

Division 33: Communities — Services 18 to 21 and 23, Housing; Veterans Issues; Youth, \$1 347 741 000 —

Mr R.S. Love, Chair.

Mr P.C. Tinley, Minister for Housing; Veterans Issues; Youth.

Mr G. Searle, Director General.

Mr P. Whyte, Assistant Director General, Corporate Operations.

Mr G. Cash, Assistant Director General, Commercial Operations.

Ms H. Nys, Assistant Director General, Policy and Service Design.

Mr L. Carren, Executive Director, Business Services.

Mr M. Richardson, Director, Finance and Business Support.

Mr S. Ward, Chief of Staff, Minister for Housing.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. Questions must be clearly related to a page number, item, program or amount in the current division. Members should give these details in preface to their question. If a division or service is the responsibility of more than one minister, a minister shall be examined only in relation to their portfolio responsibilities.

The minister may agree to provide supplementary information to the committee rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by Friday, 1 June 2018. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice through the online questions system. In welcoming along the advisers tonight, I ask that if you are required to contribute, you wait to be invited by the minister and then I will give you the nod to participate.

I give the call to the member for Dawesville.

Mr Z.R.F. KIRKUP: I refer to service 18 "Rental Housing" on page 434 of the *Budget Statements* and the net cost of service indicated in the table. I will start off with rental housing. How many people sit on the housing waitlist?

Mr P.C. TINLEY: That is a slightly different question.

Mr Z.R.F. KIRKUP: Is it?

Mr P.C. TINLEY: No, that is fine. I am happy to take it here. As at 31 March, there were 14 001 people sitting on the housing waitlist. I will give the member the exact number.

Mr Z.R.F. KIRKUP: Does the minister have a breakdown for that regionally? I am keen to understand how many people in the Peel region sit on the waitlist.

Mr P.C. TINLEY: That would be the south metropolitan region. The number of applications in the south metro, which, bear in mind, goes from Fremantle all the way through to the member's electorate, is 2 489, of which, just for further information, 345 are priority applications. These are applications.

Mr Z.R.F. KIRKUP: Can we have an understanding of the trend over the last couple of years and the projections that the minister might have about where the waitlist looks like landing over the forward estimates?

Mr P.C. TINLEY: I might defer to the director general for trend.

Mr G. Searle: In 2009–10, the number of applications peaked at just over 24 000 and they have been coming down consistently. In 2015–16 there were 18 500, in 2016–17 there were 16 500 and now they are down to 14 001. There has been a consistent drop of a couple of thousand a year for the last three years.

Mr P.C. TINLEY: I might bookend that information by saying that there is a continuing issue in relation to the application of resources to deal with the housing needs of the most vulnerable Western Australians, but consideration needs to be taken for market conditions, which have allowed more people to move to private rentals. The authority sits with people in the form of bond loans and so on to assist them to get into that sort of space.

Mr Z.R.F. KIRKUP: I appreciate the director general's response. I am keen to understand whether there is an estimate of where we are going with the waitlist. I am not sure whether I missed the answer.

Mr P.C. TINLEY: As the member would know, much of this is at the whim of the market, as I have already indicated. The private market exists and when it comes to a certain threshold, those who have their name on an application for social housing take advantage of it. The capacity to project or forecast future need is not unrelated to any forecast we might make about the real estate industry generally and the housing market more broadly.

Mr A. KRSTICEVIC: Can I ask a further question on that point?

The CHAIR: Is it a further question on that point, given what has happened before? If it is a new question, I will pull you up, because there is an order.

Mr A. KRSTICEVIC: My question is just about the waitlist. The minister indicated the numbers on the waitlist. Does the minister have a break-up of those numbers in terms of over 55s, families and singles—the numbers in each of those categories?

Mr P.C. TINLEY: Yes, we do have that.

Mr A. KRSTICEVIC: Is that something the minister could provide?

Mr P.C. TINLEY: I presume the member wants the full layout.

Mr A. KRSTICEVIC: The break-up in each category, yes.

Mr P.C. TINLEY: I could read it in, but the member would have to get *Hansard*. I would sooner provide it to him by way of supplementary information, if the member is happy with that.

Mr A. KRSTICEVIC: That would be great.

The CHAIR: What is the minister providing by way of supplementary information?

Mr P.C. TINLEY: I am providing information in relation to the demographic break-up of the housing waitlist as at 31 March.

Mr A. KRSTICEVIC: Can it be by region?

Mr P.C. TINLEY: No, I will not provide it by region; that would take a little longer.

Mr A. KRSTICEVIC: I had the impression the minister might have that information already.

Mr P.C. TINLEY: No, I have it by demographic breakdown; I do not have it by region.

Mr A. KRSTICEVIC: Let us do the demographic breakdown in its entirety then, rather than by region.

Mr P.C. TINLEY: I commit to giving the housing waitlist by demographic division and by region but just for the whole waitlist; I cannot give the detail. If the member puts a question on notice, I will get the information for him; otherwise, it would take too long. Is the member happy with that?

Mr A. KRSTICEVIC: Yes.

The CHAIR: Is the minister now going to provide further information to that supplementary information?

Mr P.C. TINLEY: No; do you want me to recap the supplementary information, Chair?

The CHAIR: Yes, I would.

Mr P.C. TINLEY: We will provide the housing waitlist broken down by demographic slice—for example, youth, age, family—and we will also provide the housing waitlist as at 31 March for each region, but not by demographic slice.

[*Supplementary Information No A38.*]

[8.10 pm]

Mr A. KRSTICEVIC: What is the longest time that people have been on the waitlist? Does the minister have a break-up of the wait times on the waitlist?

Mr P.C. TINLEY: It is important to understand that how long people are sitting on the wait turn list depends on the demographic slice. It relates to where have people nominated they want to be, for example in north metro, east metro or regional areas, and the housing type that they need. If they are a family of four, five or six people, then it becomes less and less likely that we will have a high frequency of availability for that type of home. I can give the member global numbers but they are really not helpful in the context of understanding the nuanced nature of the waitlist break-up. I can defer to Mr Cash to say it in a more articulate way than I would.

Mr G. Cash: We are able to provide information on the length of time that people who have been housed have waited over various periods. This information is not written in exactly the form the member asked but the average wait time for wait turn and priority listed people housed between July last year and March this year is 123 weeks, with a median of 115 weeks.

Mr A. KRSTICEVIC: Is there a difference between city and regional waitlist times?

Mr G. Cash: Yes, there is, but I do not have the breakdown here. As the minister suggested, the period of time that people wait is dependent on the amount of accommodation we have for their category of housing and the turnover of the existing portfolio of stock relative to the number of people on the waitlist. Somewhere where there is a very short waitlist with a large pool of accommodation will have a very short wait time, whereas somewhere where there is a long waitlist with a small number of dwellings that suit a client, they may need to wait for a longer period.

Mr P.C. TINLEY: I will add a bit more just to make sure that the member understands what we are talking about. It is a little easier in the metro area because there is a larger volume of those 44-odd thousand dwellings that are available across Western Australia. Obviously, the majority are concentrated here. However, in some regional towns at certain points, there is a surplus of housing. For example in Port Hedland where rent values fell through the floor, that took up a whole lot of people who were waiting for accommodation there and the member will see a vast difference in Port Hedland or the Pilbara generally relative to some other areas. I wanted to use that example to highlight the variations there can be.

Mr D.T. REDMAN: Does the government, through the agency, still have an audit process in which the eligibility of people on the waitlist is audited; and, how often does it happen?

Mr P.C. TINLEY: Yes, but audit is probably not the word I would use.

Mr D.T. REDMAN: Does the government test-check the eligibility of people on the waitlist?

