



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL
TERRITORY**

STANDING COMMITTEE ON HEALTH AND DISABILITY

(Reference: Annual and financial reports 2005-2006)

Members:

**MS K MacDONALD (The Chair)
MS M PORTER (The Deputy Chair)
MRS J BURKE**

TRANSCRIPT OF EVIDENCE

CANBERRA

TUESDAY, 5 DECEMBER 2006

**Secretary to the committee:
Ms G Concannon (Ph: 6205 0129)**

By authority of the Legislative Assembly for the Australian Capital Territory

Submissions, answers to questions on notice and other documents relevant to this inquiry which have been authorised for publication by the committee may be obtained from the committee office of the Legislative Assembly (Ph: 6205 0127).

APPEARANCES

Department of Disability, Housing and Community Services36

The committee met at 2.31 pm.

Appearances:

Hargreaves, Mr John, Minister for the Territory and Municipal Services, Minister for Housing and Minister for Multicultural Affairs

Department of Disability, Housing and Community Services

Lambert, Ms Sandra, Chief Executive

Hehir, Mr Martin, Deputy Chief Executive

Hubbard, Mr Ian, Director

Sheehan, Ms Maureen, Executive Director

Collett, Mr David, Director

Maher, Ms Bernadette, Director

Overton-Clarke, Ms Bronwen, Executive Director

Stankevicius, Mr Adam, Director

THE CHAIR: Good afternoon, minister and officials. The committee has authorised the recording, broadcasting and rebroadcasting of these proceedings in accordance with the rules contained in the resolution agreed by the Assembly on 7 March 2002 concerning the broadcasting of Assembly and committee proceedings.

Before the committee commences taking evidence, let me place on record that all witnesses are protected by parliamentary privilege with respect to submissions made to the committee in evidence given before it. Parliamentary privilege means special rights and immunities attached to parliament, its members and others, necessary to the discharge of functions of the Assembly without obstruction and without fear of prosecution.

While the committee prefers to hear all evidence in public, if the committee accedes to such a request, the committee will take evidence in camera and record that evidence. Should the committee take evidence in this manner, I remind the committee and those present that it is within the power of the committee at a later date to publish or present all or part of that evidence to the Assembly. I should add that any decision regarding publication of in camera evidence or confidential submissions will not be taken by the committee without prior reference to the person whose evidence the committee may consider publishing.

There are just a few housekeeping matters for the Assembly and the committee and visitors to the committee. I would remind all members of the letter I sent out a month and a half ago, stating that we will be restricting ourselves to the area of housing in today's proceedings. If anybody has any other pressing matters to do with the Department of Disability, Housing and Community Services they should place those questions on notice. The departmental officials were not aware that they would be required, as was directed to the department and the minister by the committee.

I also give a reminder that members of the committee will be given precedence in asking questions. However, other members of the Assembly are more than welcome to ask questions if time permits. Minister, welcome. Do you wish to make an opening statement?

Mr Hargreaves: Thank you, Madam Chair. I would love to make an opening statement. I have been looking forward to this for some time. The annual report for housing in the ACT for 2005-06 provides a record of significant achievements that have been made to maintain both the quantity and the quality of the public housing asset, as well as to provide that asset as safe, secure and affordable homes. As I have often said, when we provide public housing it is not just bricks and mortar, it is a home.

The total number of public housing dwellings as at 30 June 2006 was 11,573, an increase of 39 for the year. Under our capital program 132 dwellings were acquired for the year, made up of 32 that we constructed and 100 that we purchased on the open market.

Last year I reported to this committee that we had successfully negotiated a new housing repair and maintenance contract with Spotless PNF, which is already producing improved services for tenants. This year I am able to report that, after a full year of operation, Spotless has delivered \$27 million in repairs, maintenance and upgrades. The call centre for tenants has taken close to 61,600 calls.

We have built on these asset improvements in our services to tenants and have been rewarded for the second successive year with an increase in tenant satisfaction. In 2005 the national housing survey result for tenant satisfaction was 67 per cent. This year I am able to report that our local tenant satisfaction survey showed a further increase in satisfaction up to 68 per cent.

In order to provide these high-quality services, we provided a substantial training program for staff of Housing ACT through the good business practices program. Training covered all aspects of tenancy management and service delivery for the group of tenants we house who often have complex needs.

Training was delivered in areas such as domestic violence awareness, drug and alcohol awareness, mental health first aid, raising indigenous cultural awareness, debt management, property standards and how to conduct a client service visit. Trained staff deliver a better service and an improved morale. The tenant satisfaction levels speak for themselves about the effectiveness of this approach.

I would like, at this point, to pay my respects to the staff of Housing ACT for the excellent and professional product they deliver, and also to draw a comparison. There are a number of real estate agencies, shall we call them, in the private sector. I do not recall having seen these training programs for their staff in any of their staff development programs. Certainly they do not seem to have a need for training in drug and alcohol awareness, mental health issues or domestic violence awareness. What they do, of course, is stick their heads in the sand.

We, on the other hand, accept that level of responsibility. I note that that responsibility is discharged by, as you can see by the level of training, highly professional and highly motivated staff who, incidentally, enjoy a high morale because of the contribution they make to the community, notwithstanding what I believe is sometimes undeserved criticism that they receive.

We hear a lot from the opposition about public housing debt. Most housing tenants have very low incomes. Approximately 86 per cent of tenants are receiving a rental rebate, and most are receiving a Centrelink benefit. Yet despite the many demands on their modest incomes, in 2005-06—pensions poised, members of the committee—public housing tenants paid 99.8 per cent of the rent they were charged.

This is an enviable payment record. Housing staff are trained in helping tenants to address debt. We have introduced as a new performance indicator for 2006-07 that 90 per cent of tenants in debt of \$500 or more be on a repayment agreement.

In order to deliver the housing services the community wants, not just those the department thinks they should have, throughout 2005-06 I have engaged in an extensive series of ministerial housing advisory forums on areas such as tenant participation; housing for people with a disability; partnerships with the private sector to redevelopment public housing and develop more affordable housing; complaints and review mechanisms for housing; and reform of community housing.

As you would know, Madam Chair, this culminated in a housing summit in February 2006. All of these forums and the summit enabled me to move ahead to map out a substantial reform process for public and community housing.

The changes to the public rental housing assistance program, announced on budget day by the Chief Minister, will enable housing and support services to be targeted to those most in need. Importantly, they reposition Housing ACT as the post-crisis housing provider, with homelessness services as a crisis support provider. This partnership between the community sector and the government service provision will ensure that people do not fall between the cracks.

As I noted in my recent ministerial statement, the transitional housing program exemplifies this community-government partnership. Families and individuals in homelessness services will have an additional exit option into Housing ACT properties once the crisis has passed, with support provided by the homelessness services for three to six months until their longer-term accommodation is available.

Turning now to changes to PRHAP, we have established a new priority housing category which will assess the relative need of people on the housing waiting list. Priority will be given to children at risk and their carers; the frail aged, including those with a disability where the natural supports are at risk of breaking down; indigenous people with complex needs; women and children escaping domestic violence; and, of course, those that are homeless.

The relative need of this group will be assessed by a multidisciplinary panel consisting of expert clinicians and practitioners in these areas of need and service provision. Housing ACT will house this priority housing group within three months—a major reform to service delivery. In the past they were lucky to get it in 12 months. We are now hoping to be able to do it in three months.

As I have outlined, Housing ACT works with the community sector across the board and community housing is an example of this. The government demonstrated its

continuing commitment to community housing in 2005-06 by delivering several major capital projects such as the Gungahlin Boarding House, the Big House, the group house projects through Community Housing Canberra and construction of Abbeyfield and the Tamil senior citizen housing projects. The jewel in the crown was the transfer of Ainslie Village into a community housing mall, adding 200 community housing tenancies to the sector—an increase of about 25 per cent.

During 2005-06 the Auditor-General conducted a performance audit of public housing, reviewing its efficiency and effectiveness, its governance, allocation of public housing, tenancy management and asset management. Housing ACT has accepted 26 of the 27 recommendations and have moved to implement all of them. The audit will be used to improve service delivery to tenants and clients and to assist in benchmarking ACT services against other jurisdictions.

Of course, the government has issued a serious challenge to Housing ACT in the 2006-07 budget by seeking efficiencies in administration and a redirection of those efficiencies into the provision of additional housing stock. The Stanhope government has provided extra capital as well, so that over the next three years there will be \$10 million per year of additional housing stock.

Housing ACT has already moved to implement the necessary internal reforms and is working with the community housing sector to assist them to do likewise. I am confident we can move forward, based on the firm record of achievement over this past 12 months which is demonstrated in this annual report for the Department of Disability, Housing and Community Services.

Finally, I would like to reiterate my appreciation to the officers of Housing ACT and, of course, the executives of the Department of Disability, Housing and Community Services, for their leadership in this sector. They have done some marvellous things under some pretty adverse circumstances. We are happy to attempt to answer any questions the committee might like to throw to us within the parameters you have already set, Madam Chair.

