

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates – 25–26 February 2009

**Question: aet 50**

**Topic: Stimulus Package – Social Housing**

**Hansard Page: E65-66 (25 February 2009)**

**Senator EGGLESTON asked:**

**Senator EGGLESTON**—You will have to take this on notice, but can you provide the committee with a detailed geographical distribution—by state, city and suburb—of where the houses will be located?

**Mr Ray**—I am happy to take that on notice, but I think it is probably beyond our forecasting capacity. I will take it on notice.

**Senator EGGLESTON**—If you have it, yes. I do not expect you to roll it out now.

**Mr Ray**—Ms Furnell reminds me that we probably need to refer that to our colleagues in FaHCSIA, but I will take it on notice and we will take it up with them.

**Senator EGGLESTON**—Thank you. Do you know what the average cost for each house will be in each state and by how much it will vary between states?

**Mr Ray**—No. It is done on an average cost across the Commonwealth—I think that is the way the costing has been constructed.

**Senator EGGLESTON**—That is very interesting because I suppose it might be cheaper to build a house in Tasmania than in Sydney.

**Mr Ray**—Yes. Again I am happy to take that on notice and refer it to FaHCSIA.

**Senator EGGLESTON**—Also, does the cost include the price of the land, and what criteria will be used to determine which land to buy? Will there be guidelines about this?

**Ms Furnell**—I understand that in some cases land will need to be purchased. For the exact details of that again we would need to get information from or refer the question to FaHCSIA.

**Senator EGGLESTON**—Thank you very much. Will there be energy efficient standards for the houses built, and how much is it estimated that such standards would add to the cost of these homes?

**Mr Ray**—My understanding is that all new houses in Australia have to comply with energy efficiency standards.

**Senator EGGLESTON**—So they will comply with the general standard—

**Mr Ray**—Yes.

**Senator EGGLESTON**—whatever that may be.

**Mr Ray**—I think that does vary from state to state.

**Senator EGGLESTON**—So it will not be a federal standard; it will be whatever the standard is in Western Australia or in each of the other states.

**Mr Ray**—That is right.

**Senator EGGLESTON**—Of course, in some parts of some states, the cost of building is much higher. In the north-west of Western Australia, for example, they have a cyclone code. Roofs have to be text screwed and lots of other features have to be added to cyclone-proof the houses there. One presumes that would mean that the

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average cost would be higher. So you would have to comply with local standards like that?

**Mr Ray**—Yes.

**Senator EGGLESTON**—That might mean that, because building to such standards would make the cost higher, fewer houses might be built in that particular state. Is that a fair conclusion? It costs nearly twice as much to build a house in the north-west of Western Australia as it does in the south-west.

**Ms Furnell**—I am not sure how that was taken account of in the design of the program. Again it is something on which we may be able to get additional guidance from FaHCSIA. On the issue of standards, I understand that an amendment concerning solar panels was moved in the Senate by the Greens, so there are some additional standards.

**Senator EGGLESTON**—Are these houses going to be of a standard size with a standard number of bedrooms—a standard format of three by two or something like that?

**Ms Furnell**—I understand that they may vary depending on the general needs for public housing in particular areas. Again I think that will be determined through the process that is to be undertaken to implement this program.

**Senator EGGLESTON**—Do you have any assessment of the relative cost of building each of these so-called social homes compared with the average price of building a new home in Australia, including and excluding the land in the final cost?

**Ms Furnell**—I do not have that information readily available. I will have to take that on notice and refer it to FaHCSIA.

**Senator EGGLESTON**—I would be grateful if you would do that.

#### **Answer:**

#### **The following responses were provided to Treasury by the Department of Families, Housing, Community Services and Indigenous Affairs.**

1. Can you provide detailed geographical distribution of where the houses will be located?

No. This will not be known until proposals are considered and approved.

2. Do you know what the average cost for each house will be in each state and by how much it will vary between each state?

No. The average cost for dwellings in each State or Territory will not be known until all proposals are received, considered and approved. The estimate of 20,000 dwellings to be constructed under the package is based on an average cost of \$300,000 per dwelling.

3. Does the cost include the price of the land, and what criteria will be used to determine which land to buy? Will there be guidelines about this?

Land will be included in the costs for some dwellings constructed under this package. State and territory governments will construct some dwellings on their own land, and in those circumstances the Australian Government would not need to meet the land component costs. As part of their procurement strategies, some jurisdictions are

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expected to purchase land and tender for builders and developers to construct housing on that land, some jurisdictions are also expected to seek offers for house and land packages from the private sector. The procurement approaches and activities of jurisdictions will be approved by the Commonwealth Housing Minister.

4. Will there be energy efficient standards for the houses built, and how much is it estimated that such standards would add to the cost of these homes?

The costs of meeting energy efficiency standards vary across locations and jurisdictions. The total costs of projects will be considered in the assessment of proposals.

5. Is it a fair conclusion to say that compliance with local building standards may affect the number and/or cost of houses?

It is expected that all jurisdictions will have some higher and some lower cost dwellings constructed under the package, with an average cost of up to \$300,000 per dwelling.

6. Do you have any assessment of the relative cost of building each of these so-called social homes compared with the average price of building a new home in Australia, including and excluding the land in the final cost?

Dwellings will be constructed to meet the needs of people seeking public and community housing in each jurisdiction, and particularly those on high need public housing waiting lists. As mentioned above the average cost of dwellings to the Commonwealth is estimated to be \$300,000. The size of the dwellings to be constructed, and to meet the demographic of people seeking this housing, is expected to be on average smaller than those constructed more generally in the Australian housing market, for instance it is expected that there will be a significant number of two bedroom dwellings built.