



LEGISLATIVE COUNCIL STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

QUESTIONS PRIOR TO HEARING

Department of Communities

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The Committee asked:

1. For each project identified in your asset investment program in Budget Paper No. 2, was it subject to cost-benefit analysis and, if so, what was its ratio?

Answer: Many of the items listed in the Asset Investment Program are programs and not projects.

All Department of Communities' land and housing development projects, have either:

- had business case and/or Expenditure Review Committee (ERC) submission endorsed by the Department of Treasury and approved by ERC, or
- had business case and/or other similar due diligence endorsed by the Department of Communities' Commercial Governance decision making bodies (Committees).

Although not every project has been subject to a full economic/financial cost benefit analysis, submissions for each project include formal consideration of optimisation of existing assets, cost and demand requirements and alignment of the expenditure with government priorities and expected benefits. To ensure value for money is achieved, each project is reviewed to confirm it aligns with the Department of Communities' strategic objectives incorporating financial, social and/or community benefit and risk.

As well as the social/community benefit, there is a requirement for financial benefit from the Department of Communities land and housing development projects and as a result, minimal state funding is required. The Housing Authority, which is part of the Department of Communities, is a public non-financial corporation and is predominantly funded through internal revenues comprising land, housing inventory and property sales and rental income.


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Hon Robin Chapple MLC asked:

1. I refer to Budget Paper No.2, Volume 2, Division 33, Part 8, subheading 'Financial Statements', in 'Net Appropriation Determination' table, page 443, under 'Grants and Subsidies': 'Essential and Municipal Services, Improvement in Remote Aboriginal Communities' and ask:

(a) given the 2018-19 Budget Estimate and 2019-20 Forward Estimate are significantly greater than the 2017-18 Estimated Actual, will the Government outline how these extra funds will be spent:

Answer: Yes

(i) if yes, on which services and/or administrative costs; and

Answer: The expenditure profile is as follows:

- 2017-18 Estimated Actual covers program setup: community consultation, community field surveys and design, land re-description, and commencement of contamination remediation.
- 2018-19 Budget Estimate will fund commencement of water, waste water and municipal services (including roads and drainage) infrastructure upgrades in four communities and completion of contamination remediation in ten communities.
- 2019-20 Forward Estimate will fund the continuation and completion of the 2018-19 infrastructure upgrade work.

(ii) if no, why not; and

Answer: not applicable

(b) does the Government believe that the requirement of funding for essential and municipal services for improvements in remote Aboriginal communities will cease at the end of the 2019-20 Forward Estimates period:

(i) if yes, how will this be achieved; and

(ii) if no, will the Government be abandoning plans to improve essential and municipal services in remote Aboriginal communities?

Answer: The State Government has not yet made a decision about program funding beyond 2019-20.



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Hon Tim Clifford MLC asked:

1. Referring to Spending Changes in Essential and Municipal Services Improvement in Remote Aboriginal Housing as referenced in Budget Paper 2, Volume 2, page 416, how does the Minister intend on funding this service in 2020-2021 and beyond?
Answer: The State Government has not yet made a decision about program funding beyond 2019-20.

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Hon Tjorn Sibma MLC asked:

1. I refer to the table of 'Spending Changes' as it appears on pages 415-16 of BP2v2, and I ask:

(a) How are the savings attributed to 'METRONET - Social and Affordable Housing and Jobs Package' arrived at for each year of the forward estimates;

Answer: The savings attributed to the METRONET – Social and Affordable Housing and Jobs Package is due to:

- The Spending changes section includes new operating expenses not published in the previous 2017-18 State budget.
- The operating expenses for METRONET – Social and Affordable Housing and Jobs Package includes Administration that is capitalised to the project (credit), interest expense, selling expenses and cost of properties sold from the package.

(b) How many jobs and dwellings will be created by 'METRONET - Social and Affordable Housing and Jobs Package' for each year of the forward estimates;

Answer: The METRONET – Social and Affordable Housing and Jobs Package consists of four streams of activity, within which there are many projects spread across the metropolitan area. The Department of Communities is in the planning phase of the programme, which includes estimating the flow of development activity across the four years of the forward estimates.