THE CHAIR: Thank you, minister. I note that in your opening statement you got us to have our pens poised and noted that 99.8 per cent of the rent was paid by tenants. That is an excellent amount. My congratulations go to the tenants on paying that amount because there are a number of people within housing who are living on very low incomes. I think that is always to be appreciated. Can you inform the committee, however, of the amount in dollar terms of rental arrears regarding ACT housing stock?

Mr Hargreaves: Yes, I can. I have the amount on paper but Mr Hehir has it in his head. This is a paperless society. I would like to congratulate Martin Hehir for his environmental consciousness in making sure that we do not cut down any unnecessary trees. I am sure Dr Foskey will appreciate that even more.

Mr Hehir: The current rental debt as at 30 June 2006 was approximately \$1.272 million. When I say “current rental debt”, that is debt that relates to existing tenants of Housing ACT, not those who have exited the system.

THE CHAIR: Mrs Burke still doesn't have her voice back so I will add some supplementaries on her behalf. She has asked for the level of debt outstanding of those who have exited. Do you have those figures?

Mr Hargreaves: I understand that we have answered this for Mrs Burke as a question on notice. The question number was 6317. We will table it again.

MRS BURKE: Did that include sundry debt, minister? I cannot remember; sorry.

Mr Hargreaves: Don't you remember when I send you something? Don't you carry these figures around in your head, Mrs Burke?

MRS BURKE: Yes, I want you to tell me, though, for the record.

Mr Hargreaves: You specifically asked for rental arrears.

MRS BURKE: Yes. I am asking now for sundry debt as well.

Mr Hargreaves: That is a completely different question, so we will give you a separate answer on it. But we will table this for the committee's benefit.

THE CHAIR: That would be good. Mrs Burke was asking what the outstanding amount of sundry debt was. But, for me, can you explain what that is?

Mr Hargreaves: Yes, certainly.

Mr Hehir: Sundry debt, by far the vast majority of it, relates to tenant-responsible maintenance. I think we will have to take the question on notice. I will just clarify what the question was. My understanding was that you were asking what the sundry debt for those people who have exited the public housing system was.

MRS BURKE: No, sundry debt currently, and for those people leaving the system, and rental arrears for people who have exited the system, who still owe the government money.

Mr Hargreaves: I will have to take that one on notice. We measure the effectiveness that we have in terms of our debt management on existing tenants by assisting them to come up with a process and a debt repayment agreement. Of course, once people have left the system, it is very much a case of a debt recovery process, not a case of working with them anymore. So we will need to get those figures for you.

THE CHAIR: Going back to the original question about the amount of rental arrears, which was \$1.272 million as at 30 June, how does that compare with the preceding year?

Mr Hehir: The figures are very comparable. There was a slight increase—in the region of \$50,000—over the year. That is from 2 July, which is the closest payment period to the end of the year and that is the best measure. It is a bit awkward if you take a period one day before their payment is due. My understanding is that the increase was about \$50,000 for the entire year.

Mr Hargreaves: We will continue to take that question about sundry debtors on notice, but I would like the record to show that we have answered half the question to Mrs Burke before in a question on notice, question 1137 in May of this year, which refers to the number of sundry debtors that we had.

MRS BURKE: We need the amount, though.

THE CHAIR: I think the minister has indicated that they will continue to take it on notice.

Mr Hargreaves: I am quite happy to give you that. What you will see, of course, is the movement in that period. I think it is useful that the committee, not just the single member, can see the movement in that period, so I will give you a copy of that as well.

THE CHAIR: I might point out that we have a new secretary, Grace Concannon, who started with us in the last week, so welcome to Grace. It is Grace's first public hearing as secretary.

DR FOSKEY: Has the department observed, and indeed is prepared for, an increasing level of difficulty for some tenants in maintaining their fortnightly rental payments due to the increased targeting of people with high needs, people on very low incomes, often irregular incomes? How is the department going to assist those tenants to remain in their tenancies when they have difficulties in payment? I am referring to page 52 of volume 1 where it says that Housing ACT actively assists tenant households to manage debt and sustain tenancies. I am asking you to apply this fantastic principle to the current situation when more people are probably going to have difficulty maintaining their rental payments.

Mr Hargreaves: I understand the question very clearly.

THE CHAIR: Ms Porter is asking about the specific issue of targeting.

DR FOSKEY: Targeted? It is the policy that housing has been moving towards, and particularly since the budget, of a higher proportion of high-needs tenants.

MS PORTER: Okay. I wasn't quite sure who was doing the targeting.

Mr Hargreaves: Firstly, I thank Dr Foskey very much for allowing me to get on the public record, once again, the things that the department is doing to assist people to have and enjoy sustainable tenancies. It is a fat lot of use having a public housing system that is nothing more than a revolving door: you toss people out because they do not pay their rent and then they come in another door, you fix them up and they go around the whole circuit again.

As I indicated in my opening statement, we have a whole range of training programs for our staff. One of them is debt management and processes and agreements that we can take to the tenants when they seem to be slipping into a pattern of non-payment of their rent, and sometimes it is non-payment of all of the rent. It may not have to be the whole rent missing; sometimes people pay a portion that they think they can manage.

It is important that we introduce these processes early in the piece so that those folks have sustainable tenancies, because we all agree that safe and secure housing is absolutely essential to addressing some of the other social conditions that people may be suffering from.

You will notice that we have a fairly significant track record on debt recovery in recent times. If you want some details about that, Mr Hehir will provide those for you. One of the initiatives that we did recently was a change to the system, which I announced in a statement to the house—and not to the raucous applause that I was expecting; I was expecting people to jump out of their seats, wave their arms in the air and throw confetti at me, but they didn't do that. I announced that, when people were breached in their Centrelink payments, they were required to continue to pay their rent. We went according to the previous practice to judge these people as being rental defaulters, even though they were not getting any money from the commonwealth, and they may have been in litigation with the commonwealth to try and have their Centrelink payments restored.

I changed the rules around PRHAP—I think it was PRHAP, but the actual bit was the deeming of income provisions. We deemed them not to have one, so they may be paying something like \$5 a week; they have to pay something to maintain a tenancy agreement so we went for the minimum amount that we can charge people. That process can last from six to eight weeks to three months, by which time people have such a significant rental debt as to make them ineligible for a whole host of things. That initiative picks up the point you make about saying, “If we are providing accommodation to people in dire need, one of the significant things we need to recognise is the possible inability of people to pay the rent from time to time.” We accept that.

Your question was: are we aware of the risks and the likelihood of this happening? And the answer is: absolutely yes. We have changed the criteria for priority housing so that we can house people in three months if they suffer from imminent or actual homelessness, drug and alcohol difficulties or gambling addiction or are fleeing domestic violence. It is very rare that people do all that with stacks of money in their pockets. We need to understand that, if we are going to change our allocation system from a time-based, wait-in-a-queue job to a needs-based system, we have to recognise what the difficulties for people will be, and we do appreciate that debt is one of them.

DR FOSKEY: In relation to that, I notice that page 51 refers to a flag alert system. I assume a flag is something that appears on a computer. I have a series of questions here. I am just wondering if this flagging system—

Mr Hargreaves: Would you like Martin to explain how that system works and then see how that flows into your questions?

DR FOSKEY: All right. I just wonder how long it has been in place, how it works, what kinds of people are flagged and what happens when they are flagged.

THE CHAIR: We will take that as a yes to the offer of the minister and ask Mr Hehir to give us an explanation of that system.

Mr Hehir: The flag alert system is less about managing debt than about some tenants who have behaviours that require two people to attend. Some of our tenants can get very upset very easily. We flag that on the system to make sure that the housing manager actually knows that they need to read the file quite thoroughly before they go, that they need to talk to people where they are going and, if necessary, they may need to think about whether to take support with them. It is more about just letting our housing managers know that there is an issue with that tenancy that they need to think about before they go to the site and also need to take appropriate action. It is not specifically around debt. Some of those tenants will have debt issues and they may be the trigger for them getting upset, but the flag alert system isn't about that. It was implemented late in the financial year and is a direct response to one of the recommendations of the Auditor-General's report, as well as being an issue that was previously under way.

DR FOSKEY: Does the flagging mean that referrals get made to services that might assist that person manage their behaviour?

Mr Hehir: Certainly, most of those tenants will be already referred to agencies that would assist them. It is done at the end of quite a long process whereby we work with the tenants to try to make sure that we can work with them well, that they are comfortable with their housing manager and that they have the opportunity to talk to the regional manager, a senior housing manager or client support coordinator and be put in contact with potential community groups. We do work with our tenants to try to assist them to manage quite a number of their behaviours, including behaviours that can lead to high levels of debt. For example—I am not sure whether I heard the minister talk about it—Care financial counselling are under contract to us to assist with housing clients who are in trouble with their rental payments and we make an extended effort to work with the tenants who are having trouble.

The reduction in the number of evictions has been quite dramatic over a three or four-year period. I think that last financial year we evicted very close to, if not just under, 30 tenants, whereas previously the number had been as high as 90 to 100. We spend a lot of time working with our tenants to try to sustain them in their tenancy. That is a factor that does lead to quite high levels of rent collection, because we have the opportunity to work with the tenants to make sure that they are continuing to repay their debt. Once we evict them or they move with debt to us, it is very hard to get any repayment. It is much harder for us and we get much lower levels of return.

