

**Question on Notice
No. 727
Asked on 23/05/2007**

Mrs Attwood asked the Minister for Public Works, Housing and Information and Communication Technology (MR SCHWARTEN)—

QUESTION:

Will he advise of the State's requirements for the Federal Government to contribute funding for adequate public housing for the people of Queensland over the next three years?

ANSWER:

The housing system in Australia is under continuing stress. Increased dwelling prices and rents in the private market are putting increased pressure on the social housing system, with demand increasing and becoming more complex.

The Commonwealth State Housing Agreement (CSHA) has been the cornerstone of housing assistance for many decades. The present agreement came into effect on 1 July 2003 and expires on 30 June 2008. This agreement will have delivered approximately \$942 million in Commonwealth funding by the time of its expiration, and approximately \$345 million in State funding. The Queensland Government has provided an additional \$616 million over this period to supplement the Department of Housing's budget.

The real value of funding provided by the Australian Government through the CSHA has declined by 30% over the past decade. While the 2003 agreement introduced indexation for the first time, the so-called efficiency dividend which reduced funding by 1% for each year of the agreement has meant that the net impact of the indexation is less than CPI, and considerably less than growth in construction and housing costs.

Faced with ageing assets most housing authorities have allocated CSHA funds to stock renewal. Housing authorities no longer have the capacity to add significant numbers of stock to their portfolios. Increasingly, to maintain levels of service to meet demand, it has been necessary for the State to provide supplementation through additional capital funding. As the Minister for Housing since 1998, I have presided over successive increases in budget allocations to respond to the shortfall in funding from the Australian Government.

The initial scope of a new agreement is expected to be discussed at the next Housing Ministers' Conference to be held in July 2007. To date, there has been no indication given about what position the Australian Government may take in seeking to negotiate a new agreement. It is notable that the recent federal budget contained no initiatives to deal with housing (other than remote Indigenous housing) despite Queensland's efforts to stimulate interest in Home-link.

Under the Home-link model, a range of subsidies would be provided to private investors to encourage the building of new residential rental housing for low-income earners for a period of 10 years.

The model is based on a structure attractive to small-scale investors, as investors would obtain a return on investment marginally higher than if they rented the property in the general market without the subsidies. Accordingly, tenants of Home-link properties would pay a lower than average rent.

The Home-link concept model is conditional upon the Australian Government's financial commitment of an upfront non-taxable grant to investors. Overall, this model has the potential to alleviate the supply of affordable rental accommodation in Queensland and as a 'supply-side' subsidy should not have an inflationary impact on market prices.

In spite of the silence on this initiative, my door is open to the Australian Government and I hope that on this matter at least they are prepared to discuss the proposal.

To cope with the increasing demand being placed on the Department of Housing's services, the department began introducing changes to ensure all housing assistance funded by the Queensland Government is provided in an integrated way. The changes that commenced on 1 January 2006 will create a one social housing system for Queensland, with the following features:

- People seeking housing assistance can find out about and apply for assistance through a single entry point.
- All applicants are assessed under a standard system and clients requiring social rental housing are placed on one statewide register of need.
- Priority for social rental housing is given to clients with the greatest needs.
- Housing assistance is provided for the duration of need.
- Clients are assisted to secure and maintain housing in the private market where appropriate.

The one social housing system reforms will strengthen and streamline housing service provision, and provide eligible households with assistance for the duration of their housing need.