Mr P.C. TINLEY: Yes.

Mr D.T. REDMAN: If people are not eligible, are they taken off the list?

Mr P.C. TINLEY: That is correct. They are checked periodically, but not greater than 12-monthly, to determine whether they are still an applicant and that their circumstances are still the same, but the onus is also on the applicant, as it is with applications for all human services in the state. If an individual applicant's circumstances change, they are required to notify the agency.

Mr D.T. REDMAN: Does the three-strikes policy still apply to people doing the wrong thing in social housing?

Mr P.C. TINLEY: Yes; there has been no change to the three-strikes policy.

Mr A. KRSTICEVIC: The minister said that the agency manages 44 000 properties at the moment across the state —

Mr P.C. TINLEY: No, I said there are approximately 44 000 social houses across the state.

Mr A. KRSTICEVIC: How many does the agency manage?

Mr P.C. TINLEY: It is 36 536. Do not hold me to that! I want to be very accurate, of course, but it is in the order of that number.

Mr D.T. REDMAN: The third dot point on page 417 refers to the government's commitment to addressing housing affordability through a package that is running concurrent to the Metronet development. It states that \$394 million is allocated to a housing and jobs package. Can the minister reconcile that number with a similar number that appears on page 437? I suspect it is capital versus recurrent, but under the asset investment programs on page 437, the line item for "METRONET Social and Affordable Housing and Jobs Package" has a figure of nearly \$41 million in the forward estimates. That is different from \$394 million. Can the minister give me the reason for that difference?

Mr P.C. TINLEY: The member is right; it is the difference between capital and operational or recurrent. I will pass to Mr Cash for a more detailed explanation.

Mr G. Cash: The package of investment contained in the Metronet housing and jobs package covers some capital investment into social housing, which represents the \$41 million. The \$143 million represents operating cash flow for the affordable housing sales component in which those assets are treated as inventory and so they are stock-in-trade and therefore move on and off.

Mr D.T. REDMAN: They are therefore recurrent.

Mr G. Cash: Yes. The remaining funding relates to assets that we invest via our land component.

Mr D.T. REDMAN: Of the \$394 million cited on page 417, is that all government money or is there private sector money in that?

Mr P.C. TINLEY: That is right. Bear with me while I find the exact number so I do not make it up. Of the \$394 million package, the Housing Authority owns a land contribution, so it is contributing land worth \$53 million.

Mr D.T. REDMAN: Is that capitalised into that number?

Mr P.C. TINLEY: Yes. Of the \$394 million package, \$53 million is in land; a land contribution to the transport-oriented developments around Metronet of a further \$3 million; the Department of Communities contributes \$9 million cash, but that has to be included in the funding envelope of the existing forward estimates. Further, there is a \$120 million loan facility through the Western Australian Treasury Corporation, which is repayable in 2022. I think the member asked about the \$209 million of private sector capital, which comes through our normal joint venture arrangements.

Mr D.T. REDMAN: Can the minister explain the loan facility?

Mr P.C. TINLEY: The loan facility is a straight Treasury Corp loan.

Mr D.T. REDMAN: Is it to the Housing Authority?

Mr P.C. TINLEY: Yes, just a straight-up normal business loan.

Mr D.T. REDMAN: Did the \$209 million of private sector money come from developers along the route and on the nodes of activity bringing developments to the table that include packages that are part of the government's housing affordability strategies?

[8.20 pm]

Mr P.C. TINLEY: The \$209 million is an estimate on the basis of the available land supply and projects we have in those Metronet precincts. It is too early to say exactly where they are because the procurement cycle and expression of interest process —

Mr D.T. REDMAN: So this is government land —

The CHAIR: Member, let him finish his answer.

Mr P.C. TINLEY: The \$209 million of private investment is represented in the joint venture partners that will come alongside, as the Housing Authority does in the normal course of business to develop these things. There is a process. I am not evading the point; it is just that we are not yet there.

Mr D.T. REDMAN: I will paraphrase what the minister said. Along the development route, including the activity centres, there is government-owned land under the Housing Authority. The Housing Authority is putting that on the table to potentially joint venture partner with private sector investors. Does the minister anticipate that a \$209 million investment will be brought to the table, and the government will bring its social housing package into that with the numbers cited here?

Mr P.C. TINLEY: Yes.

Mr D.T. REDMAN: When the Minister for Transport talks about uplift—value capture—presumably the Minister for Housing has modelling that suggests that those along that route in the activity centres will get an enhanced value. Is the Department of Housing coming to the table with more value than it otherwise might if there was not a rail line going through?

Mr P.C. TINLEY: Correct. The premise of the member's statement is correct. But "value capture" is a widely used and abused term. The idea of building infrastructure first and then capturing the value, or capturing value in anticipation of the infrastructure is a circular argument for the purposes of what we are talking about here. The attitude of the Housing Authority is to come alongside using crown land—taxpayers' resources—to leverage the best possible outcome for the objects of the government, including social and affordable housing. The member knows that the cross-subsidised model of the Housing Authority requires us to do that with the private sector, but to do that it has to make money because there is a subsidy somewhere. We take our share of the profit into it on the basis of the vended land or resources, and then apply the cross to create the social and affordable housing. From our perspective, the value capture has to be commercial, but it is more social in this return.

Mr D.T. REDMAN: The minister said that \$209 million was the projected estimate of private sector investment into land assets that the minister said the government has not yet identified. How does that happen?

Mr P.C. TINLEY: We have identified multiple pieces of land. Going back to the Metronet rollout, clearly Forrestfield, Redcliffe and Bayswater are the three obvious ones coming online. We are entrenched in the Metronet task force and its precinct steering committee to make sure we have a forward understanding of where those pieces are. The Housing Authority has gone through it. We know our landholdings, we know where the precincts are on new and heritage lines. We are making a determination on the basis of when that rolls out, when that procurement process happens and when we are shovel-ready, to put it in those terms.

Mr D.T. REDMAN: When we talked to Treasury yesterday, it was anxious about the risk associated with assessing that value capture and the likely private sector investment. Did the minister's agency give him any advice to suggest there was risk around that number? I note that in the *Economic and Fiscal Outlook*, this did not show up in the statement of risks that normally show up in budget papers.

Mr P.C. TINLEY: The member is right. I will answer the member's last point first. The nature of the risk relative to these land sales or project development work is not of a magnitude that should present in the general budget risk issues. It does present, obviously—clearly—in the view of Treasury. I am sure in the member's time he would have had various Expenditure Review Committees with Treasury officials rubbing their hands and knuckles over the potential risk of future revenue. That is a perennial concern for Treasury, as it should be. The essential component here is that because the Housing Authority is a market-facing agency—that is, we are very much in tune with what is happening in the property sector generally and the development sector more broadly—we will not bring on work if we think there is a sales risk around it. It is just simply not commercial sense to do it because it would destroy value. To round that out, of course when we are partnering with the private sector, it, too, is very sharply focused on the return. To a lot of these, particularly the higher density developments around these transport developments and precincts, we will also apply the normal process around presales prior to a brick being laid.

Mr D.T. REDMAN: What proportion of the government's affordable housing objective will be delivered through this program?

Mr P.C. TINLEY: There will be 320 new social units. I will provide the total number. We forecast that this package—the \$394 million—will deliver an additional 1 390 new homes, including 320 new social dwellings and 400 affordable dwellings. The other point on that—so not exclusively in one or the other—is that 300 of that total 1 390 will meet universal design standards. For members not quite familiar with that term, they will allow people with a disability at an independent living age to occupy them.