DR FOSKEY: I have constituents who are facing eviction over rental payment issues. You did say that it is more difficult to get money back after they are evicted. Do you have any system whereby a person in this situation can be put under some sort of qualified tenancy or a tenancy with some very scrupulous arrangement whereby the conditions are that they must repay a certain amount or lose their tenancy?

Mr Hargreaves: We have an arrangement whereby if we have repeat offenders, for example, the next time they come through the revolving door and we agree to their housing, they have to sign a period payment agreement. For example, they may be required to have periodic deductions taken out of their Centrelink payments through their banking system. For the main part, that works and it is a very good thing and everybody is a winner. Every now and again, however, people enter into these

agreements and then a couple of weeks after that they cancel those periodic deductions and we have no choice but to start the whole process again. But we need to understand that, as Mr Hehir has just said, the evictions have gone down from 90-something to just under 30. So the process is working, but we also have to consider that against the background of, as I said before, a 99.8 per cent success rate and against the background that we have 11,500 tenancies, 11,573 as at 30 June 2006. We are talking about 30 people, so we need to keep it within context.

DR FOSKEY: It must be easy to focus on those 30, though.

Mr Hargreaves: The focus is not so much on those 30 but on making sure that other people do not join the 30, and that is the bit where the department has had greatest success. It is having people who are falling into difficulty receiving assistance particularly early in the process. The people who abide by those agreements are not in those 30. The people that we have introduced the changes to are the 60 who are living in sustainable tenancies. To concentrate on one or two of those 30 is, in my view, quite inappropriate. We ought to be saying “well done” to the department for the other 11,540-odd. Mr Hehir, do you want to add one or two things to that?

Mr Hehir: Yes, in terms of the processes. One of the messages that we are very clear on within Housing ACT is that, while the tenants are prepared to work with us to address their debt issues, we are prepared to work with them. To get to the end of the line means that there have been repeated attempts to contact and work with the tenant which they have refused or broken consistently. We are not talking about a process whereby someone has failed to lodge their rebate form or someone has missed a couple of rent payments. It is consistent avoidance, refusal to deal with us, to work with us, to assist in addressing the debt. Normally it involves having made several conscious decisions to remove direct debit authorities and also to avoid meetings and refuse meetings with public housing tenancy managers.

In terms of your suggestion, we still use the Residential Tenancy Tribunal but we will actually seek a conditional order. We do that quite commonly. That is a practice we have put in place over the past two or three years. Rather than seek an eviction in the first place, we will actually seek a conditional order which requires the tenant to make payments. But one of the issues we have is that there are several tenants or a number of tenants who routinely break conditional orders. Generally, very much the last step that we take is eviction.

Ms Lambert: Another thing we do quite often, even when we have reached the end of the road in terms of eviction, is that we do engage other services to work with people. We have had a number of cases where we have had some of our community service organisations work directly with some of the tenants that can no longer stay in public housing because they have broken a significant number of the rules and needed to be evicted. We must be fair and apply consistent process and practice as well. But we do work with our community organisations which are in more of position than housing managers to wrap services around the individual or the family. I can think of a couple of families where that has been very successful in particular for the children concerned.

MRS BURKE: I wish to thank everybody for bearing with me while I am temporarily

going through a dilemma. Minister, I wish to raise something that I have brought to your attention previously. You do not have to answer it now, but I wish to flag it with you again. I refer to the possibility of having rent automatically deducted. In the private market, those of us who have mortgages have to pay our way. I understand the difficult situations that Dr Foskey has raised with you, minister, but why don't you consider that and consider a policy making it mandatory for all new signing-ups for public housing?

Mr Hargreaves: In response to question on notice No 1110 of 9 May from Mrs Burke about the percentage of housing tenants automatically having their rent direct debited to pay Housing ACT, we said 75 per cent. So we have answered the question on notice from you already. The answer is that we do have people who have their rent payments automatically deducted like that. I have just referred to the Centrelink payments that we require of people as part of an agreement.

THE CHAIR: In fairness, minister, I think Mrs Burke was talking about its being mandatory for all tenants.

MRS BURKE: Yes, why don't you do that, because people have to pay for having a roof over their head? It would stop people getting into debt. The commitment has to be made. Why not do that? Why not take a bold approach?

Mr Hargreaves: Quite largely, we don't have to. Seventy-five per cent of all tenants are already doing it anyway. Only 30 of them are people that we would evict, and not all of those 30 would be evicted for non-payment of rent, either. Some people are evicted because of antisocial behaviour and other issues. The point is that for those people who get into rental difficulties, the agreement that we strike with them so that they can get their act together again is about their agreeing to have rental payments deducted directly from Centrelink payments, salaries et cetera. As Mr Hehir has just said, we can look for a conditional order from the RTT and that conditional order will say, "You have to have a direct debit arrangement."

MRS BURKE: Why not do it in the first place, rather than taking that step?

Mr Hargreaves: I will say it yet again: 75 per cent of our people are already doing it, so I do not have to make it mandatory. Also, there are so many of our people who pay the rent on time through processes which are convenient to their families. I am not about to go and tell them exactly how they have to pay their rents. I do not see that happening anywhere else.

THE CHAIR: To follow up Mrs Burke's question, would what Mrs Burke has been suggesting have legal implications as well in terms of forcing tenants into a way in which they had to pay?

Mr Hargreaves: I will get Ms Sheehan to answer that one. I would just put a caveat on it: I am not going to force a regime on the majority because of the recalcitrance of a very small minority.

Ms Sheehan: Housing ACT does not have the legal authority to garnishee wages for the purposes of rental payments or to enforce direct payments from Centrelink

benefits to Housing ACT. As the minister said, we encourage people to be on direct debit and we are very successful at that. When people do not pay their rent and we have conditional orders through the Residential Tenancies Tribunal, that is a legally enforceable and binding arrangement, and even then some people do not pay their rent. So mandating the payment of rent through those processes does not guarantee that it is paid. That is where working with our tenants is so important to guarantee that they do not get into debt and that they address the debt if they do.

Mr Hargreaves: I think the way we are doing it at the moment is more efficacious.

THE CHAIR: One more question from Mrs Burke then we will go to Ms Porter.

MRS BURKE: Minister, on page 51 of volume 1 you talk about policies for managing disruptive behaviours. What are the policies—are they new or developing—for dealing with disruptive behaviour exhibited by Housing ACT tenants, setting aside, of course, the tragic incident at Fraser Court last night.

Mr Hargreaves: I am not going to refer to anything to do with the Fraser Court issue, and I think that is reasonable.

MRS BURKE: I know you can't. I am not asking that. That was the first part. My supplementary would be: what is your opinion of the trial program being conducted in trouble spots in New South Wales to combat difficult tenancy issues—I have raised it with you before—ergo acceptable behaviour agreements?

Mr Hargreaves: I will answer the second part of the question first and then get Ms Sheehan to go through the policies, to tell you exactly what they are.

The demographic in the ACT is not that of New South Wales. This community is a unique community. We will look at things that are happening in New South Wales and learn lessons from them. But I am not going to slavishly follow what happens in New South Wales when I consider that the community of the ACT predominantly is an exemplary one compared with the misbehaviour that seems to be endemic in that state. I am not going to have any part of the ACT compared with Macquarie Fields—ever.

With respect to the disruptive behaviour, I do not know how many times I have to say this before people get the message: the government accepts some responsibility to help people build their lives. These disruptive behaviours are police matters.

MRS BURKE: But the buck is passed from one to the other.

Mr Hargreaves: We have a double standard applying in this town. There are disruptive tenants in private multiunit developments—and I can name them—

MRS BURKE: But you're not responsible for that; you're responsible for public housing.

THE CHAIR: Mrs Burke—

Mr Hargreaves: I am not responsible for the behaviour of people in—

MRS BURKE: You are the landlord.

THE CHAIR: Order! Can I suggest, Mrs Burke, in order for this process to run smoothly, that you allow the minister to answer the question and if—

MRS BURKE: If he stops passing the buck, I will.

THE CHAIR: Order! Your interpretation of things is your interpretation of things.

Mr Hargreaves: I think that is a bit inappropriate.

MRS BURKE: Ask the tenants.

THE CHAIR: Order! It is not helpful to the running of the hearing if you are going to not allow the minister to finish answering the question and start talking over the top of him. It would be best if you just allow him to answer the question. If you disagree with it and you have a follow-on question, you can always ask that. But I would suggest that Ms Porter, as a member of the committee, would also like to ask some questions.

Mr Hargreaves: Thanks very much. We need to understand that the department provide sustainable tenancies as best we can to enable people to have productive, fruitful and enjoyable lives. There is a whole heap of supports that we bring to bear in that sense. I mentioned them this afternoon in my opening statement. At the end of the day the government is not responsible for the behaviour of its tenants, any more than the private real estate agent is responsible or held accountable or held responsible for the behaviour of its tenants. The community at large holds them all accountable through the police processes and the courts.

We recognise that there are some people who have dysfunctions that may disrupt the lives of other people, and to that end we have certain processes and procedures, and as soon as these things are brought to our attention they are kicked in. We also have in the agreements, which I do not see in the private sector agreements, clauses which mention the quiet amenity of those around them—enforceable ones. When we have disruptive tenants, we visit them and we say, “Listen here. If you don’t lift your game, we could take you to the RTT to have your tenancy terminated.” And we do that.

