEWBURY: Was it the idea of a selfie together that threw you?

Mr WYNNE: I am trying to concentrate. You are being very cheeky.

Mrs McARTHUR: You were saved by the bell, Minister.

The CHAIR: I am sorry, Minister, but you have been saved by the bell.

Mr WYNNE: After the 40 years they return to the government—to government ownership—fully retained. It is a really interesting program. Do not distract me, and I will get you your answer.

Ms TAYLOR: Thank you.

The CHAIR: Mr O'Brien.

Mr D O'BRIEN: Okay. No distractions, Minister; let us be serious for a moment. Just following up, and this is perhaps to Mr Rimmer, I just want to clarify, from Mr Newbury's questions, the minister said we are getting probably 3000 more houses. Prices are going up by something like 30 per cent, and yet we are not going to spend any more money. How is that? Is that basically what you are saying?

Mr RIMMER: Mr O'Brien, Homes Victoria has a range of programs underway that all fall within the wider umbrella of the Big Housing Build. There is a \$5.3 billion commitment—

Mr WYNNE: The thousand houses.

Mr RIMMER: There is also the thousand homes commitment, or I think in the budget paper it is called 'Building New Homes to Fight Homelessness', there is also the public housing renewal program and there is also the first ground lease model. I think when you start talking about those larger numbers of homes you are starting to bring in some of those other programs as well. The overall portfolio of construction activity that Homes Victoria has underway at the moment or in the near future is that larger number that the minister talked about, 15 000, but today—

Mr D O'BRIEN: Is that still within the \$5.1 billion?

Mr WYNNE: No. It is separate to it.

Mr D O'BRIEN: No, okay. Right, so—

Mr WYNNE: It is separate to it—

Mr D O'BRIEN: So for the \$5 billion, we still expect to get 12 000—

Mr WYNNE: We will get our 12 000 for that. Do you want to go through the other—well, anyway. I think the Director of Housing has indicated that there are other programs. The thousand homes is one of them. Anyway, I will not repeat his—

Mr D O'BRIEN: Yes. Okay, no, that is good.

Mr WYNNE: So that gets us to the 15 000.

Mr D O'BRIEN: Just finally a quick one on that, it has been put to me that there has been a change in the government's payment plans as in instead of the standard sort of building payments in 14 days it has blown out to 30, 60 or 90 days to some of the builders and that is one of the reasons they are in difficulty. Is that correct?

Mr RIMMER: That is news to me. I very much doubt that that is the case. We now have a range of contracts, including some pretty large construction contracts where the bills are in the order of \$5 million or \$6 million a month, and on those sized bills there is a formal process by which you have a quantity surveyor go through the bill and make sure it is all correct, and the payment schedule for those is slightly longer as a result of that, but on smaller volume builder contracts we get through the bills very fast.

Mr D O'BRIEN: Could I—

Mr RIMMER: If there are any specific issues, I invite you to raise them with me, because it is absolutely our intention to be paying people well within the appropriate payment time.

Mr D O'BRIEN: Well, it has been put to me that that is one of the issues that has got Metricon, and, as you said, many other builders in—

Mr WYNNE: That is not the case.

Mr D O'BRIEN: not strife, but in, you know—things are a bit difficult.

Mr WYNNE: It is not the case.

Mr D O'BRIEN: You said it is news to you. Are you happy to take it on notice and double-check and come back to me if there has been any change?

Mr RIMMER: I do not need to take that one on notice, Minister—sorry, not Minister, Mr O'Brien.

Mr D O'BRIEN: No, not yet.

Mrs McARTHUR: December.

Mr WYNNE: No, I am the minister.

Mr RIMMER: Mr O'Brien, I do not need to take that on notice. It would be very surprising to me if that were the case. And as I have said, I invite you to raise any issues with me. We are certainly not operating in the manner that you have described.

Mr D O'BRIEN: Okay. Can I get, Mr Rimmer, on notice, what the actual numbers are as at now under those four programs that you talked about in terms of how many builds there have been, what the cost has been and whether that is meeting the targets so far set for all those programs?

Mr WYNNE: Yes, absolutely. We can do that.

Mr D O'BRIEN: Thank you. And in terms of the target for social dwellings, the target for the 2021–22 year is listed as 2287, but the increase in dwellings from 2021–22 was only 1546 dwellings. What has occurred with the missing 741? Is that just the delays in building?

Mr RIMMER: Sorry, Mr O'Brien, can you repeat the question? I am not sure I entirely followed you.

Mr D O'BRIEN: On page 215, social dwelling targets of 87 515 for 2021–22 and 85 969 for 2020–21 indicate that there should have been an increase of 1546—sorry, that there has been an increase of 1546—but the target for acquiring new dwellings in 2021–22 was much higher than that: 714 higher. Does that mean you are behind on the program? This is not specifically just the big build, obviously. This is general social housing acquirement.