Mr D.T. REDMAN: The budget shows a social housing—affordable housing component to the Metronet objective. I am interested in how much this is drawing fire from other parts of the state that also have social housing challenges. That is why I asked about the proportion of the global affordable housing strategy that will be soaked up by this investment.

Mr P.C. TINLEY: I see where the member is going. If I could make the distinction between affordable housing of course and social housing —

Mr D.T. REDMAN: That is right; it is a continuum.

The CHAIR: Let the minister answer.

Mr P.C. TINLEY: I will talk about the affordable housing component—I will get some numbers on it in a minute. Of course, the former government had the affordable housing strategy that had 25 000 by 2020—I think that was the number off the top of my head—and we are coming up on that so we will revise it. As a global figure, we will get somewhere close to, on our projections, between now and 2020 probably 30 000 to 35 000 dwellings. I will make a public statement about that when we have it nailed. For the benefit of full disclosure, we are talking about 30 000 to 35 000 affordable dwellings as our target by 2020. That is just to answer the affordable piece. Of course, the full sales, shared equity and Keystart products will go alongside that. With the indulgence of the Chair, by interjection does the member want to know how many for the social and Metronet part?

Mr D.T. REDMAN: So over the period of this package as it rolls out alongside Metronet, the minister has numbers there associated with the number of housing developments across that affordable housing continuum?

Mr P.C. TINLEY: Yes.

Mr D.T. REDMAN: At the same time the government has an objective at a global level on a statewide basis, and I am interested in the proportion that this is —

Mr P.C. TINLEY: Relative.

Mr D.T. REDMAN: Yes; relative in terms of new builds and new contributions to that objective. That might be additional information the minister might want to get.

Mr P.C. TINLEY: No, I am acutely focused on it and keeping up with the social requirement. We expect to get just under 1 000 over the current forward estimates.

Mr D.T. REDMAN: Is that across the whole continuum?

Mr P.C. TINLEY: No, social. I will be clear. From my perspective, all roads lead to being able to house the most vulnerable Western Australians. I often talk about it just in those terms. I am not suggesting for a second that for people who have home ownership as an ambition, the affordable is not important, because it is. Clearly, we inherited that strategy from the previous government, and we have endorsed and run with it. But we anticipate somewhere around 980 to 1 000 new social houses will be constructed during the forward estimates.

[8.30 pm]

Mr D.T. REDMAN: That says to me that about one-third of the state's social housing objective will be soaked up in this particular package along the Metronet lines.

Mr P.C. TINLEY: I take it on advice.

Mr D.T. REDMAN: The minister just told me that across the forward estimates, there are nearly 1 000 new social houses. He said that, according to this package, there are 320 social houses, so about one-third.

Mr P.C. TINLEY: Yes, about one-third.

Mr Z.R.F. KIRKUP: My question relates to the asset investment program on page 436. I assume it might relate to the \$38.3 million for the construction and spot purchase program for social housing investment.

Mr P.C. TINLEY: Let us see.

Mr Z.R.F. KIRKUP: Let us see, indeed. I am referring to a specific property that I appreciate the minister might not have the details of directly. It is 154 Subiaco Road in Subiaco. Quite a number of grouped dwellings are situated there, owned by the minister's agency. That property will be impacted by the new inner-city college based on all the schematics that have been released that have identified the area as part of a mixed use development. According to the March press release that I read from the Premier and the minister, construction of that new inner-city college started in March this year. I am keen to understand how that will impact on what I would consider to be a larger group dwelling. Is the government spending some of that money on purchasing or building new social housing to relocate those residents? Will those residents be relocated and the like?

Mr P.C. TINLEY: The answer is yes. We are acutely aware of that accommodation along the railway line. It is at various ages in its life cycle. The other thing that we need to consider is the available envelope of land. A train line is nearby. An investigation is being undertaken as to whether it is "feasible"—I say that word very clearly—to cap the rail line in certain sections in order to create more obvious useable land. As with all these developments, the management of the tenants and their lives is significantly elevated as a social landlord, making sure that they are disrupted in the least possible way. At the moment, the agency is working through a range of phased options—how that might happen and what we are going to do. We cannot do that until we have done initial investigations about the size of the available envelope. We are in discussions with LandCorp. It is a significant parcel of land, and we need to know how it relates to the education precinct and the changed Subiaco Oval. Because the member is interested in the specifics of it, I might pass over to Mr Cash to give a fuller picture of what is happening down in Subi.

Mr G. Cash: We have been engaging with tenants once we know the detail and the time frame of the development works. We are actively engaged with LandCorp. I personally sit on a steering committee with the relevant parties, including the City of Subiaco and other associated related parties, to make sure that we are right across the development opportunity. We will work with LandCorp on the nature of the development to work out the best solution in terms of our holding and give our tenants the opportunity to participate in that community going forward. In the interim, we will engage with our tenants and actively work with the local community to relocate those people, as and when and if required, to more suitable accommodation over the life of the project.

Mr P.C. TINLEY: To bookend that, if I can, it is really important to understand the time scale. These developments do not happen overnight. We will not be moving people out next week and bowling the houses over the week after. This is measured in years and phased in over years. There are opportunities in that particular precinct. It is a legacy precinct, if we want to put it in those terms. When we look at the wider development, if we had the ambition, there would be no net loss of social housing presence. We now have the opportunity to disaggregate it, if you like. We call it salt and pepper. We have a much more diversified community by demographic slice.

Mr Z.R.F. KIRKUP: I appreciate the response from Mr Cash about the engagement and what is occurring. If there was a phased approach, when that phased approach takes place and if there was an opportunity to cap the railway line and get some uplift there to build some social housing, sell the land to a developer and meet that offset, does the minister imagine or is it the department's view that the people living there, who, by the sounds of it, are yet to be informed that they might have to move from that location at some point—I appreciate that it will be years away—would be retained in that area or would the department take that salt and pepper approach, if and when they have to move?

Mr P.C. TINLEY: I will address the member's last point first. We need to define that area. For the Housing Authority, the opportunity is to look at it from a precinct point of view. Just because we have a land holding in one specific location within that precinct does not mean there is not an opportunity to participate further. For example, LandCorp also has a significant landholding. We are constantly talking to LandCorp. In relation to the member's first point, the Department of Communities, Housing particularly, is focused very much on keeping the residents

informed. When the member sees a media statement, particularly the ones that he referred to in relation to the commencement of works in that area, he can imagine that community rumours run pretty hard. The Housing Authority—Mr Cash’s team—has been very clear in communicating with our tenants about what is and what is not. It is important at the front end that we be really clear with them.

Mr Z.R.F. KIRKUP: Definitely, and I appreciate that that would be the case. Additionally, a lot of those houses are certainly single dwellings. I know that some families might exist in the lower floor apartment areas but certainly a lot of older people might live in that place. I am trying to understand what the impact might be upon those individuals—it might have been their home for a significant portion of their life—if they have to face the prospect of moving from that area. By the sounds of it, the department has that relatively under control.

Mr P.C. TINLEY: The member made a really important point. Predominantly, the occupants of that group of dwellings in that general area is dominated by single people. As a result, we have to be very sensitive about that. As we know with some of the older suburbs, people have raised whole families and lived 30, 40 plus years in that area. If they put up their hand for a transfer, there is a real risk that they could only be offered an option away from their social infrastructure, so we are acutely aware of that. There are two parts to it. We will always look to meet the needs of the tenant so they do not have to leave the area, for want of a better descriptor. The definition of that is that social infrastructure that they will be relying on for their wellbeing. I should say that a proportion of those people would be quite happy to go elsewhere. They have raised kids, it is time to move elsewhere and they are happy to go elsewhere. We are trying to provide choice within the constraints of our limited resources.