But I have to reiterate: a lot of the actions of disruptive tenants are police matters. They are not for the landlord to accept responsibility. We are not the parents of our tenants. I am very sick and tired of people being stoked out there in the community to adopt the attitude that we, the government, are responsible for their behaviours; we are not. We are responsible to the community to provide support mechanisms, to prevent these things happening. We do that, and we do it so far in excess of the private sector that it has an on-cost into the provision of services, which means that the provision of public housing in the ACT is a particularly expensive exercise—a lot more so than in the private sector. I will ask Ms Sheehan to give you some indication of some of the detail behind those policies.

Ms Sheehan: Housing ACT recently had a very long, hard look at the policy that we have adopted around managing disruptive tenants. We consulted broadly with our tenants, including through our standing committee for tenant participation, the joint champions group. We also consulted with community sector organisations that are involved in the support of public housing tenants, particularly organisations such as welfare and legal rights and the tenants union. So the policy we now have is very much a reflection of the consultation we had with our tenants and with agencies that support them.

When the behaviour is disruptive and not illegal but can make the environment quite unpleasant for those around, we always begin by speaking to the tenant that has committed the disruptive behaviour, ask them to stop that behaviour and talk to them about the impact it is having on their neighbours. After the discussion, we monitor the situation. If the tenant still doesn't address that behavioural issue, at the same time as trying to support the tenant and get them to address the issues, we start to use the processes under the Residential Tenancies Act. We can issue a notice to remedy; that is a formal notice under the legislation, which requires the tenant to maintain their behaviour or to change their behaviour and then to maintain not breaking their tenancy agreement. We then monitor that and, if the tenant does not comply with the notice to remedy that behaviour, we would then proceed to issue a notice to vacate, again using the legislation.

Tenants have a right to review our issuing that notice. But again we would try to engage the tenant with us and with other support agencies so that we could address that disruptive behaviour rather than moving to a more serious situation. Eventually, if the tenant still doesn't change their behaviour after the notice to remedy or the notice to vacate, we would go into the Residential Tenancies Tribunal and there we would seek a conditional order. That conditional order would specify that the tenant has to stop that behaviour that is disruptive. So by no means do we move to a swift eviction. We do everything that we can to get the tenants to change their behaviour, to support them through that change, to monitor the change and, if we need to, to enlist the legal processes of the Residential Tenancies Tribunal to have an order in place to address the behaviour.

If the behaviour is illegal behaviour, that, of course, must be notified to the police. We work with the police on these sorts of issues, on disruptive behaviour, and we always encourage other tenants and other people in the community, if they see this illegal activity, to notify the police. We need to work with the police but we need to manage behaviour that is within our area of responsibility. But if it is illegal behaviour, we are not the police force; we do not have those rights and responsibilities that the police have, and we do work closely with the police on these issues.

Mr Hargreaves: I would just like to pose a hypothetical question: suppose we were to decide, as a massive cost-cutting exercise, to put the tenancy management of all of our public housing out to a private rental agency. How do you think they would respond to disruptive tenants and how do you think they would respond to people who do not pay their rent? I might suggest to you that they would not do a thing about the first one and they would evict them on the second. That would be the amount of responsibility that they would accept. Instead of criticising the government for not doing enough, some measure of understanding of the difficulty we face, and

congratulations to these officers, might be in order.

THE CHAIR: I note that we are talking about a very small number of tenants, minister. Mrs Burke has asked whether it is possible for the policy document that Ms Sheehan mentioned to be provided to the committee.

Ms Sheehan: Absolutely. Sorry, minister?

Mr Hargreaves: Bit quick, Maureen. Absolutely, madam chair, just to quote Ms Sheehan.

Ms Sheehan: I just add that it is important to be very clear that we cannot unilaterally take a decision to evict. We must work within a legislative framework and that framework is applied by the Residential Tenancies Tribunal, so we are unable to take unilateral action. Sometimes I think people expect that that is what we can do, and we cannot do that.

MRS BURKE: Chair, you did say that I could follow up. I will be very brief.

THE CHAIR: No, I'm sorry, Mrs Burke. It is 25 past three—

MRS BURKE: So you are stopping me from following a line of questioning.

THE CHAIR: It is 25 past three and Ms Porter has not asked a question yet. In fairness to Ms Porter—

MRS BURKE: I will take that as being gagged. You allowed me to—

THE CHAIR: No, I'm sorry, Mrs Burke. I do not accept that. Ms Porter has not asked a question at all and you have been going for the last 25 minutes at least.

MRS BURKE: I haven't—

THE CHAIR: In answer to your questions, Mrs Burke. Be fair. I am asking you to be fair.

MS PORTER: In your introductory remarks to the committee, minister, you made some comments about the continued support the ACT government provide to Ainslie Village. It is mentioned in volume 1 on page 28. Could you give us a bit more indication about that support and talk about the associated costs of that support? Perhaps you could take that second part on notice.

Mr Hargreaves: I am afraid I cannot do either. I am sorry, Ms Porter, but this is the responsibility of Ms Gallagher. She is responsible for SAAP services and I do not have a role to play there.

MS PORTER: I thought you mentioned it so I thought I would reflect on it; that's all.

Mr Hargreaves: We provide the community housing services with funds and with the bricks and mortar but the ongoing funding, the policy around what is provided and

the support that is provided to the residents of Ainslie Village are provided through Minister Gallagher's office.

MS PORTER: So it's a joint approach at Ainslie?

Mr Hargreaves: Yes, it is.

MS PORTER: On page 56 of volume 1 there is mention of community housing. I was wondering if you could update us on that.

Mr Hargreaves: The review particularly?

MS PORTER: Yes.

Mr Hargreaves: I am pleased to be able to put a couple of things on the record about this. I think this is a top forum in which to do that. Community housing receives \$1.06 million in recurrent funding from the commonwealth-state housing agreement. The bit that is not often known is that it retains rental revenue of over \$1.5 million per annum. So it gets a million dollars from the CSHA and it also pockets one and a half million dollars worth of rent.

The government has demonstrated, I believe, its support to the community housing sector by providing a \$19.2 million injection of capital into head-lease property since 2002-03—that is nearly \$20 million worth. It has provided a \$9 million capital injection specifically to expand community housing through innovative partnerships; \$7 million worth of capital for head-lease properties, which acquired 21 properties to be head-leased with community housing providers; and \$3.2 million for an Aboriginal and Torres Strait Islander boarding house network. A further \$1.4 million was provided by the government in 2002-03 to facilitate the transition of Ainslie Village from a supported housing model to a mixed community supported housing model. That is why the question Ms Porter asks is so complex.

The first year of a transition process has almost been completed, with Havelock Housing Association winning an open tender process to provide tenancy and site management services for Ainslie Village in November 2005. This transition grew the sector by 180 tenancies in the 2005-06 financial year.

There has been a 61 per cent increase in the number of community housing tenants since 2001, increasing from 426 to 687. I think that shows quite clearly the government's support for the community housing sector. There has been some angst in the community housing sector around the withdrawal of overmatching funds. In the order of \$485,000—slightly less than \$500,000—was actually withdrawn.

In the community housing sector we had a plethora of smallish organisations which were expending a considerably greater amount on the administration and support services than they should have been. They were not, therefore, providing as effective a service to their clients as they could have been. You might say, "Where did some of these ideas come from?"

One of the ministerial housing forums I conducted last year was around the

community housing sector. In that forum it was advanced by the sector that there could be some amalgamations. There were some smaller organisations that were providing services in an almost specialised sense who could provide more of the services if they did not have to spend so much on things such as differing software for their computers—actual computer costs—photocopier rental costs, accommodation costs and, in some areas, salary costs.

One of the suggestions advanced was to have a common waiting list. We said, “Okay then; let us restructure the sector.” Absolutely nothing happened, the same as absolutely nothing happened the last time it was spoken about. We had a good look at it and realised that the money we were paying them was just perpetuating this inefficiency and ineffectiveness.

In saying that, I do not wish my words to be construed as a criticism of the motivation behind these organisations. They are wonderful people who are trying to do a lot of good out there in the sector. But you can imagine how much good an organisation could do with the money they have if 30 per cent of it was going on administrative support instead of six per cent. We had about 24 per cent applied to the sharp end of their organisation. So we said to the sector, “You have to reorganise yourselves.”

Some organisations embraced it very quickly and have taken up the offer of financial and professional assistance from the department to get on with it. And some of them are thrashing around and really objecting to it. It is a simple fact of life. I did not receive that money in my budget so there is nothing to give out. So these organisations have no alternative but to fix it up. We are happy to work with them as long as they like, as long as they are moving forward on this.

We think the sector is a valuable one. We are putting more stock into the sector in the next year or so—about another 20 over the next couple of years. Handing over 20 houses at \$400,000 each means you are talking about \$2 million. Two million dollars in one go does not sound like abandoning a commitment to the community housing sector. It sounds as though we are fully supportive of it. I have been corrected by the financial genius to my left. It is closer to \$8 million. I apologise for misleading the committee by saying it was \$2 million when, in fact, the government was handing out \$8 million worth of support. I hope I have been able to give you, Ms Porter, an idea of, one, our commitment; two, some of the numbers underpinning it; and, three, what we intend to do in the future.