Stream 1 (high density transit oriented developments) has been estimated to generate 1,108 jobs and 640 dwellings in total across the eight sites to be included into the program. The flow of this activity across the forward estimates will be dependent upon each project meeting required approvals and presales.

Stream 2 (transit oriented communities) represents the continuation of the creation of new communities in conjunction with development partners in Ellenbrook, Brabham and Wellard. The estimated jobs and dwellings to be created from Stream 2 have not been included as part of the METRONET – Social and Affordable Housing and Jobs Package.

Streams 3 and 4 (development and redevelopment of Department of Communities assets) are estimated to generate 1,270 jobs and 750 dwellings over the forward estimates period.

(c) Has the Government identified or commenced discussions with private developers regarding the 'METRONET - Social and Affordable Housing and Jobs Package'; if so, with whom and when;

Answer: The eight sites that comprise Stream 1 of the METRONET - Social and Affordable Housing and Jobs Package are to be delivered under a proven 'invest and

partner' approach, utilised by Department of Communities across projects such as One on Aberdeen, Northbridge, and Abode (Campbell Street, West Perth). The procurement process has commenced for five of the sites, which are now at an advanced stage of commercial negotiations. Partners are being procured based around their design, delivery, project management, and capital funding capabilities.

As negotiations are ongoing it is not appropriate to disclose the private sector developers, as per the requirement for the Department to remain 'commercial in confidence'. However, once negotiations are finalised and the contracts are awarded, the Department of Communities will provide this advice to the Committee.

Stream 2 (transit oriented communities) represents the continuation of the creation of new communities in conjunction with development partnerships establish for Ellenbrook (LWP Property), Brabham (Peet Pty Ltd) and Wellard (Peet Pty Ltd).

For Streams 3 and 4, no discussions with developers have commenced. The Department of Communities will engage with the private sector regarding tendering to deliver work packages under these streams of activity once sites and development objectives for individual sites have been advanced.

- (d) Will a business case be prepared for 'METRONET - Social and Affordable Housing and Jobs Package'; and for the individual projects within this package:

Answer: Yes, an extensive business case for the METRONET - Social and Affordable Housing and Jobs Package was subsequently approved as part of the 2018-19 State Budget. The Department of Communities operates real estate development activities within a project management framework specifying certain governance standards and requirements. This requires business cases to be prepared and endorsed for individual projects within the package.

- (i) If so, according to what timetable, and will these business cases be made publically available;

Answer: Some projects are more advanced than others; however, it is planned to have all business cases approved by 30 June 2020. The Department of Communities does not make its business cases for housing developments publically available.

2. Regarding the Hardship Utility Grant Scheme:

- (a) Why has funding for this scheme decreased at a time when utility charges are increasing; and

Answer: This answer will be submitted by Minister McGurk.

- (b) How many people accessed HUGS in 2017-18, and how many people are forecast to access it in 2018-19, and each of the out-years?

Answer: This answer will be submitted by Minister McGurk.

3. Regarding 'Spending Changes' identified at page 416, what comprises the savings in the Non-Government Human Services Sector Indexation Adjustment and how has this adjustment been communicated to the sector and when?

Answer: This answer will be submitted by Minister McGurk.

4. Regarding 'Spending Changes' on page 416, please advise the details of parameter changes to the Seniors Cost of Living Rebate?

Answer: This answer will be submitted by Minister Murray

5. I refer to dot point one listed under 'Significant Issues Impacting the Agency' concerning the Machinery of Government change which "...brings together functions from six former entities and over 5,500 staff across 151 current office locations", and I ask:

- (a) What budget allocation was made in 2017-18, and across the forward estimates, to facilitate the formation of the Department of Communities in July 2017:

Answer: This answer will be submitted by Minister McGurk.

- (i) How was that money spent, and how is it proposed to be spent for each of the remaining years of the forward estimates;

- (b) What work is still to be done in bringing together the constituent parts of the Department;

Answer: This answer will be submitted by Minister McGurk.

- (c) What metrics will be used to ascertain the success of the MoG change as it relates to this department; for example, what specific financial saving has been achieved, or is to be achieved across the estimates, and how is this saving obtained;

Answer: This answer will be submitted by Minister McGurk.

- (d) Does bringing together the six former entities into one department mean that an individual need only call one number to access disability, child protection, youth, seniors, family and domestic violence, volunteers, or veterans support;

Answer: This answer will be submitted by Minister McGurk.