Mr Z.R.F. KIRKUP: I expect that it is quite a challenge for the agency, given the area’s proximity to a railway line, and West Leederville train station is obviously close. Even though it is legacy, it is in a fairly unique location in that respect, with such a build-up of social housing. I appreciate the minister enlightening me on this matter. I am concerned about where the older people will be moving. I appreciate that.

Mr A. KRSTICEVIC: I want to ask some questions around the three strikes policy as it relates to rental housing. How does the minister think that policy is going? Is there a need to review it? Is it achieving its objective or does it need some refinement?

Mr P.C. TINLEY: This comes up from time to time, so I will give the member some numbers. I have some clear numbers. For the 2017–18 financial year, as at 31 March, 33 tenancies have been terminated as a result of disruptive behaviour or illegal use of public housing premises. Obviously, that represents 0.1 per cent of the total tenancies we have, so I always want to make that point. The vast majority of evictions are not for three strikes under disruptive behaviour; the vast majority of evictions—I can give numbers in due course—are for non-payment of rent. Disruptive tenancies in terms of those sorts of evictions or illegal use is double digits, at best. The challenge is to make sure we understand the nature of the circumstances in which a family or a tenant falls behind in their rent and what that tells us and what we are acting on.

The other aspect that I should highlight here is the fact that now—it is a new experience for everybody in this chamber in terms of public policy—under the machinery-of-government changes we have a genuine human services agency in the form of the Department of Communities. For the first time in the history of the state we have the capacity to apply a range of treatments or a range of responses to a dysfunctional tenancy, or one that is indicating dysfunctionality, because it is now a single agency, save and accept the cultural change that we are having to go through to make sure we can deliver that. The remit of the director general is to bring multidisciplinary teams to the department. In a mature state, we will have a seamless response to a dysfunctional tenancy. That is just in my lane, if you like, but there will be other things. There is a very clear and wide view. There will be an all-informed network, if we want to put it in those terms, around everything that goes around that family. For example, child protection, disabilities, ageing, seniors, mental health—you name it—will all have the capacity to be involved in a single place-based case management approach. That is the ambition. That is what we are doing with our programs.

The agency has long had a program called STEP—support and tenant education program. With limited resources, it provided assistance. That is changing to a new system called Thrive, which is going to be the badge of this multidisciplinary approach. Is that getting to where the member wanted to go with that?

[8.40 pm]

Mr A. KRSTICEVIC: Yes. Obviously some people who have tenants living next to them experience issues from time to time. Is there an easier way? At the moment people have to report disruptive tenants to the police; they have to go through the whole process. There are some quite vulnerable people in some locations. There have been issues in North Beach, one of the suburbs in my electorate, from time to time. Under the new Thrive program, how quickly can the department assist? When it is obvious that there is a problem, people have to go through a process of reporting to the police and to the department multiple times. It is hard to access those points, especially when those tenants are difficult to pin down and difficult to catch. Everybody knows what is going on but there is no evidence to the degree that is needed for the department to intervene.

Mr P.C. TINLEY: I do not think there is a member in the chamber who has not had those sorts of experiences. Anybody who has had any time as a local member would have had those sorts of experiences. It is important to note that the Housing Authority itself is not above the law. It has an elevated obligation as a social landlord to be a model landlord. In doing that, it has to deliver best-standard practices in this case, including procedural and natural justice. We inherited the three-strikes policy and we endorse it. The reason we endorse it—I personally endorse it—is that no rational Western Australian taxpayer wants to see the resources of the state applied to somebody who does not have some sort of shared obligation with that covenant between the state and that person. Three strikes must sit there as the bulwark or the buttress that supports that end of it. The Thrive program that I referred to, and the STEP program that it is taking over from, is the other side of that. It is very much that model landlord to create the compassion required for some of our most vulnerable people. We are bound by the Residential Tenancies Act. Three strikes provides opportunities. Under section 64 of the act, the department can evict without 60 days' notice. It does not absolve us from the natural justice aspect of that. If a tenant wants to have it tested in a court with a magistrate, we have to comply with that.

The member may have personal experience in dealing with people who have been affected by a disruptive tenant. That is a really important role as a local member. We all take responsibility as community leaders to advise those people about tenancy rights and obligations. One of the things I have seen is a slightly disturbing trend. Every member in here must really take responsibility to combat this idea of collective action—that is, people have started getting petitions against a particular tenant or a particular address or they will co-sign a letter. Nothing stops the process faster than that because it is completely away from every tenet of natural justice that we hold.

Mr A. KRSTICEVIC: Residents have raised with me before—single pensioners and older people—about having cameras. They want cameras around their property to pick up on this behaviour because there is no other way of doing it. They have been told, “If you want to pay for it yourself, by all means install cameras; that’s not a problem.” But the department will not do that; it cannot afford it. That behaviour is continuing and there is no easy solution. Why would the department not think about allowing them to have cameras or security lighting, for example?

Mr P.C. TINLEY: The idea of cameras being evidence in a court is tenuous by itself. Those people are asking us to expend capital on a piece of technology that must be managed and have an evidentiary trail that is defensible; that has an uncertain or sometimes unsafe application in a court when it comes to an eviction. The outlay and the return are not warranted in my experience—I could be convinced otherwise. The thing that works is making sure that the complaints are reported, recorded and then acted upon. That is the most tried and true process. If people have verifiable incidents—that is, the agency investigates every one of them—that warrant some sort of reaction from the department, then that is always, and probably always will be, the best way to do it.

Just to expand on that, though, the challenge and opportunity for the agency and government generally is to be able to provide better resources in an upstream response to it. I said that the largest number of evictions is for the non-payment of rent. What do we now do when the first non-payment of rent occurs? When a tenant decides that for some reason the rent for their accommodation is a discretionary spend and they default on that, what do we do in the first instance? The great opportunity we have at the Department of Communities is to go upstream. If people do not pay rent, or cannot pay rent, that is emblematic of a wider problem. It is a manifestation or a symptomatic manifestation of a wider underlying problem. In the seat of Willagee, when I was first elected, nearly 30 per cent of dwellings were social housing. I never saw an eviction in which there was not more than one or two underlying issues—dysfunctionality in the family, substance abuse, mental health. Those factors were all present. Closed-circuit television cameras are interesting but they are at the novel end. The real, hard work is in working with neighbours to make sure that they are making complaints, and that those complaints are recorded and responded to. We are building that picture because it is not just one complaint, it is multiple complaints.

Mr C.J. TALLENTIRE: I refer to “Asset Investment Program” on page 436 of budget paper No 2. I notice a significant allocation there of \$224.8 million. That includes the development of housing lots. I am curious to know about the nature of that investment and how it will be used to commence new land developments over the forward estimates. I am curious to know the nature of some of these projects.

[8.50 pm]

Mr P.C. TINLEY: The asset investment program here is \$224.8 million. The housing lots and land development required to assist in that are embodied in areas such as the recently announced Brabham redevelopment, near Whiteman Park, for those who are not familiar with the area, where the Ellenbrook line will finally go through. The Whiteman Park station will sit on the boundary between the existing development that Stockland has done, and the development that will be done at Brabham by Peet. That has the potential to yield around 3 000 dwellings. Now that the train line is going through, and we can orientate that development, as an example, closer to the train station, with the obvious development that is done around train stations, that could yield as much as another 1 000 dwellings. This is all speculative at this stage, but we are going through detailed design now. That is a real opportunity. That is the sort of project that will be assisted. To its credit, when these numbers are put in, Treasury will calculate the yield in jobs, using a widely accepted measure of what each house will generate in new jobs and

general economic activity. Treasury is talking about 1 900 direct jobs over the forward estimates in relation to this spend, with 5 900 indirect jobs, and economic activity amounting to \$2.3 billion.