MS PORTER: On page 54—you mentioned this in your introductory remarks—you talked about the new contract and the total facilities maintenance. I was wondering if you could tell us how that has improved overall customer satisfaction and how it is providing better value for money.

Mr Hargreaves: Firstly, having only one contractor makes a big difference to us. We do not have to have two contractors. I will get one of the guys to explain. The key objectives with the maintenance contract with Spotless PNF Pty Ltd are to include a higher proportion of maintenance expenditure being spent on planned works, rather than the less efficient responsive repairs, and increase tenant satisfaction along the way. In the past we ran out of money fairly early so we responded to urgent calls, which did absolutely nothing. Having this one contractor enabled the department to

concentrate a certain amount of its funding on planned maintenance, which actually reduced the number of demands on us to do responsive stuff.

The contract emphasises innovations and initiatives that the TFM and the ACT government can leverage across their national business—Spotless is a national company—and, of course, other jurisdictions. To date, these have been in the form of product rebate schemes that return money to the budget based on quantity of sales, thus obtaining greater value for money.

New contracts have also been arranged. Spotless have given Housing ACT improved quality and a greater range of choices, such as improved paint quality and improved internal paint colour selection from six to 20. Remember that the people pick their own. Once upon a time they would say, “The painters are coming in. You can go to work. When you come home, your house will be painted.” But not anymore; we actually talk to folks about that. We have increased the external paint colour selections from six to 10 different colours. There is improved carpet quality from 26 to 32 ounces, which is significant. The carpet underlay quality has gone up from seven to nine millimetres. We have also improved the carpet colour selection from four to eight. We are not talking about one-size-fits-all now. That is where a lot of the increased tenant satisfaction is coming in. I might get one of the officers to explain a bit more on this, if you like. We have been able to have a terrific relationship with Spotless, remembering that it is the Department of Disability, Housing and Community Services.

There are some partnerships between the department and its contractor, Spotless, to make sure we have employment programs for people with disabilities. They are also very generous sponsors in some of the activities the department wants to engage the community with. There is an adaptable housing development out at Kambah that I turned the sod for recently. Spotless were involved in that. So they are not only involved in the maintenance end, they are also involved in the other end.

Housing ACT recently conducted a fairly comprehensive client satisfaction survey. We have had a four per cent increase from 78 per cent to 82 per cent. Eighty-two per cent of our people are satisfied with the maintenance regime over 11,500 properties. I almost defy any private sector property manager to deliver an 82 per cent satisfaction rate.

With the quality management system of the contract, we have had a review of the schedule of rates. We have training for the call centre staff. We now have a very good relationship between the client, the call centre and the department itself. It is a very fluid and very appropriate one. There is also an improved definition of priority categories. People are now starting to understand that we understand what is important to those folks. We are now able to respond to that.

I have spoken to quite a number of tenants. I was out today doing a tenant of the month award. You get to talk to housing tenants all over the place. I have noticed that there is a very significant feeling of satisfaction out there with this Spotless contract.

Mr Collett: It is worth remembering that a lot of these improvements we have been able to drive are because we have the total facilities management contract. We are the

only jurisdiction in Australia that has that. Spotless are able to provide an integrated service from the call centre right through to the planning of our maintenance and the auditing of the condition of our properties. It enables them to bring a high level of value and a high level of innovation to the contract.

The other thing is that we have a performance management system built into the contract—a system of penalties and rewards for Spotless, as the minister indicated. They range from everything from redirecting our dollars from responsive maintenance to planned maintenance so we get a more cost-effective maintenance dollar spend in terms of the quality of our housing stock, right through to requiring Spotless to come up with innovations under the contract. Some of the initiatives the minister has spoken about have been suggested by Spotless as part of their innovations component of the contract.

Meeting adjourned from 3.40 to 3.58 pm.

THE CHAIR: Welcome back. Minister, I understand you want to add a further comment in relation to the direct debit.

Mr Hargreaves: Thank you. For the information of members, and also for the information of the illustrious fourth estate, which is in attendance, we need to understand that if, for example, we were to mandate direct debit from a bank into which either Centrelink payments or other sources of income go—remember that most of our people are not on Centrelink, but a lot of them are—these people are on low incomes. If the funds in their account fall below a level which means that the bank cannot satisfy that particular direct debit, there is a \$35 charge. I repeat that for the purposes of *Hansard*: there is a \$35 charge each and every time it happens. These people are predominantly on rebated rents anyway, and the reason they are on rebated rents is that they are on low incomes. Thirty-five dollars could mean that the money for food for the week disappears. There is a danger that, if we did mandate those sorts of things, the people we are actually trying to assist would be detrimentally treated.

THE CHAIR: Ms Porter, do you have questions at the moment?

MS PORTER: Not at the moment.

THE CHAIR: Then I might ask a question or two. Minister, in your opening statement you talked about training of staff. I note that under 'Learning and Development' on page 105 there is mention of training going to a single area within the department. What training do the front-line staff in housing undertake? Could you elaborate on that?

Mr Hargreaves: In my opening statement, I gave you some indication of the types of training that we give the front-line staff. They come across some pretty horrendous situations, and we hope that they will be able to assist in the process and not just be a post office and refer people on. We have internal and external training facilitation. There is training in things like domestic violence awareness, which the DVCS gives us. The drug and alcohol awareness training is facilitated through Lifeline. The raising indigenous cultural awareness program is facilitated by Tracey Whetnall, who is the Aboriginal cross-cultural facilitator. Working effectively with refugee clients is

another one. That is facilitated by Companion House and family partnerships. I would like to give Kathy Ragless a bit of a thankyou for the work that she does around refugees; it is just wonderful. And of course we also facilitate a lot of our family partnerships work from within the department. I will ask Martin—he can suggest someone else if he wants—to give you a more in-depth run-down on the front-line training.

Ms Sheehan: As the minister said in his opening statement, we have put together a framework for training and development of our staff—the good business practices program—inside housing and community services. The way we did that was to look fairly and squarely at what is the service that we are trying to provide, what is the business we are in. Then we looked at what is the skill set that our staff have. Then we lined up the two and asked, “Given that skill set, what training do we need to give our staff so that they can deliver the services that our tenants and applicants need.” That is why we focused on training around the support needs that our tenants have. The minister outlined alcohol and drug training and also domestic violence training, which is really important. In his opening statement, the minister also referred to mental health first aid training, which is very important. We also have a range of training around challenging behaviours that tenants or other people, particularly in multi-unit complexes, might present with—making sure that our housing managers know how to deal with that and how to defuse situations so that they do not deteriorate.

But we do not just have housing managers employed in housing and community services. We also have staff who work on the asset side of things; we have asset training there. Our housing managers require asset training because, as they go out to make their client service visits, it is very important that they understand what our property standards are and are able to advise tenants on whether a request that a tenant might have is within our property standards or outside our property standards. It also enables them to identify any repairs that might be necessary for the property to make sure that we have a safe property and one that tenants can be healthy in. Then, of course, we have other staff who are responsible for managing contracts with the community service organisations. We have partnership training there. We have training in contract management and so on.

We are basically providing training for our staff so that they can deliver a high quality of service to the community. The other commitment that we have to our staff is that we train them so that they can deliver the services but in addition to that we work with registered training organisations so that the training delivered is accredited and articulates into qualifications. That is an important commitment that we give our staff—that we respect the skills that they have and support them to have them properly recognised in qualifications.

Ms Lambert: I might just add that one of the other things we have done is ask the staff themselves about the particular training that they would like. There was a project run by housing managers where they talked about the support they needed in carrying out their roles. It is not just a top down process; it is also a bottom up process. Through a significant business planning exercise that was led by Martin at the beginning of this year or the end of last year, we also got some significant feedback from staff about what they would like, and that is part of the development of the training program as well.

Mr Hehir: Could I add one key innovation that I personally am very proud of. One of the training programs that we conduct is family partnership training. Family partnership training is not normally applied within the public housing field. It is an area that was specifically developed by Professor Hilton Davis from Guy's Hospital in London around working with families where children have a disability. When meeting Professor Hilton Davis a couple of years ago, I could see that the training would be very effective in working with public housing tenants. Essentially the training trains the housing manager to have the tenants come to their own conclusions, their own measures of how to deal with the particular issue. It is a change from saying "You will pay this" to having the tenant say, "If I am going to stay in my house, which I want to, then I am going to need to do something about it, and here are the things that I will do about it." It turns it around from being a directive to being a situation where the tenant is making their own commitment and coming out with their own solution, which we facilitate. It is a measure of how we like to work with our clients. It is taking a little while to roll out, because we are doing a train the trainer program, but it is certainly something that I expect to see continue to improve our relationship with our tenants.

THE CHAIR: What was that called?

Mr Hehir: The family partnership training.

THE CHAIR: Who undertakes it?

Mr Hehir: It is a train the trainer program, but initially the training is done by Professor Hilton Davis himself. He came out a couple of years ago and initiated the training with the first series. Then it is a case where in the end we have our own series of trainers, so housing managers themselves and other people within the department are able to provide that training. We also provide that training to the community sector.