- (e) How is this new arrangement providing 'person-centred' and 'place-based' outcomes; what do these terms mean in a practical sense, and how does this differ from the outcomes which were provided to the public prior in 1 July 2018:

- (i) If indeed there is a significant difference, please quantify precisely what this difference is, and whether it is a positive difference, and how and among whom this result has been quantified; and

Answer: This answer will be submitted by Minister McGurk.

- (f) What precisely is the 'integrated outcomes framework', and has this been communicated to all staff, and can a copy be obtained.?

Answer: This answer will be submitted by Minister McGurk.

6. Dot point 6 under 'Significant issues Impacting the Agency' refers to the Target 120 program, can you advise in general terms where these 120 young offenders are?

Answer: This answer will be submitted by Minister McGurk.

7. Regarding the '10 Early Years Initiative' listed as dot point five under 'Significant Issues Impacting the Agency' on page 417 of BP2v2, I ask:

- (a) How much funding is being provided by the Minderoo Foundation and the State Government; and

Answer: This answer will be submitted by Minister McGurk.

- (b) The State Government funding for the 10 Early Years Initiative is identified as coming from repurposing existing funding, therefore which programs are being cut or abolished, and by how much?

Answer: This answer will be submitted by Minister McGurk.

8. I refer to the 'Resource Agreement' referred to on page 418 of BP2v2, and I ask:

- (a) What resources (dollars and FTE allocation) pertain to the Minister for Housing, Veterans Issues, and Youth; and precisely how many of these resources will be allocated for each year of the forward estimates to:

- (i) Housing;

Answer: Services 18 to 21 and 23 relate to Housing as per the 2018-19 Resource Agreement.

The Total Cost of Services for services 18, 19, 20, 21 and 23 for each year of the forward estimates are contained in the Service Summary table on page 420. The 2018-19 FTE Budget Target for these services are:

- Service 18 – 1,306 FTE
- Service 19 – 21 FTE
- Service 20 – 106 FTE
- Service 21 – 115 FTE; and
- Service 23 – 0 FTE.

Allocation of FTE across the forward estimates has not yet been undertaken. The MoG change provides the benefit of allowing funding allocations to be moved within service levels and across Ministerial portfolios to meet emerging needs.

- (ii) Veterans Issues; and

- (iii) Youth;

Answer: there are no specific resource allocations for Veterans Issues and Youth for 2018-19 and allocation of FTE across the forward estimates has not yet been undertaken. The MoG change provides the benefit of allowing funding allocations to be moved within service levels and across Ministerial portfolios to meet emerging needs

- (b) Which specific initiatives are planned in the above three portfolio areas in 2018-19 and across the estimates period, and where is this information presented in the budget papers;

Answer:

- (i) Housing portfolio

The Department's Asset Investment Program for 2018-19 is approximately \$224.8 million, Significant programs in 2018-19, include:

- commencement of the METRONET Social and Affordable Housing and Jobs Package that will deliver an additional 1,390 new transit-aligned homes, including

320 social housing dwellings, 400 affordable purchase opportunities and up to 300 with universal design features;

- \$38.3 million for the Construction and Spot Purchase program for social housing investment;
- the development of 1,290 housing lots, including 1,000 lots developed with joint venture partners. Significant land development will support affordable, public and community housing through metropolitan and regional areas;
- \$13.1 million to secure a range of entry level properties across the State for low to moderate income earners, through the Affordable Housing Shared Equity program; and
- \$35 million for the acquisition of suitable land to meet land supply for current and future government housing programs, and to maintain a stream of affordable land supply for homebuyers.

The Asset Investment Program for 2018-19 can be found in Budget Paper No.2, Volume 2 on page 437. The significant programs listed above can be found on page 436 with budget information over the forward estimates on page 437 under 'New Works'.

The Essential and Municipal Services Upgrade Program, which will improve essential and municipal services infrastructure in remote Aboriginal communities in the Kimberley and Pilbara, will spend \$25 million in 2018-19 to commence water, waste water and municipal services infrastructure upgrades in Bayulu, Bidadanga, Mowanjum and Warmun, and undertake further contamination remediation (Page 416 Volume 2).

