

Senate Community Affairs Committee
ANSWERS TO ESTIMATES QUESTIONS ON NOTICE
FAMILIES, HOUSING, COMMUNITY SERVICES AND
INDIGENOUS AFFAIRS PORTFOLIO
2012-13 Budget Estimates Hearings

Outcome Number: 2

Question No: 64

Topic: Housing Affordability Fund

Hansard Page: 28/05/2012 - CA108

Senator Payne asked:

Please identify the nature of the projects at Kingaroy, Palmview and Palmerston, the value of the projects and, more specifically, any information you can provide about the extended delay in signing the funding agreements? Also provide details on how the department made the assessment that the project for the City of Rickingham was not able to be completed within the required time frame before the exhaustion of the program and the other three are - what the difference is?

Answer:

South Burnett Regional Council, Queensland – Kingaroy Link Road Project
\$3.7 million was offered for infrastructure construction, including road works, sewer diversions, storm water drainage and street lighting. The project is to deliver 319 dwellings/lots, 120 of which would receive a \$5,000 subsidy.

The Council delayed contract negotiations as it objected to the standard contract requirement that funding recipients obtain financial security over the funding amount. The local government area was impacted by the January 2011 flooding with significant damage to existing infrastructure and the Council was granted additional time to finalise the funding agreement.

The Department has agreed to allow the South Burnett Regional Council further time to finalise the contract on the basis of assurances: that both the council and developer made formal undertakings that the project will be delivered within contracted timeframes; the Council would meet specified additional accountability and monitoring requirements set by the Department throughout the life of the contract. Our understanding is that the Council is still confident of being able to meet the requirements of the funding offer.

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Sunshine Coast Regional Council, Queensland - Palmview Declared Master Planned Area Project

\$11.5 million was offered for the construction of a dedicated busway. The project would deliver 6,285 dwellings/lots, 450 of which would receive a subsidy of \$26,000 and land for an additional 50 dwellings would be gifted to a community housing provider.

The negotiations over this project have been protracted due to different views as to the timing of key deliverables and performance management provisions. Differences have been resolved and written undertakings from the council and developer that the project can be delivered in the contracted timeframes have been provided. A contract was signed with the Sunshine Coast Regional Council in June 2012.

Department of Lands and Planning, NT – Palmerston Infrastructure

\$5.0 million was approved for the construction of infrastructure, including upgrades to sewer mains, parks and open spaces, walkways and cycle trails. The project was to deliver 420 dwellings/lots, 75 of which would receive a \$25,000 subsidy.

The development of a formal Funding Agreement for this project was held off pending the resolution of issues relating to the Department's Johnson project, which was funded under round one. The issues identified with the Johnson project have not been resolved and this project was not funded under the program.

City of Rockingham, WA – Baldivis Town Centre

\$1.5 million was approved for infrastructure including road construction, drainage and the provision of water, power, sewerage and gas services. The project was to deliver 70 dwellings/lots, 50 of which would receive a subsidy of \$30,000.

The City of Rockingham delayed final negotiations on the Funding Agreement because of the standard contractual requirement that funding recipients provide financial security over the funding amount.

The Department wrote to the City of Rockingham advising that it had until 31 January 2012 to sign an agreement or to show cause why the funding offer should not be withdrawn.

Three extensions were granted to the City of Rockingham. The City of Rockingham failed to respond with the required information in the timeframe granted.

The Department withdrew its offer on 13 April 2012.

In making the decision to withdraw its offer of funding to the City of Rockingham, the Department noted: the original timeframe for the City of Rockingham project was 30 months and only 15 months remained; the City of Rockingham did not provide confirmation that the developer was confident of being able to complete the works in the available timeframes; nor had been able to provide evidence of being able to meet the financial security requirement.