These things are really important. We keep talking about Metronet, which is the cornerstone of the jobs package, if you want to put it in those terms, of the mandate of the McGowan government, but the business of the agency continues on. Greenfields subdivisions such as Brabham are fundamentally important to land supply, particularly for first home owners. Despite the best ambitions of affordability inside the Metronet precincts, which we are determined to deliver on, the most affordable houses are in those sorts of precincts, particularly along public transport routes. Then there is Bentley 360, which is 21 hectares, in Victoria Park and Bentley, and the 10.1 hectares in Joondalup within walkable distance of the train station. They are greenfield sites in brownfield sites, if you like, although I look at them as greenfields because they are leveraging infrastructure that exists.

Mr A. KRSTICEVIC: Can the minister tell me the plan and present status of the suburb of North Beach, because there is quite a large holding there that is currently being looked at, and there has been a bit of community engagement already? Where does the minister see that landing, and when does he see it landing at that point?

Mr P.C. TINLEY: I expect, member that we will be putting several towers in there, filled with social housing, just for the member's benefit.

Mr Z.R.F. KIRKUP: Fortress-like buildings!

Mr P.C. TINLEY: Yes, just stand by! I am being a little flippant this late at night.

Mr A. KRSTICEVIC: I can see the minister smirking as he says that, so that is okay!

Mr P.C. TINLEY: Thank you. *Hansard* does not record irony too well!

Mr Z.R.F. KIRKUP: No, it does not! They will be called the Krsticevic flats.

Mr P.C. TINLEY: We do not have too much detail for the member. It is not an identified urban renewal precinct. It is not actually at the scale that would make it a strategic landholding. That is not to denigrate it at all.

Mr A. KRSTICEVIC: The government owns a lot of land there.

Mr P.C. TINLEY: If it goes to auction, we will let the member know! If the member is happy, I am more than happy—not as supplementary, because there is really no supplementary information—if he wants a further briefing on it, to get him a further briefing.

Mr A. KRSTICEVIC: No, that is okay. I am fine for now; I just thought there was something the minister could add to it.

Mr D.T. REDMAN: I refer the minister to the fourth dot point on page 417, which refers to the North-West Aboriginal Housing Fund, a royalties for regions fund that is some \$95 million across the forward estimates. It is pleasing to see it there. Can the minister give me an understanding of the process by which that will be deployed? The dot point refers to the project helping to increase participation in education and employment. To take the minister's earlier point about social housing and mutual obligation, can he give me an understanding of his policy settings in and around that investment, and the capacity to deliver social outcomes alongside it?

Mr P.C. TINLEY: We can cross off dixer 6! For the member's personal benefit, and because I made commitments to him privately, the North-West Aboriginal Housing Fund and the Regional Services Reform Unit live on. There is no greater compliment to a good piece of public policy than its surviving the transition of administrations, which this has done, and I am foursquare behind it. The North-West Aboriginal Housing Fund comprises \$200 million, of which \$50 million is federal funding, \$25 million is royalties for regions, and the remainder is from general revenue. Fifty builds will be done in the transitional housing space. We empanelled three builders recently in Broome and they are all subject to the requirement to employ 40 per cent Indigenous labour. Those 50 builds, and other tranches as the project rolls out, are phased over the time of a standard apprenticeship, so there is a continuum of work for young people to engage with to achieve their outcomes. Meeting some of the people involved in the project already—young and not so young people transitioning from mine work and so on into a trade—is fascinating. Is that getting where the member wants to go?

Mr D.T. REDMAN: One of the trains of thought was that there are remote communities and there are bigger centres, and the transitional housing investment was going into the bigger centres, because that is where the jobs and economic opportunities are. A number of people in the remote communities were seeking to move to the bigger centres, but had no pathways to do that. I thought the policy setting was sound. It worries me, as it probably worries the minister, investing in new houses in isolated areas that do not have those opportunities. I am interested in whether the policy settings of the new government are consistent with that thinking, because I thought that was quite a sound objective.

Mr P.C. TINLEY: I will get the director general to answer that in a bit more detail, but just to give the member certainty over his worries, fear not, we are very much focused on that. The work has started in relation to conversation with the 165 remote communities that we look after, and the 205 permanent communities. There is a challenge for us, because the next steps of the pathway following that very broad consultation that went on for 18 months under the previous government, needs now to go back to the communities to talk about the opportunities for them to thrive. The clear and obvious places are in those wage-based economies of the larger towns, and that is not a conversation that we take lightly. It is a very difficult conversation, in part, but I think we have a responsibility to provide an option, if you like, as a horizon, particularly for younger people, that they can get access to a different sort of life. This is entrenched in other things, such as town camps—One Mile and Kennedy Hill, for example, in Broome—making sure that, in conversation with the Aboriginal Lands Trust, we have those incentive pathways. This is very much centred on that, and I am very much activated to see what else we can do in the future.

Mr D.T. REDMAN: Those funds that the minister just talked about, when he listed off all the bodies that contributed to the funding, did that include the town-based reserves fund, Pilbara, which was part of royalties for regions?

Mr P.C. TINLEY: No, that was separate. I might just hand over to the director general, because he will give far more detail than the member probably needs tonight.

[Ms L.L. Baker took the chair.]

[9.00 pm]

Mr G. Searle: The first set of contracts are for the first 50 houses, which are going to be built in Kununurra, Wyndham and Halls Creek, so they are going to be built in established towns. There is a four-year build program with local Aboriginal apprentices, and the two companies that are contracted are both Aboriginal-controlled, so that is a great start. The next negotiations we are in are with the Yawuru, in Broome, looking at more shared equity arrangements, in which the Yawuru prescribed body corporate will hold a share, and the Housing Authority in its normal manner, and therefore local Aboriginal people will be able to buy houses in Broome for an affordable price. We are also now looking at a business case in Port Hedland. The idea of the fund was to try a range of models to see what gave us the best result and the best outcome for the people living in the houses. The transitional houses will continue to have the school attendance requirements attached to them and the support programs attached to them. I am really encouraged that the commonwealth has come to the table with some money for this program, based on the school attendance stuff. That was the bit that got it interested; it is not actually as interested in the houses as it is interested in a way to get kids to go to school. This holistic approach about jobs, attending school and a safe, decent house is gaining some traction with Communities, the prescribed body corporate and the commonwealth government.

Mr Z.R.F. KIRKUP: I refer to page 431 and the heading, “Independent Living Support for People with Disability”.

Mr P.C. TINLEY: Yes, it is not my portfolio area.

Mr D.T. REDMAN: I take the minister to page 257 of the *Economic and Fiscal Outlook*.

Mr P.C. TINLEY: I have memorised it!

Mr D.T. REDMAN: There is a table headed “Expenses from the General Government Sector to Public Corporations”. I have been able to track most of the numbers, but I have not been able to track these. Under a subheading “Other Subsidies”, there is a line item, “Aboriginal Housing and Essential Remote Services—Various Programs”, with amounts of 2017–18 estimated actual, \$49 million; 2018–19 budget estimate, \$82.1 million; and then \$16 million for each of the three subsequent forward estimate years. I would like to get some sort of explanation as to what that is.

Mr P.C. TINLEY: I might defer to Mr Cash.

Mr G. Cash: It relates to expenditure on essential and municipal services, so remote power and water —

Mr D.T. REDMAN: The new funds on the particular communities, the upgrades?

Mr G. Cash: No, not the regional services reform unit funds.

Mr D.T. REDMAN: So the \$56 million municipal and essential services?