Ms Lambert: He comes out to Australia for all jurisdictions—or most jurisdictions—not just for the ACT. As Martin said, we came to this training two years ago. It is training that occurs across the organisation, but it has particular relevance to the work that our front line does.

THE CHAIR: There was mention before about the mental health first aid training. Who provides that training?

Ms Sheehan: I will have to get back to you with the name of the organisation that provides it, but the training was developed through ACT government mental health funding to the ANU, and it is that particular package which is delivered.

THE CHAIR: I do not need to know the name of the provider. That is fine. Are you able to talk about what is involved with that specific training?

Ms Sheehan: Yes. It is called mental health first aid because the idea is that our housing managers are not clinicians so they are not delivering clinical mental health training. But what they are able to do is identify some behaviours that could be an

indication of a mental health issue and do what a first aid officer does—provide first aid there. It is not the clinical treatment, but it can be a first step in trying to address an issue. It is identifying behaviours that can be a sign and then taking that very first step but recognising that you are not a clinical provider of services.

Ms Lambert: I first became aware of it through a series of people who were principals, who were trained in it at the ANU and who were applying the course in education situations. It seemed to me that it was exactly what we needed to have for our housing managers: they are not clinicians, as Ms Sheehan says, but they do need some tools, if you like—a tool box to work with when people are presenting with mental disabilities. Do you want to add something, Mr Hehir?

Mr Hehir: The only thing I was going to add was that we also provide an intensive induction training program. One of the key features of that is quite intensive periods of training on particular subject matter which is then reinforced in the field. It is not that the entire time in induction is spent in the classroom learning about it; we spend a lot of time reinforcing the training with fieldwork to make sure that people pick it up and follow the processes into the field. Again, it is quite an innovative approach rather than just leaving people in the classroom.

THE CHAIR: Do you do simulated sequences?

Mr Hehir: Within the classroom they do simulated training, but the real strength of this model is that we actually take it into the field where it is not a simulation but is actually what is happening, and they have to learn to ensure that they apply the training correctly.

THE CHAIR: Mrs Burke.

MRS BURKE: Minister, I just want to touch on asset management and get an update. I refer to volume 1, chapter 2, page 54 of the report. How are the redevelopments of Fraser Court, Kingston, and the former Burnie Court, Lyons, sites progressing? When will construction commence on each site and what are the expected completion dates? What proportion of each site, if any, will be dedicated to some form of public or community housing?

Mr Hargreaves: I will ask Mr Collett to give you some detail on that. On some of the questions you asked—when building will commence and that sort of thing—it may not be possible to give you firm dates. But Mr Collett will walk you through those three developments. Was it three—Burnie, Fraser—or only two?

MRS BURKE: If you want to complete the trio, Currong apartments, because I do have a concern about the student element there. I understand that Havelock Housing Association, which is not your area—

Mr Hargreaves: In this sense it is.

MRS BURKE: They are picking up the tenancy arrangement. Perhaps you could answer all of that in one go. It is an issue as we come towards the end of the year, for those students to know what is happening into the future.

Mr Hargreaves: Sure it is. I have not had a discussion with officers around the detail of Currong at this point in time, so it might be news to all of us.

MRS BURKE: When is that going to be? We are now in December.

Mr Hargreaves: It is a case of as soon as, really. I will just go through Currong a little bit to start with. You would remember that when we first started off essentially the private sector was not going to come to the party with anywhere near the return on the property that we the community felt was the right way to go. There were closer conversations held between the developer sector and the department around a way forward. In fact, if my memory serves me correctly, there were two rounds of those conversations over the last 12 months. We had hoped at the conclusion of the first round to be able to move ahead a bit more definitely. Such wasn't the case and we needed to go to another round, and we pursue this thing with some vigour.

At this point in time we have not made any decisions. I would be leaning towards a continuation of the arrangement that we have now for another academic year unless I've got reason not to do so, which I haven't seen yet. That is against the background that, of course, any negotiations with the sector that were fruitful would take a fair amount of time to document and go through the procurement and probity processes and all the rest of it. My inclination is to say that we will continue with a similar arrangement and similar numbers.

MRS BURKE: That would help you in terms of the insurance on the building, wouldn't it?

Mr Hargreaves: No, it doesn't help us one zot. It does two things: firstly, we have a demand for student housing that the ANU haven't completed their provision for yet. They are in the process of trying to do the provision. They are experiencing the same problems as everybody else in the building industry at the moment—a shortage of skilled work force. We recognise that students from the ANU are transient people—three-year visitors, if you like—and have a completely different type of accommodation need from the rest of the community. We can assist in this process. The benefit that we get out of it is that we have people living in the place while we do the negotiations—remembering that not all the units in that complex are fit for habitation. We have put some money, as you know, into getting those other ones up to scratch. There are a couple that we keep for special purposes from time to time; we will just leave it at that.

I am expecting a brief in the next day or two on where we go on that. Where I am leaning is to going to that stage, because we don't have anything definite to put to Procurement Solutions. Once we have the interested parties at the table to say what they can and can't do, we are obliged to go through a tender process and all the rest of it. That is when we hand the whole lot over to the Procurement Solutions people, the people who handle contracts and know all about the probity testing and all the rest of it—and that always takes quite a number of months.

MRS BURKE: So when is that processed, or have you put it out again to tender?

Mr Hargreaves: No, we haven't put it out because we haven't got the people to the table. We need to get the developers to come up with the type of solutions that they find profitable to such a degree that we can get a return on our money. We could sell that block tomorrow for \$5 million and we wouldn't get a return on the stuff that's there and we wouldn't get a decent product at the end of the day. We are talking about different models and different ways: it might be renovation, total refurbishment or a completely drop-em-on-the-footprint, build-another-one model. Who knows? They are the discussions that we are having out there with the sector, one on one, so that when we see a body of interest out there that is tangible we can go to Procurement Solutions and say, "Okay, out you go and put the tenders out." The last time we did that we got an unsatisfactory result. That's the answer to your Currong question. Over to Mr Collett about Burnie Court and Fraser Court.

Mr Collett: These are large projects, and when the private sector undertake these projects they take some considerable time to go through the preplanning, planning and marketing before construction starts. We have been making good progress in terms of the formal joint venture agreement—I suggest we are close to concluding that—and at the same time we have been working on the plans for both sites. We are in a good position on that.

In the case of the Burnie Court site, we have had ongoing discussions with the Woden Community Council and with a group of Lyons, Chifley and Curtin residents. I have been meeting with them on a six-weekly basis approximately. We have a mailing list; we keep them informed. We have been able to provide them with minutes of meetings and details of documents. They have asked a series of questions and we have been able to work through those questions and address their concerns and issues. Surprisingly, a not insignificant number of people who have come along to those meetings have indicated that they are keen to purchase into the final development, so it is obviously addressing a need that exists in the Lyons area for a wider variety of housing. At this stage that variety of housing is likely to include both retirement accommodation and residential accommodation in a mixed development.

We have also been working closely with the ACT Planning and Land Authority, and at their recent executive meeting they gave us the go-ahead to prepare some documents for them to consider the possibility of a territory plan variation that would make possible that mixture of residential and retirement living on the site.

The work at Kingston is also progressing. The technical problems with the units, which I know you are particularly familiar with, Mrs Burke, have been an issue for us. We have done a lot of exploratory work—put cameras down drains, lifted roof panels and those sorts of works. We will move forward with our joint venture partner St Hilliers to do some more significant investigative work, and we are likely to fence off one of the units so that we can take out the plumbing and check on some of the advice that we've got already. That is due to start either this month or early in the new year, depending on the availability of labour. So, whilst it has been a long process, we are making good progress on both of the sites.

The second part of your question was about the amount of public or community housing that will be retained on the site. The two situations are a bit different. In the case of the former Burnie Court site in Lyons, we have already completed, and

currently have occupied, a group of aged accommodation, which incidentally fits in very nicely with the proposals from the Hindmarsh Group around retirement. In fact, they have indicated already that the community facilities that they build as part of their retirement complex will be available to our tenants, so we are getting a real integration between the public housing and the private housing there. As I said, 24 units have already been completed there and are occupied.

Part of the background philosophy around the redevelopment of the multiunit properties is to avoid a concentration of our public housing tenants, because we know from experience—not just ours but from all the jurisdictions across Australia and overseas—that where you get heavy concentrations of public housing tenants you have some of the complex problems that some of our tenants have. It's always important to remind ourselves that it is a small percentage of our tenants who present with those problems. But where we get concentrations of public housing tenants we do tend to get an exacerbation of those problems.

We have certainly got a much better relationship with our tenants and we solve a lot of those problems where we have our tenants dispersed—and there are a lot of other social benefits of that as well—so we don't intend having the same sort of concentration of public housing tenants in the redevelopments. In fact, some of the funds that are released through the joint ventures will be applied to the purchase of properties in other developments in a more distributed model.

To answer your question directly, as well as the 24 houses that are for public housing tenants in the older persons' accommodation at the Freycinet, we will be providing funds for Community Housing Canberra to purchase community housing on the site. That is likely to be about 10 per cent of the residential development and we are encouraging them to leverage off the funds that we are providing to them. If they can use the equity they have in the properties that they are purchasing to borrow some more money and purchase some more units, we would encourage them to do so.

