



Speech by

Hon. R. SCHWARTEN

MEMBER FOR ROCKHAMPTON

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MINISTERIAL STATEMENT

Erosion of Housing Funds

Hon. R. E. SCHWARTEN (Rockhampton— ALP) (Minister for Public Works and Minister for Housing) (9.53 a.m.), by leave: Today I wish to inform honourable members of the deliberate running down of public housing funds undertaken by the previous State Government.

Opposition members interjected.

Mr SCHWARTEN: Members opposite should stick around; there is plenty more to come.

Since becoming Minister for Housing, I have been made aware that funds totalling more than \$130m have been eroded from the Queensland Government's housing program over the past few years as a result of decisions taken by the previous Government. This occurred at a time when many Queenslanders were in desperate need of accommodation. It occurred at a time when thousands of people were being turned away from crisis accommodation throughout the State. It also occurred at a time when housing funds were urgently needed to help provide jobs in the building industry, especially for young people seeking training through apprenticeships.

It is difficult to imagine that in such circumstances any Government could be sufficiently cold-blooded to implement a strategy that saw millions of dollars in desperately needed funds diverted from the budget of the Department of Housing. Records in my department show that in 1996-97 the coalition State Government effectively forfeited \$30m in funds under the Commonwealth/State Housing Agreement in order to meet the Howard Government's deficit reduction strategy. In that very same year, an estimated 16,000 people were turned away from crisis accommodation in this State. Surely the public housing program is not the place to make savage cuts when so many Queenslanders in urgent need are unable to find a bed for the night. Yet the same Government again forfeited the same amount—\$30m—in the following year, 1997-98, and had plans in train to sacrifice a further \$15m this financial year.

I want to underline the significance of what the previous State Government did. It deliberately elected to finance its share of the Howard Government's deficit reduction plan by slashing housing funds. It was the housing budget that carried the burden, and we are all now paying for it. A quick look at the statistics for the provision——

Dr Watson interjected.

Mr SCHWARTEN: The member opposite ought to be ashamed of himself. He cost the building industry in this State nearly \$1 billion through his irresponsibility. He should just sit there and cop it.

A quick look at the statistics for the provision of public housing tells the story. In recent years the number of public housing dwellings commenced or bought by the Department of Housing has more than halved from an average of 1,900 in the last three full years of the previous Labor Government to a projected 833 this financial year. It is all very well for Federal Treasurer, Peter Costello, to now brag about a \$1.2 billion Budget surplus, but Queenslanders, especially the tens of thousands on public housing waiting lists, should remember that they have paid to achieve a fair slice of the "point 2" of that figure by forgoing housing funds.

Apart from offering up the housing budget as a sacrifice on the Howard Government's fiscal altar, the previous State Government used a number of other mechanisms to erode housing funds. This included withdrawing previously committed moneys in the 1995-96 Budget. In the past four years

they withdrew almost \$37m in consolidated revenue funding from the Home Assist and Home Secure programs, the institutional reform program, and the Community Housing Partnership Program. This forced the Department of Housing to divert capital funding to continue those schemes. It also paid a total of \$33.7m to Queensland Treasury as part of an imposed savings target.

Unfortunately, the Department of Housing is locked into returning almost \$10.6m to Treasury in 1998-99 to meet Budget commitments made by the previous Government. All this occurred in the context of a significant overall decrease in Federal funds through the Commonwealth/State Housing Agreement. My advice is that it has been very difficult for the Department of Housing to credibly argue for the maintenance of funding levels from the Federal Government at the same time as the State coalition Government was handing back housing funds.

The Department of Housing sought to make up this funding shortfall through a variety of strategies. Firstly, it borrowed \$50m from the Queensland Treasury Corporation and sold land-holdings in order to continue to provide a decent level of service to Queenslanders in housing need. Clearly these strategies are unsustainable in the long term. It is beyond belief that any Government would actively support the loss of more than \$130m in housing funds. Yet the former coalition Government did just that, largely to pay for the political sleight of hand that—surprise, surprise—now delivers a Federal Budget surplus just weeks before a Federal election.

It takes no more than an amateur economist to realise how much impact \$130m would have had on the housing sector and jobs in the building industry over the past few years. Yet those opportunities and those jobs were forfeited because the former Government willingly cut back spending on housing at the behest of its Federal friends. As honourable members would understand, it is a big effort to redress the loss of over \$130m from Queensland's housing budget over a four-year period.