Mr G. Cash: There was funding provided under the previous government in the budget, and that is the flow-through to —

Mr D.T. REDMAN: Those are consolidated funds, are they?

Mr G. Cash: Yes, it was to offset the operating cost of the essential and municipal services.

Mr D.T. REDMAN: I just want to get some clarity, through the minister. I am wondering whether those are consolidated funds or royalties for regions, because there is provision for \$56 million a year under royalties for regions, covering off on the remote services cost. Is this a legacy of the consolidated funds contribution?

Mr P.C. TINLEY: Mr Cash might field that one.

Mr G. Cash: The royalties for regions money kicks in from 2019–20, which offsets the \$82 million.

Mr D.T. REDMAN: To paraphrase that and get it right, the total cost of municipal services in the remote areas will be \$56 million of royalties for regions funding plus that consolidated fund top-up?

Mr G. Cash: Yes.

Mr A. KRSTICEVIC: With regard to the rental stock, the minister said there was 36 000 at the moment. How many of those are vacant at the moment?

Mr P.C. TINLEY: What page, sorry?

Mr A. KRSTICEVIC: Just a line item on rental housing. Under “Service Summary”, line item 18.

Mr P.C. TINLEY: What page is it?

Mr A. KRSTICEVIC: Page 420, the “Rental Housing” line item. The minister said there were 36 000-odd properties at the moment. I just want to get a breakdown of how many of those are currently vacant, and for what reason or category they are vacant.

Mr P.C. TINLEY: When we talk about vacancies there is more than just a headline number because there are those that are being vacated, those that are having maintenance done on them, those that are going into deeper maintenance and those on which decisions are being made about their disposal of because of their life or type. If we are talking about year-to-date, as of 31 March we had 1 718 vacant properties, which equates to 3.9 per cent of total public housing stock. Inside that, 270 had undergone vacated maintenance—that is where the tenant had moved out and there was just a normal period of maintenance while there was no tenancy—599 were undergoing a deeper type of maintenance, eight had already been leased but were awaiting occupation, and a further 278 vacant dwellings are located within the Brownlie Towers complex, so the number might be a little bit higher, but Brownlie Towers has an installed capacity of 300. They are obviously all largely vacant now as we have moved tenants out, and that is forming part of that 21 hectares of the Bentley 360 redevelopment. That is a large tranche; I just want to highlight that as being out there.

Mr A. KRSTICEVIC: Of those 1 718, how many are in the city and how many are in regional areas?

Mr P.C. TINLEY: I could not answer that; we do not have that readily available. I am happy to provide it by way of supplementary information.

The CHAIR: Minister, what is it that you are going to put on supplementary information?

Mr P.C. TINLEY: We are going to provide by supplementary information the vacated properties by region.

[*Supplementary Information No A39.*]

Mr A. KRSTICEVIC: Of the 599 that are on the high-end maintenance scale—I think the minister said they had major refurbishments going on—how long, roughly, does the process take? What is the longest it would take?

Mr P.C. TINLEY: It very much depends on the age of the dwelling and the nature of the work that has to go on, so it would be too hard to say. I am advised that on average we try to do them within the month.

Mr A. KRSTICEVIC: Okay, that is pretty good.

Mr P.C. TINLEY: You always run into unexpected problems.

Mr A. KRSTICEVIC: Yes, but that is not bad.

Mr D.T. REDMAN: I refer the minister to page 175 of the *Economic and Fiscal Outlook*, “Royalties for Regions Expenditure”, and the line item “Essential and Municipal Services Improvement in Remote Aboriginal Communities”. There is a total of \$50 million over two years, 2018–19 and 2019–20. The minister can probably cross off another dorothy dixer after this! I am assuming that this is the resource that is upgrading communities such as Bidyadanga; I think that was one of the early discussions. I am interested in the process for how the department is working through what communities are going to have those upgrades. Can the minister tell me anything about which communities are next cab off the rank, and whether he is having any issues with community negotiations in respect of mutual obligations in and around those investments?

Mr P.C. TINLEY: Yes, sure. The essential municipal services upgrade program is a \$52 million commitment under the regional services reform, as the member knows, to improve some of those services and the ageing infrastructure. Just as an aside, the perennial conversations we have with the commonwealth government are not

just about new builds; they are about preparing infrastructure for new builds and supporting the existing infrastructure which, as the member would know intimately, is a very difficult piece to continue to maintain.

There is a certain level of licence standard, if we want to put it that way, that we are trying to achieve for each of the communities. The 10 initial priority communities for the program are Ardyaloon, Bayulu, Beagle Bay, Bidadanga, Djarindjin, Lombadina, Mownajum and Warmun in the Kimberley, and Wakathuni and Yandeyarra in the Pilbara. I can get further information on the phasing and rollout if the member wants it. Is the member happy with that?

[9.10 pm]

Mr D.T. REDMAN: One of the communities mentioned there was Djarindjin, right next door to Lombadina, if I have got it right. There were massive differences in school attendance between those communities. Will there be things like school attendance objectives within those upgrades and investments in the likes of Djarindjin?

Mr P.C. TINLEY: Not strictly within the transitional housing model, if the member is referring to that. I might defer to the director general.

Mr D.T. REDMAN: I am interested in the nature of the conversation with those communities; that if they are going to take government investment and seriously have infrastructure upgraded, what is the buy-in?

Mr P.C. TINLEY: Before I hand over to the director general, there is a certain threshold under which there is no requirement for buy-in, because it is just a humanitarian response, if you like. There is a certain minimum standard of being a Western Australian—there should be access to clean water and all those sorts of things. From a policy perspective at my end there are certain things we will just do. If a community has nitrate levels at four times the maximum level, we are going to respond to that, as the former government did.

Mr G. Searle: When we started this process, we engaged with all 10 communities—in fact there were a couple of others as well—to try to work out who was serious about finding a way forward and what level of commitment there was. In that process we narrowed it down to four priority communities out of the 10. Bayulu, Bidadanga, Mownajum and Warmun were the ones most engaged in the process. We have now done the audit of those facilities and what is available and what needs to be done. It is not uniform across all of the communities. In some of them, there is a flooding issue—it varies from community to community. We expect to spend the \$25 million in 2018–19 to bring those four communities up to an appropriate level and there will be expectations both for school attendance and, more particularly, payment of service charges. All of those communities have agreed to payment of service charges and are actively in discussion on school attendance.

Mr Z.R.F. KIRKUP: I refer to land and housing supply on page 435 of the *Budget Statements*. Let us hope this relates to this portfolio!

The CHAIR: Sounds good!

Mr Z.R.F. KIRKUP: It sounds good so far, I think!

Mr P.C. TINLEY: Yes, it might have something to do with it!

Mr Z.R.F. KIRKUP: I will outline the concern I have and see whether there is an ability to respond. There is an individual living in my community in Halls Head. It is of some concern. The person has a public trustee in that the Public Advocate is acting for them. The Public Advocate recognises the person's housing situation is not ideal and they should be moved to a more appropriate dwelling. The Public Advocate has suggested that the Housing Authority does not have enough housing stock to meet this individual's needs. I am keen to understand, if this is the appropriate area to talk about this, what housing options there are for individuals with quite severe mental health issues and a related disability. The Public Advocate wants to move this individual. We have had multiple meetings with the Public Advocate and the Department of Communities and it is quite concerning that it has suggested that Housing has nowhere to put individuals in this circumstance. I hope as part of this program there might be some help for people in these types of circumstances.

Mr P.C. TINLEY: The member's question does not quite relate to this section, but I will take it as a question in relation to housing supply. If somebody has a mental health disorder, regardless of whether there is a public trustee involved or not, they will have a need that sits outside the standard waitlist. This is again an opportunity to work with other agencies. I might refer to the newly installed director of policy and strategy in this area, Helen Nys, and she might be able to give you a more fulsome answer.