Hindmarsh, who are our preferred joint venture partners and the ones with whom we are doing this work, have a history in other jurisdictions. They are very big in South Australia but they have also done a lot of work in the US with affordable or public housing being a requirement of their development proposals, and they are very comfortable with working for us in that way.

In the case of Kingston, when we were looking at the range of possibilities and in fact decided on a joint venture rather than the redevelopment as a housing precinct, the previous minister for housing gave a commitment to the residents there that those who remained on the development and wanted to stay there would be provided with the opportunity to do that. The current minister has indicated that he doesn't see a need to depart from that commitment that his predecessor gave; the department has taken that commitment on and I have given those same reassurances to the tenants. That, therefore, is not for us to determine. It will really depend on the decisions of the tenants. Some of them have clearly indicated that they want to stay; others have indicated that they are happy to consider housing elsewhere. You might also be aware that a number of them have already relocated off the site.

My expectation is that we will have about 20 per cent or 20-odd units of the

development left for us. Again, St Hilliers, who have done a lot of work with other public housing authorities, are very comfortable with public housing on a dispersed model and have indicated that they might take out an equivalent number that they will retain as part of their stock portfolio, so we will have a balance in terms of our continuing interest and St Hilliers' continuing interest and the rest sold off to the private market, as was anticipated in the joint venture arrangement.

MRS BURKE: Thank you. Just on that, how are we going to ensure the safety of the tenants remaining at Fraser Court?

Mr Hargreaves: We already have security guards there. Remember that the lack of safety in any place in the whole of Canberra is a matter for the police, as the committee would be only too well aware. Indeed, I recall that, when I was minister for police as well as minister for housing, I had conversations with the chief police officer about specific attention to the area. That particular development has received an awful lot of attention in terms of community safety application.

I think we have done as much as we possibly can. We can only urge the people who live there and the people who live in the adjacent streets to contact the police if they feel the slightest bit unsafe. The police have it as a priority area in their patrols.

I was able to increase the number of patrols there, increase the number of police officers involved in those patrols and also increase the number of targeted patrols. Again, the people who live there need to be aware that, as anywhere else in town, if they feel unsafe their first port of call is the police. And if they are feeling decidedly unsafe, then they should call 000.

MRS BURKE: Unfortunately, a lot are scared of retribution. I will leave that there because it is a sensitive matter.

Mr Hargreaves: Madam Chair, I think that is a dreadfully cowardly way to go about it—to leave something sitting on the table and not go down that path a little bit further.

MRS BURKE: I am happy to, but I do not want to touch on issues that have happened at Fraser Court.

Mr Hargreaves: I do not think you should raise them if you do not want to pursue them.

MRS BURKE: No. In general though, minister, there are pockets of antisocial behaviour. People are scared to go to the police. In fact, I have phoned Crimestoppers for public housing tenants because they are too scared. I do not know what we do about it.

Mr Hargreaves: I suggest, quite frankly, that that is a matter for the minister for police.

THE CHAIR: Can I make the observation, minister and Mrs Burke, that I think this is a problem right across our society.

MRS BURKE: No, but—

THE CHAIR: Mrs Burke, can I finish my comment?

MRS BURKE: I meant the private sector though, minister.

THE CHAIR: Order! It is a problem right across the community. How it is dealt with without becoming a big brother state is a vexed question, I would suggest. That would be my interpretation of it. We might move on.

MS PORTER: This is sort of related, but it is the other way around. I am talking about the sale of public housing. I refer to page 111 of volume 2, where it talks about gains from the sale of public housing properties. I am wondering what processes you use to make the decisions as to which ones you will sell, and if you have any plans for others. What gains does the housing budget make from that? I would presume they are put back into other housing stock.

Mr Hargreaves: The background is that this is a trading enterprise. Once upon a time, we used to just build multiunit complexes. We would buy a street and get some developer to build a street full of government houses. We do not do that anymore; we have a range.

As you know, we have the salt and pepper policy where we may very well buy a property or build a house. We may build a small-scale multiunit complex, as we did in Braddon, which was adaptable. To be able to do that, we cannot rely on the public purse for a capital injection each and every time that happens. Indeed, the \$30 million worth of capital injection that the government gave over three years was over and above those properties which could be acquired through the sale of surplus properties in the normal course of events.

When a property becomes vacant it is looked at in a number of ways. It is measured against who is next—or the next few—on the waiting list to see whether or not the location, size and quality of the accommodation meets the needs of somebody on the list. If the answer to that is yes, then—whack—in they go.

In the case of some of the older suburbs like Ainslie, for example, we would like to see 10 per cent of the suburb being salt and peppered with public housing. In Ainslie I think we are still up around the 30 per cent mark—or something like that by now. I am told it is a little bit lower but not significantly lower. So we have a while to go. You would be aware that if you sell a property in Ainslie you are going to realise a fair amount of money for it. That enables us to buy one point something or other of a property or build one. That is what we talk about here, but the money stays in the Commissioner for Housing's bucket. It does not return to consolidated revenue; it is actually recycled.

Mr Hehir: In terms of that paragraph, the minister identified that there was a gain or profit of about \$0.6 million. We actually sold many more properties than that. On our operating statement we essentially just recognised the difference between the valuation and the profit on sales.

Essentially, we had most of our properties valued fairly closely to what we achieved on the sale of them. That is why we only have a gain of \$0.6 million. It is an important gain. That is where that measure comes from. If you look at the revenue from trading, or from the sale of properties, you will see what the cash flow for the sale of those properties was.

It is quite a sum. As the minister clearly said, we utilise that money to purchase new properties. Where we sell a high-value property we can, with judicious purchasing, acquire one and a half or maybe two properties in some circumstances in other locations. It is something we look at.

Turning to how we make a decision to sell, we have a public housing management strategy which sets out some of the issues we will look at when we are looking for a sale. One of the key factors, particularly in the older areas, is whether the property is up to standard; whether it is going to continue to cost us a lot of money to keep the property in good repair; and whether it is fulfilling its purpose.

For example, we are unlikely to want to keep a weatherboard house in poor condition. David can probably give some better examples than that, but that would be the easiest example to understand. It is not particularly robust, and it has high maintenance costs. In general, we will probably choose to sell that, rather than keep it, as long as we do not have an urgent need for that particular property.

Mr Hargreaves: One of the interesting things is that we are building a lot more adaptable housing. We are taking an off-the-shelf type of approach and then saying, “What do we have to do to adapt this for disabled people or people with a cultural issue?” For some indigenous people their sense of family is different from ours, so you need a different structure of accommodation for them. Some people have an intellectual disability and some people are just plain frail. So we need to make sure that the housing is adapted to their particular needs.

We are building a set of six units at Calwell. Madam Chair, you might remember the old garden centre that was there. That is the block of land we are talking about. Those units are going to cost us around \$385,000 each.

The reason for that cost is the adaptability that is overlaid onto the normal price of such a house. It would normally come in at around \$300,000 or \$315,000. The rest of the money is to put in all of this additional housing. When we sell a place in, say, Ainslie we might realise \$400,000-and something. We have just spent it predominantly by doing adaptable housing in one of the newer suburbs.

That is where you will see it. You will also see a slightly lower profit margin because, these days, we are finding that people who are coming onto our priority listing have a lot more physical dysfunction accompanying them, as much as they have a societal-type dysfunction.

THE CHAIR: That is a much better use for that site, I might say. It was an eyesore for a very long time.

Mr Hargreaves: The garden centre was not crash hot, was it? I got belted over that

too.

MRS BURKE: Turning to page 54 again, I refer to fire safety works at multiunit properties. I seem to recall that this government in the term of this Sixth Assembly apportioned around \$14 million for fire safety works. You can take it on notice if you like.

Mr Hargreaves: I will have to take it on notice because my memory has it at \$10 million. My memory may be even older than yours on that one. Mr Collett has it.

MRS BURKE: Okay. I will ask the question in full. How much money was originally allocated in the term of this Assembly from 2004-05 to the outyears 2007-08? What is the balance of moneys left after the \$2.1 million being spent on fire safety works during 2005-06?

Mr Collett: In a sense, you are both right—\$10 million was provided.

THE CHAIR: I did not realise there was an argument.

MRS BURKE: No, there was not. You were agreeing.

Mr Collett: I was not suggesting there was an argument. There was a question of two different figures—\$10 million and \$14 million.

THE CHAIR: My apologies.

Mr Collett: I am just suggesting that they were both correct. The amount of \$10 million was provided as a Treasurer's advance in 2001-02 to specifically address some of our more urgent needs. At the time that money was identified it was already clear that that was not going to cover off all the problems we had, so we provided additional funds from our housing capital works program to continue that program, as we needed to.

The \$10 million that was originally provided has been fully expended. The additional moneys that have been found for operations would bring us very close to that \$14 million that you suggested. We are continuing to identify a program of works. We constantly review our multiunit properties with the objective of defining where the greatest need and risk is.