The North-West Aboriginal Housing Fund (the Fund) will provide new housing options and intensive support for Aboriginal families to help increase participation in education and employment. All projects will be required to meet the Fund's minimum Aboriginal employment target of 40% in the Kimberley and 20% in the Pilbara, and will create jobs and facilitate local Aboriginal apprenticeships and traineeships (page 417 Volume 2).

(ii) Veterans Issues

Answer:

- The Centenary of Armistice will be commemorated in November 2018.
- Support for the Anzac Day Trust will continue.
- Located on page 443 of Budget Papers – details of Administered Transactions – payment to Anzac Day Trust

(iii) Youth

Answer:

- A three year Youth Strategy for WA, currently under development in consultation with the Ministerial Youth Advisory Council, will shape future directions for youth services in the forward estimates period.
- Existing Youth Development Services and Youth Support Services are currently delivered by 10 community organisations whose contracts expire in June 2019 and June 2020. Decisions on whether these services are extended will be made in consultation with the youth sector.
- Located on page 427 of Budget Papers Item 10 – Delivery of Community Services, Grants and Resources; and page 440 – Details of Controlled Grants and Subsidies – Youth Grants.

- (c) What resources (dollars and FTE allocation) pertain to the Minister for Seniors and Ageing; Volunteering and precisely how many of these resources will be allocated for each year of the forward estimates to:
- (i) Seniors and Ageing; and
Answer: This answer will be submitted by Minister Murray
 - (ii) Volunteering;
Answer: This answer will be submitted by Minister Murray
- (d) Which specific initiatives are planned in the above two portfolio areas in 2018-19 and across the estimates period, and where is this information presented in the budget papers;
Answer: This answer will be submitted by Minister Murray
- (e) What resources (dollars and FTE allocation) pertain to the Minister for Child Protection; Women's Interests; Prevention of Family and Domestic Violence; Community Services, and precisely how many of these resources will be allocated for each year of the forward estimates to:
- (i) Child Protection;
 - (ii) Women's Interests;
 - (iii) Prevention of Family and Domestic Violence; and
 - (iv) Community Services;
- Answer: This answer will be submitted by Minister McGurk.
- (f) Which specific initiatives are planned in the above four portfolio areas in 2018-19 and across the estimates period, and where is this information presented in the budget papers;
Answer:
- i) Child Protection
 - ii) Women's Interests
 - iii) Prevention of family and domestic violence
 - iv) Community Services
- Answer: This answer will be submitted by Minister McGurk.
- (g) What resources (dollars and FTE allocation) pertain to the Minister for Disability Services and precisely how many of these resources will be allocated for each year of the forward estimates to that portfolio;
Answer: This answer will be submitted by Minister Dawson.
- (h) How many of the department's senior executive officers are allocated to each of the constituent portfolio areas; and
Answer: This answer will be submitted by Minister McGurk.
- (i) For the 2017-18 financial year, how many meetings has the Director General of the Department had with:
- (i) The Minister for Child Protection; Women's Interests; Prevention of Family and Domestic Violence; Community Services;
 - (ii) The Minister for Housing; Veterans Issues; Youth;

- (iii) Minister for Seniors and Ageing; Volunteering; and
- (iv) Minister for Disability Services?
This answer will be submitted by Minister McGurk.

9. I refer to the table on page 419 of BP2v2 outlining 'Relationship to Government Goals' which reports a 'desired outcome' that "Children and young people in the Chief Executive Officer's (CEO's) care receive a high quality of care and have much improved life outcomes; and I ask:

- (a) how many children are in the care of the CEO;
- (b) Is this an increasing trend;
- (c) How is the allocated funding for services 6 and 7 proposed to be spent; and
Answer: This answer will be submitted by Minister McGurk.
- (d) What policies and programs are being used to reduce the number of children under the CEO's care; and what are the impediments to that outcome?
Answer: This answer will be submitted by Minister McGurk.

10. I refer to the table at page 440 concerning 'Details of Controlled Grants and Subsidies' and I ask:

- (a) Why has the Grandcarers Assistance (Respite) Program been defunded for 2018-19 and beyond; and
- (b) With respect to the Grandcarers Support Scheme; what is the nature of the assistance provided, and how many grandcarers are supported by this scheme?
Answer: This answer will be submitted by Minister McGurk.

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