Mr RIMMER: Can we take that on notice, Mr O'Brien, because we are not behind schedule in any material way. In fact we are, if anything, ahead of schedule. There are lots of movements at the moment. As you would imagine, we are taking quite a lot of properties offline to redevelop them effectively. We also have a large number of properties that have come into the system as leased properties because of the Homelessness to a Home program in particular and we are constructing more properties than ever before, so between all of those different categories and with some going offline to be upgraded and all kinds of other things as well, there are a number of different movements that are going on between the numbers that you are talking about.

Mr D O'BRIEN: Happy if you could provide a formal explanation in writing. Thanks, Mr Rimmer. That would be great.

Mr WYNNE: We might try and have a look at that, because we are in fact—Nicola, if you can just have a look at that, we might be able to report back to you before the end of the session. We are in fact in front. If we can just get some further advice about that, please, and one of the colleagues might be able to hand that up to Nicola if we can.

The CHAIR: Thank you. Mr Richardson.

Mr RICHARDSON: Thank you, Chair. Thank you, Minister and department representatives, for joining us this afternoon. I want to take you to the Big Housing Build in regional Victoria. Isn't it great that we are questioning about the hundreds and hundreds of properties that are being built at the moment and progressing through an unprecedented investment in housing? I want to refer you to budget paper 4, page 130, 'Existing projects' for the Director of Housing. Are you able to explain, Minister, for the committee's benefit, how the Victorian government is responding to the housing pressures in regional Victoria through the Big Housing Build?

Mr WYNNE: Yes. I talked about it a bit earlier in our conversation with Mrs McArthur, but this is a really crucial issue for us. The government has indicated \$1.25 billion—25 per cent—of the Big Housing Build is going into regional Victoria, and 25 per cent of maintenance and upgrade funding has also been allocated for works in regional areas to support obviously our jobs in communities outside of Melbourne. Presently over 1590 homes have been delivered, which is a good number—a very good number—in regional Victoria under the Big Housing Build, representing \$532 million worth of investment, and of course we have completed 428 new homes. Also, the Big Housing Build provides a minimum investment commitment to regional local government areas that have a significant regional town or city or obviously have high population growth. As I am sure all of the committee members know, over 18 local government areas have been identified, with \$765 million committed, and we are well on our way to meeting our commitments in areas like Ballarat, where we have already invested \$73 million of our minimum investment guarantee of \$80 million; Wangaratta, where we have committed to a minimum investment guarantee of \$20 million and we have already got \$14.5 million committed; and in Bendigo we are also well on track to meet our commitment of \$80 million, with \$67 million already committed. We are really starting to roll them out. That is why I want to get an accurate answer for Mr O'Brien there. We are well in front with all of our commitments.

We have established a designated regional grants round of the Social Housing Growth Fund. This round will provide up to \$300 million in funding to community housing organisations to deliver over 1000 homes in regional areas. Obviously we are currently in the process of reviewing those applications, and we hope to be on track to award the contracts for those in July. We have got some fantastic examples of where that regional investment is making a really significant difference in regional areas. In Delacombe, Ballarat, we are investing \$50 million to build over 180 houses, with works set to commence this year. We are fast-tracking development sites at Virginia Hill in Bendigo, \$58 million, to build 120 new dwellings. Planning is well underway in Ormond Road, East Geelong, where we are investing \$27 million to build 54 new dwellings, and a final master plan for that site will be released shortly. So, Mr Richardson, we are out and about.

Mr RICHARDSON: You are up and about and having a go.

Mr WYNNE: We are up and about. We are out in regional Victoria in a really significant way, and I think you are going to see the benefits of that rolling out really significantly. As I talked about earlier, it is not just a fantastic social outcome, it is jobs and a supply chain, and that is incredibly important.

Mr RICHARDSON: Let us go into the ancillary benefits and the ripple effect of an investment like the big build. How is the increased investment helping Victorians in regional areas find work?

Mr WYNNE: Well, that is extraordinary, isn't it? I mean, close to 4800 jobs—

Mr RICHARDSON: Extraordinary.

Mr WYNNE: I mean, 4800 jobs in regional Victoria. You see the regional Victoria unemployment rate where it is and you say, 'Gee, how do we get to that?'. Well, we have been part of that gain, and I think it is just fantastic. It is a wonderful thing to visit these sites and see. I was in—I will let it go because we have run out of time, but it is really significant in terms of employment, particularly of apprentices, women; it has been fantastic.

Mr D O'BRIEN: You are having such a great time, Dick. You have got to stay on.

Mr WYNNE: I reckon I might, Danny.

The CHAIR: Thank you, Mr O'Brien.

Mr WYNNE: Put it out there. I am up and away.

The CHAIR: Mr O'Brien, Minister, the call is with Mr Barton.

Mr WYNNE: Have we got the answer to this? Have we satisfied Mr O'Brien with our answer?

Mr D O'BRIEN: No, not yet. I was just trying to assist, but that is okay. Mr Barton has the call.

The CHAIR: Mr Barton's call.