This is a program we have taken on board, with the support of the government, in addition to our requirements under the fire regulations or the building code. It is normally only a requirement to undertake this upgrading work where more than 50 per cent of the floor area is involved; or the cost of the building is changed through modification or refurbishment of the building; or, of course, where there are new works.

We have gone back to our developments that we are not making changes to. We have assessed them and put in a range of either active fire provisions or passive fire provisions. The active ones include sprinklers and building works to provide better fire compartmentalisation. The passive ones include firefighting equipment, such as

hydrants and fire hose reels.

We are continuing with that program on an as-needs basis. There is a significant variety, given the different ages of our stock. The ones with timber floors and timber walls obviously have a different range of needs than the more modern ones with concrete floors and better fire separation.

We have spent that money. It is a continuing issue for us. We continue to monitor it. Our capital works program now sees money continuing to be spent on an as-needs basis.

Mr Hargreaves: One of the things I wanted to compliment the department on that is a real challenge for us is the ageing of some of our multiunit stock, particularly the bed-sits and the one-bedroom flat stock. You may recall that Kanangra Court has that sort of accommodation.

When I went to talk to one of the tenants up there recently, I was shown some of the fire safety additions. But the difficulty is retrofitting fire safety processes into buildings that were never built to cope with them.

One of the issues is that you have to put exposed piping into the sprinkler system. They have no way around that. In some of them there is a bit of a problem with water pressure. So it cannot happen, whether we would like it to or not.

One of the real challenges for us is knowing that it is a high priority for us and knowing that we have spent a whole stack of millions of dollars on it. I would ask for some patience around that. A lot of these things create very big technical challenges for us. The only alternative is to knock the things down and start again. We just cannot do that because we would end up dislocating the people who live there.

MRS BURKE: What is the most current asset management strategy that you have out? Are you able to provide the committee with that?

Ms Lambert: It has been tabled in the Assembly.

Mr Hargreaves: It is on the website.

Ms Lambert: It goes to 2008.

MRS BURKE: Thank you. That is great.

THE CHAIR: I have several other questions which I do not need to ask. But I did want to ask one which is slightly out of left field, so I understand if people are not able to answer it. You may or may not be aware—I am sure you are, minister, but the officials may not be aware—that this committee has recently announced that we will be inquiring into crystal methamphetamine abuse. I was wondering if you were aware if there had been an impact on departmental front line officers with the use of ice or crystal methamphetamine.

Mr Hargreaves: I do not think I would like to advance an opinion on that in this

forum. If we said yes to that, it would lead to one conclusion in the community—that our housing stock is chock-a-block full of cool icemen. If I said no, it might encourage some cool icemen to go in there and set up business. I would suggest that that is something police intelligence would be better off advising the committee on.

THE CHAIR: All right. I apologise. I do not want to startle the horses.

Mr Hargreaves: I need to put on the record, though, that, interestingly, Housing ACT are one of the lead agencies who, with the police and with Department of Territory and Municipal Services, have particular operations around particular multiunit complexes from time to time. They are centred around misbehaviour, abandoned vehicles, stolen goods, drug sales, standover merchants and those sorts of things.

Where Crimestoppers builds up a dossier of this stuff and it is able to be targeted, then a sort of partnership is formed between Housing ACT, TAMS and the police and anybody else who may have an interest in it, for that matter—customs occasionally. They will do a raid. We have had at least three in my experience and they have all been particularly successful. A couple of people have had free accommodation elsewhere.

THE CHAIR: I appreciate that answer and the need to not give out the wrong type of perception.

MS PORTER: I am not very good at these graphs and things. On pages 108 and 109 of volume 2 there are various comparisons between expenditure and savings. Net costs of service appear to be lower in 2005-06. It makes reference to that on page 108. It then goes on to make reference to it again—components of expenditure. There is a different kind of graph on page 109 which totally confuses me. I am wondering if you could just walk me through all of that and explain to me what is happening.

Mr Hargreaves: I will get the financial wizard to my immediate left to walk you through it. I am just going to sit here and avidly listen.

MS PORTER: Thank you. It looks like good news.

Mr Hargreaves: It is good news. You can bet on it. We are not in the habit of putting bad news in the annual report. If I find some bad news in there, I shall expunge it.

THE CHAIR: I am sure there is all sorts of news in the annual report.

Mr Hehir: The first table you are referring to is table 1 on page 108 and it shows that in terms of both our total expenditure and our total own source revenue Housing ACT for the 2005-06 financial year performed better than for the previous financial year 2004-05 and significantly better than the budget for that year. As the minister noted earlier, Housing ACT is a public trading enterprise. While we provide an important community service, we do need to operate on a commercial basis. That is one of the reasons we do ensure that we collect our rent. You can see the success of that with the 99.8 per cent of rental collection and also when you look at our own source revenue, which was \$5½ million up from the previous year.

You can also see some of the measures that we have put in place to control costs, with the significant reduction from budget in total expenditure and even a reduction against the previous year's figure for total expenditure. The net impact of that is that the net cost of services between our expenditure and our own source of revenue was just under \$37 million. The own source revenue does not include the government payment for outputs, which is the CSHA payments from both the Australian government and the ACT government. So that \$69 million does not include that figure. Once you include that figure, the financial result was a loss of approximately \$4 million, which was largely the result of expenditure against grants programs where we had received funding in previous years. So the actual financial loss for the year once you exclude the grants program was less than \$1 million. I would need to check that but that is certainly my memory of it.

So you can see that Housing ACT has been working to make itself as close to zero as possible in terms of operating losses, something that most jurisdictions in Australia find very difficult to achieve. One of the major factors in that is that depreciation is a significant cost and you are not funded for it, but we have managed to get ourselves to the point where we are nearly able to cover depreciation in terms of both the CSHA funding and our own source revenue. That is table 1.

The pie chart on page 109 shows you where a lot of our services are. Employee costs of 16 per cent are not high; that is just over \$16 million out of about \$100 million. From figures we have seen from other jurisdictions for employees per property we are right in the ballpark. We are certainly lower than a number of other jurisdictions. We are perhaps not as good as Victoria, which is the national leader in terms of how lean it is, but we are pretty good in terms of our total staff numbers per property compared to other jurisdictions. You will see that the largest cost is supplies and services, and that is a description that covers a multitude of things. It includes recurrent repairs costs, rates, water and insurance. That represents the bulk of our expenditure and they are essential things that you need to pay for and to do and we are pretty sure we do that.

It is worth noting that our condition assessment of the properties that was undertaken just over a year ago identified that about 82 or 85 per cent of our properties meet our conditions standard. We have looked at other jurisdictions in Australia and that is significantly higher than most of those, so we believe we are doing the right thing in keeping assets to the appropriate standard, certainly when compared with a jurisdiction like New South Wales; I think their auditor-general reported on it just over a year ago and said about 37 per cent of their stock was at acceptable standard. We believe our practices are appropriate in terms of making sure that we spend less by maintaining the property appropriately.

You will see that depreciation is a large percentage of it. You might be surprised to see some borrowing costs in there but we are still paying back the commonwealth government for just over \$100 million of funding from the original capital. You will see the grants that I referred to earlier, which are about four per cent, so just over \$4 million. I did not explain the second table. Do you want to do that, Ian?

Mr Hubbard: I think all the points that Martin has gone through are the highlights. This year was a very good year for housing—getting the structure of expenditure

versus costs right—and what it shows is that it sets the department up for the future to maintain that balance in cash, which is very important, and also to adjust the operations of the PTE to match more what the government's intentions and strategy are to drop the costs associated with everyday running and point more of the money into capital. When you look at that graph, our costs were going up quite high compared with our revenue and we needed to do something about that. It is a tribute to the management team, particularly, of Housing ACT that they could make those quite significant adjustments within the organisation to bring it back on track and therefore deliver what public housing has to deliver in the future. That is what you see in that forward projection.

MS PORTER: Thank you very much. It is a lot clearer now.

MRS BURKE: I have a quick supplementary: will you ever consider charging for water?

Mr Hargreaves: Yes, I will give it a thought. Thanks for the suggestion, Mrs Burke.

MRS BURKE: No, I am not suggesting it.

Mr Hargreaves: No, let the record show that Mrs Burke has put a very good suggestion on the table: maybe we should consider charging for water. I will take your suggestion up and give it some consideration. Thank you very much for that.

MRS BURKE: It might let you off the hook, might it? It might help your government.

Mr Hargreaves: You never know your luck in a big city, but thanks for the suggestion.

THE CHAIR: Thank you, minister and officials, for making your time available today. I hope you enjoyed the slightly different way of dealing with annual reports this year, focusing on this area. I think that probably means that housing gets let off next year, but we will see how we go. I am not making any promises; let the record show that.

Mr Hargreaves: Can I, firstly, express my appreciation to the committee and to the committee secretary for the assistance that we received in understanding what the committee would want. I applaud the idea of picking a certain part of the annual report and then drilling down into it as the committee sees fit. I think that's an excellent process.

I would also like at this point to express my public appreciation of Sandra Lambert and her executives and all the people in the department and in Housing ACT for the high-quality annual reports that they produce year in and year out, which enables the committee to focus on a particular part of the department.

THE CHAIR: Of course, as you know, there may be further questions placed on notice with regard to the rest of the annual reports.

The committee adjourned at 4.53 pm.