



Speech by

**Mr N. ROBERTS**

**MEMBER FOR NUDGE**

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Hansard 27 May 1999

**PUBLIC WORKS COMMITTEE**

**Report No. 56**

**Mr ROBERTS** (Nudgee—ALP) (10.15 a.m.): Overall, the committee was satisfied with the endeavours of the Department of Housing to address the growing demand for seniors accommodation within the Brisbane statistical division. However, there is one contentious issue in the report. That related to conclusions reached about an agreement signed in 1997 between the Department of Housing and Compton's Villages Australia, where a subsidy was paid to Compton's to house up to 180 tenants in a retirement village complex at Caboolture. In my opinion, the department did not get the best value for money outcome from this arrangement.

The report raises a number of issues. One of the key issues relates to the value for money achieved by the department. From the perspective of State financial input only, a Queensland Treasury Corporation analysis showed that the arrangement was financially beneficial to the State compared with the department constructing a similar retirement village complex itself. However, when the arrangement is looked at from a total public money input perspective, an entirely different picture emerges.

The Compton's subsidy arrangement works as follows. A single tenant pays 30% of their pension in rent, which results in the payment of \$54. The State pays a subsidy directly to Compton's of \$53.90 per week. In addition to that, the Commonwealth pays the tenant a \$37.40 Commonwealth rent assistance payment, giving a total of \$145.30 per week, which includes \$91.30 per week of public money. The Queensland Treasury Corporation analysis showed that, if the State was able to receive the 30% rent from the tenants plus the Commonwealth rental subsidy payment for the 15-year term of the Compton's agreement, then the department could have built an extra 54 units over and above the 180 provided by the private sector provider at Compton's. The clear implication of this is that the department did not receive the best value for money from this arrangement.

The majority report clearly shows that the department should have been more rigorous in its analysis of the Compton's offer. If special arrangements were possible to enable Compton's to receive the Commonwealth rental assistance payment, then such arrangements should also have been available to the State. If so, the result could have been an additional 54 units. We could have got 234 units, rather than 180 that were made available.

The second issue is that the department did not test this out in the marketplace—this unsolicited offer. Under the State Purchasing Policy, the procedure clearly states that unsolicited offers should be tested in the marketplace. The department argued that the subsidy it paid to tenants at Compton's was not purchasing a good or a service. However, the interesting fact about this arrangement is that the cheques are not made out to the tenant; they are made out directly to Compton's. In my view that clearly indicates that the department is purchasing a housing service on behalf of the tenants and, therefore, the department should have followed the State Purchasing Policy guidelines.

Time expired.

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