Mr BARTON: Thank you, Chair. Minister, on the homelessness call centre—budget paper 3, page 47—I am told half of all calls for homelessness help went unanswered in Victoria this January, and those in the sector have informed me that no new and permanent support staff have been funded in the past decade despite a threefold increase in after-hours demand. As part of the budget allocation to address homelessness, does the government intend to fund more permanent support staff who can answer calls for help regarding homelessness support?

Mr WYNNE: Well, the answer is this is an important service, and as I indicated in my earlier presentation, we have provided support to the telephone support service, 24/7. It is a significant gateway for people to get in and, as you know, Mr Barton, access services which are absolutely critical to them. So we have made a continuing commitment to that, but I am going to ask, obviously, Sherri Bruinhout, who is our technical expert on these matters, to further elaborate. But the answer is: we are committed to it and we continue to be committed to it.

Ms BRUINHOUT: Mr Barton, I think you are referring to the homelessness access points, which are the front door to homelessness services where people in need of homelessness services can approach either in person or by telephone. During Monday to Friday there are about 70 homelessness access points throughout the state, and after hours and on weekends they can call the 1800 number that you were mentioning in your question. During COVID there were extra FTE deployed to homelessness access points to assist them in—

Mr WYNNE: Full-time employees.

Ms BRUINHOUT: Yes, to assist those access points to get people into hotels. As you would be aware, there were 1.4 million nights of hotel accommodation purchased by these access points to keep Victorians safe during COVID. As in the latest budget announcement, part of that \$74 million announcement to end homelessness includes an Aboriginal-specific access point in Victoria, which is an access point to assist our Aboriginal Victorians to access homelessness services. That is a significant increase in capacity for the access points in Victoria, and it has been in response to agencies, these access points, requesting more assistance.

Mr BARTON: Thank you. During the homelessness inquiry we discovered that there were only three people in 10 who were able to access support each evening. Has that improved?

Mr WYNNE: Well, it clearly remains a continuing challenge for us, but certainly the interventions that we have made—I mean one of the key propositions I would put to you, Mr Barton, is that we want to be in a position to actually systemically address homelessness. I know your inquiry has been very important in this work, and the government will be responding to that inquiry. The interventions that we have made through our From Homelessness to a Home program have got a massive number of people off the streets—1850 households, more than 2000 people, off the streets and 250 families that we are now working with to get them off the streets, get them into long-term, secure, safe housing. It is quite an extraordinary intervention by this government. So you would hope that in the future we actually do not need these access points, that we have actually got people into long-term housing.

I remain deeply committed and this government remains deeply committed to having a relationship with the new federal government and indeed with incoming minister Jason Clare, who I have got a very good relationship with, to see if we can further advance the framework and the architecture that we have built here in Victoria to ensure that actually we truly will be in a position where we can say with a level of confidence that we can effectively do so much more in terms of supporting our most vulnerable who are sleeping rough in our community.

Mr BARTON: I hope we can, Minister, in my lifetime.

Mr WYNNE: Indeed, and mine.

Mr BARTON: Can we just go back to how we put people through the hotel? Do you know roughly what percentage are actually coming out now into homelessness? I know you are doing a lot of work, but clearly we have got the Salvation Army only recently, in the last week or so, saying they are seeing an influx of rough sleepers.

Mr WYNNE: Yes, we are aware of Brendan Nottle's advocacy in this space. Obviously my office has talked to Brendan, and I talked to him very—are we finished?

The CHAIR: We are.

Mr WYNNE: Oh, dear. We talk to Brendan.

Mr NEWBURY: We could do this all day.

Mr WYNNE: Yes, I am up for it.

The CHAIR: Thank you, Minister. Thank you, Mr Barton. That concludes the time we had set aside for the housing hearing. Mr Rimmer or Minister, did you have anything further for Mr O'Brien?

Mr RIMMER: It might be simpler to do it in writing. The difference between 2287 and 1546 is effectively about some leases that have been handed back, some properties that have been demolished and some properties that have been taken offline because they need to be demolished. That is the reason for, as you described it, the missing 741, because there are always ons and offs. And at the moment, because we are doing so much construction work, there are quite a few properties coming offline to be upgraded, to be demolished in some cases, to be redeveloped. So that is the explanation for the gap.

Mr D O'BRIEN: Okay. Thank you.

The CHAIR: Thank you. That concludes the time we have set aside. Mr O'Brien, if you would like to do the honours, that would be much appreciated.

Mr D O'BRIEN: Thank you very much for appearing before the committee today.

Mr WYNNE: Thank you.

Mr D O'BRIEN: The committee will follow up on any questions taken on notice in writing, and responses are required within five working days of the committee's request. The committee will now take a 15—

Mr WYNNE: Are you proposing to push on, or what do you want to do?

Mr D O'BRIEN: We will take a—

Mr WYNNE: Five?

Mr D O'BRIEN: Ten?

The CHAIR: Yes, that would be a good medium.

Mr D O'BRIEN: How about a 10-minute break?

Mr WYNNE: Done.

Mr D O'BRIEN: I declare this hearing adjourned.

Witnesses withdrew.