Ms H. Nys: In relation to the circumstances the member describes, it is always a challenge when people have connections and attachments to an area and want to live there, but their disability and mental health condition mean that they are not easy people for their neighbourhoods to adjust to. One of the big advantages of the Department of Communities is that, as the minister referred to earlier, we bring additional resources and support. In circumstances like that, our starting point would be to look at what other supports we could put together for this person that would meet the housing needs in the area they want to live in while at the same time trying to support

the community they live in. As the member knows, there is often a challenge of where people want to live and the people living near them.

Mr Z.R.F. KIRKUP: I am keen to understand as part of this housing program if there are many opportunities like that that exist in Mandurah or the Peel region, for example. Has it been a focus of the agency to find new housing supply and bring it online? In this individual's case for example, when the department suggests that there is nowhere else for this individual to go, might there be more opportunities to invest in the area to alleviate concerns like this?

Mr P.C. TINLEY: These areas are in a policy space that are outside the Housing Authority's direct interest. We stand ready to provide the bricks and mortar for subacute mental health and step down, step up facilities, aged care and a whole bunch of different things, which we do and have done in the past, as the member would be aware. That has to be funded, and one thing we all know is that there is an increasing and never-ending level of demand that is outstripping supply, so there is always going to be that tension. In respect of the specific issue the member refers to, I do not want to give the member advice as local member, but he would do well to understand the community housing sector as well. It is active and, because of its scale, more agile than the Housing Authority to be able to deliver or at least provide some respite. This is one of the things about community housing that is so important, because it can provide multidisciplinary support to these difficult tenancies.

Mr Z.R.F. KIRKUP: I expect this is one of those things. We have gone to a community housing supplier and met with the CEO to look at options, but at this point everything seems to be shot back to the minister's agency. I appreciate the minister's counsel. We will keep on trying.

Mr P.C. TINLEY: Because I am feeling generous, I might just ask Mr Cash to comment.

Mr G. Cash: I am interested in the nature of the housing required and the extent of the suggestion that the system cannot respond with the appropriate capital response. We have the ability to build, and we have and continue to do so, accommodation that is purpose-built and specifically designed for individual people based on their circumstances. The member has not given me enough information to suggest the person needs a particular type of dwelling or, given that the Public Advocate is involved, that they have the ability to live independently. There is some tension around the balance of those things. If the member wants to raise the issue with us specifically, we would be happy to deal with the individual case, but as a process, we deal with individual cases and we purpose-build for people on occasion when a standard housing response does not meet their needs, including for people with wheelchairs and with all sorts of mobility requirements. We are happy to look at that issue, depending on the nature of the situation.

Mr Z.R.F. KIRKUP: I appreciate the minister's generosity and I will make sure we write to the minister and go from there.

[9.20 pm]

Mr D.T. REDMAN: I refer to page 437 of budget paper No 2 and the line item "Construction and Purchase of GROH Program" houses under "New Works." I note the transition from "Completed Works" in previous years to "New Works". It looks as though there has been a jump in investment. I am interested in why there has been a jump in investment—I am suspicious it might be because of opportunity—and also whether it is possible, by way of supplementary information, to get information on where those builds and/or purchases will occur?

Mr P.C. TINLEY: Is the member talking about the construction and purchase of the Government Regional Officers' Housing program?

Mr D.T. REDMAN: Yes; I will go over it again. Under "New Works", \$12.6 million, \$15 million, \$50 million and \$30 million is allocated over the forward estimates. If the minister looks under "Completed Works", the figures are \$9.6 million, \$9.6 million and \$9.6 million, so there has been a boost. I am interested in the reason for that fairly substantial boost. I would have thought that, if anything, GROH demand might have softened and the minister might have a comment on that. What is going on there? If possible to provide by way of supplementary information, I am interested where those new builds and purchases will occur on a regional basis.

Mr P.C. TINLEY: Of course, GROH represents a significant government requirement, as the member knows, to provide accommodation for regional officers as both an attraction and retention measure. Currently, there are 5 187 properties across the GROH program, of which 4 518 are allocated to client agencies. Of those that are leased to client agencies, 47 per cent were leased from the private rental market. Variations often occur as we move in and out of the private market and hand back or use those properties. The figures in the out years for the construction and purchase of the GROH program are roughly \$12 million, \$15 million, \$15 million and \$30 million. I will have to defer to Mr Cash to ensure the member gets a bit more detail than I can provide now.

Mr G. Cash: There is only a minor increase in expenditure of approximately \$3 million and that will slightly increase the commencements from 13 to 18, so it is significant but minor in nature in terms of volume.

Mr D.T. REDMAN: Will there be 13 new builds?

Mr G. Cash: Yes, and it goes to 18.

Mr D.T. REDMAN: The jump is 13 to 18, yes.

Mr G. Cash: I do not have the locations.

Mr D.T. REDMAN: By way of further information, can the minister provide, if possible across the forward estimates—I do not know how accurate it could be—where those new builds and purchases will be on a regional location basis?

Mr P.C. TINLEY: I do not see a problem with that. We can provide the number of new builds and purchases in the GROH program over the forward estimates by location.

[*Supplementary Information No A40.*]

Mr D.T. REDMAN: Is there any particular reason for the jump to \$30 million in 2021–22? Is Metronet extending out to the regions?

Mr P.C. TINLEY: Yes, it is all one big state! No, it relates to acquisition over time and asset replacement as we go through.

Mr D.T. REDMAN: Housing generally works on changes in opportunity so I would have thought a relatively soft market would be an opportunity to upgrade stock. Is that activity happening?

Mr P.C. TINLEY: Yes, it is. Again, I refer to my point about the agency being very much tapped into the market and the industry—as they say, market-facing. It has been able to acquire properties at this time of the cycle at a fairly good price that will allow the land supply, particularly in urban renewal spaces, for those renewal projects to really be able to get value for money. To give the member an example, the Heart of Beaconsfield project is down not far from my patch. In the Fremantle district, we are up to the last few dwellings we are purchasing off the market to make sure we control a significant piece of dirt there for urban renewal next to an old TAFE and the new Fremantle College, which has \$30 million of investment in it. That has the potential to deliver up to 2 500 dwellings.

Mr D.T. REDMAN: The minister mentioned that 47 per cent of GROH is leased across that asset. There has been a history in boom times, particularly in the Pilbara, of locking housing into fairly high leases, and as the market came off, it could not adjust quickly. How is that going in terms of adjusting back to market or the recalibration?

Mr P.C. TINLEY: It is going very quickly, particularly in places such as Port Hedland and the Pilbara generally.

Mr D.T. REDMAN: It is happening in the market, but are leases maturing to the point at which they can be recalibrated?

Mr P.C. TINLEY: Yes and we are handing them back or renegotiating those leases relative to the market. There is always an overhang. I will use Port Hedland as an example again where we were getting as much as a 50-plus per cent drop in equity and then commensurately in the rent that could be charged. The market became well off. The GROH rents were set by the agency applying them and the market was falling below those rates. So our people—public servants—were in housing paying over the market rate, such was its capacity to respond. That is how fast it moved.

Mr D.T. REDMAN: I assume the arrangement is the same and the agency responsible for those houses pays the Housing Authority the sums for the leases.

Mr P.C. TINLEY: Yes, and if they want to provide a discount to market, that is in their budget.

Mr D.T. REDMAN: That is their job, yes.

Mr P.C. TINLEY: In policing, for example, in some 30 locations police officers do not pay any rent. Across the spectrum, some will be paying closer to market price—nobody ever pays market price in Government Regional Officers' Housing, but in 30-odd locations, police pay none.

Mr Z.R.F. KIRKUP: I refer to the asset investment program on page 436. The third dot point refers to 1 290 housing lots with joint venture partners. I would like to ask a couple of questions about the Burt Street development. Is the minister in a position to be able to deal with that this evening?

Mr P.C. TINLEY: I can, but I would defer to the agency for more detail.

Mr Z.R.F. KIRKUP: I understand that the expressions of interest for that project opened in December 2017 and closed in February 2018 or thereabouts. It is a good site. I am keen to understand, without the commerciality issues, how much interest there was in it. I am not sure whether information has been released yet on the joint venture partner but I could be wrong. I am also keen to understand the social housing mix that will occur for a lot, given

its proximity to the ocean. I note that the material that has been provided simply states that there will be a mix. I am keen to try to understand what that mix will be.

Mr P.C. TINLEY: It is an outstanding site next to John Curtin College of the Arts, although it is slightly difficult given that it is pretty much all capstone. I have forgotten the exact size of the site but it is not insignificant. It attracted a significant amount of attention. I cannot give the member any specifics at the moment. I would probably have to defer it to a question on notice simply because of the commerciality of the project so that we do not misstep, as the member would know happens in these spaces.

Mr Z.R.F. KIRKUP: Yes, sure.

Mr P.C. TINLEY: If the member would prefer, I would be happy to give him a brief between the two of us at the appropriate time to keep him updated. Given the part of the procurement cycle we are in, it is just not helpful to talk about it.

[9.30 pm]

Mr Z.R.F. KIRKUP: No, I appreciate that. In terms of the target, is there an aspiration for the mix of the social housing or does that still need to be worked out with the joint venture partners?

Mr P.C. TINLEY: Everything is negotiable as we go through the beginning of this procurement cycle, but rest assured that social is very much part of our ambition to make sure we keep up and have a good demographic mix.

Mr Z.R.F. KIRKUP: Sure. I am happy to discuss it with the minister offline.

Mr D.T. REDMAN: I refer the minister to page 441 of the *Budget Statements*, and the statement of financial position. It is, effectively, the balance sheet, from what I understand, of current assets and non-current assets. Under the heading “Non-current Assets” there is line item for property, plant and equipment. For this financial year, 2018–19, that figure is \$12.8 billion, and the year before it was \$13 billion. But as we move across the forward estimates it drops over \$700 million. I recognise that Housing has a number of assets that are, effectively, bolted to the ground and cannot be moved, such as the social housing assets, which probably make up a substantial proportion of that resource. But over time there is a diminution of the balance sheet of Housing. Can the minister give me an appreciation for largely what that is, and is Treasury and other government objectives such as Metronet eroding the trading capacity of Housing?

Mr P.C. TINLEY: No. I will defer to the director general or deputy director general for further information in a second, but do not forget that we are now dealing with an in globo number for the whole agency. I note the member’s point that a large proportion of the numbers the member identified belong within the housing portfolio.

Mr D.T. REDMAN: And stuff that does not go into a churn, so the activity is probably a much smaller proportion of that.

Mr P.C. TINLEY: Correct. I am not in a position to answer that within my portfolio area.

Mr D.T. REDMAN: Because it has broader Communities as well; is that what the minister is saying?

Mr P.C. TINLEY: Yes, it is the new agency. The member made the observation that we will go from \$13.798 billion to \$12 billion-ish, if that is the right line.

Mr D.T. REDMAN: Yes.

Mr P.C. TINLEY: I would not be surprised, given that number, that is not actually depreciation.

Mr D.T. REDMAN: So the stuff that is soaked up in that is in Housing’s assets and Communities’ assets?

Mr P.C. TINLEY: Yes.

Mr D.T. REDMAN: I assume Disability Services would have a proportion of that. I would have thought that in terms of trading activity, Housing would have the lion’s share of the trading activity of that total asset. In which case, if there is a diminution over time, which I see in those numbers, my judgement would be that a good proportion of that would be Housing.

Mr P.C. TINLEY: Potentially. Again, because it is an in globo number, I cannot answer. I will ask Mr Whyte if he wants to expand on that.

Mr P. Whyte: In 2016–17 the budget to the actual decrease was 2.69 per cent. The decrease mainly relates to depreciation in that the Housing Authority books its land separate to its buildings, and the buildings depreciate. The land generally appreciates.

Mr D.T. REDMAN: So that is property; Housing is not in that?

Mr P. Whyte: It is all assets of the Department of Communities. The member is correct in saying that since the amalgamation of the agencies, a number of owned assets have been brought in through Child Protection and

Disability Services. Those assets largely depreciate because they are mainly facilities, but the lion's share is still the Housing Authority's assets.

Mr D.T. REDMAN: Would the minister be prepared to provide by further information some breakdown of the Housing component of that depreciation over time? The government is under pressure, Housing is one of the few agencies that has assets and activity. It was a good one to have as a minister. The opportunity that Housing has is that it has a cash balance to be able to trade. This might be a trend that may be more than what I am seeing.

Mr P.C. TINLEY: I am happy to do that. The supplementary information is to provide the member with a breakdown of the property, plant and equipment and depreciation schedule as it relates to Housing across the forward estimates.

[*Supplementary Information No A41.*]

Mr A. KRSTICEVIC: The minister may have explained this and I may have missed it. The twentieth line item on page 420 of the *Budget Statements* is the land and housing supply. I notice the figure increases all the way through to 2021, up to \$469 million, and then in 2021–22 it drops to \$307 million. Why is there a big drop there.

Mr P.C. TINLEY: Land and housing supply?

Mr A. KRSTICEVIC: Yes. Why is there a big drop there?

Mr P.C. TINLEY: The member will see that it fluctuates between threes up to fours.

Mr A. KRSTICEVIC: It continually increases during 2018–19, 2019–20 and 2020–21, and then there is a big drop-off. It is the probably the lowest point in any period over the forward estimates.

Mr P.C. TINLEY: Because it deals with the developments we are talking about, particularly land and housing supply development, it is the end of that cycle. I again make the point about forward estimates that, as the former Premier used to often say, they are very much an estimate. I will not go as far as he in his characterisation of the forward estimates, but we will go through couple more budgets that will see those out years change and taper. I have a late note here. Of course, part of that tapering will be the Metronet bill. That \$394 million will come to an end or taper off, but watch this space.

Mr A. KRSTICEVIC: Does the minister thinks all the spend for Metronet will be complete by 2020–21?

Mr P.C. TINLEY: The current anticipation is that a large proportion of it will be. I go back to my previous comments in relation to the cyclical nature of the property cycle. If we do not get the presales and market uptake there might be a sliding out of that, pushing over into the fifth year not shown.

Mr D.T. REDMAN: I might be off the mark here, but does Housing manage any of the hardship utility grant scheme?

Mr P.C. TINLEY: No.

Mr D.T. REDMAN: That is through Communities? That was my first question. No? My second question is: does the Department of Housing have any joint venture partnerships that Treasury and/or the Treasurer is seeking Housing to cash out of for the broader benefit of the consolidated fund?

Mr P.C. TINLEY: No.

Mr D.T. REDMAN: A LandCorp-style development?

Mr P.C. TINLEY: No. Unlike LandCorp, the Housing Authority has a different ambition —

Mr D.T. REDMAN: Social objectives.

Mr P.C. TINLEY: — the delivery of social and affordable housing. We are on fairly strong commercial terms, as the member is aware, with the joint venture partners or various financial partnerships. It is not something we would take lightly.

The appropriation was recommended.

[9.40 pm]