

Division 76: Housing Authority, \$391 550 000 —

Mr P.B. Watson, Chairman.

Mr W.R. Marmion, Minister for Housing.

Mr G.J. Searle, Director General.

Mr P. Whyte, General Manager, Commercial and Business Operations.

Mr S.C. Parry, General Manager, Service Delivery.

Ms L.M. Brooks, Manager, Performance Reporting.

Ms K.L. Hammer, Policy Adviser, Housing, Office of the Minister for Housing

[Witnesses introduced.]

The CHAIRMAN: The member for Rockingham.

Mr M. McGOWAN: I refer to page 904 of the *Budget Statements*. The estimated actual total appropriation for 2009–10 was \$458 million. The budget for 2009–10 was \$680 million. That means that there was an underspend of \$222 million. This is in an environment in which two things have happened. The first is that a huge amount of money has been given to the state by the commonwealth for housing for stimulus purposes during the economic downturn; and that money was meant to be spent during the downturn. The second is that there has been a growth in the public housing waiting list, beyond anything anyone has ever seen before, and it is now up to roughly 54 000 individuals. Why has there been such an underspend? How does the minister explain it?

Mr W.R. MARMION: My understanding is that this sort of expenditure of such a massive amount of money from the commonwealth becomes very lumpy. Because of the way the commonwealth brings the money in, there has been perhaps an underspend, so the estimated actual has obviously been less. I will ask Paul Whyte to give a detailed accounting reason for why the estimated actual for 2009–10 is less than the budget estimate by about \$222 million.

Mr P. Whyte: The \$458 million that the member referred to is the appropriation. With regard to the amount that the department has spent in terms of its appropriation, the amount of money has been spent. The timing of the funding that we received from the commonwealth was in accordance with the commonwealth's payment scheme. The construction program is on schedule, and the amount that has been referred to the next financial year relates to that payment cycle. So we have committed the works. The money will be spent in the following financial year.

Mr M. McGOWAN: If the adviser is saying that the department has spent the appropriation, and it budgeted for \$222 million more than that, surely that would have been considered, at the time that last year's budget would have been prepared, to be the appropriation?

Mr W.R. MARMION: Obviously it was considered, and obviously it was not spent, and obviously it is carried forward to this year's budget. Perhaps the director of finance can elaborate.

Mr P. Whyte: The money went in when the appropriation was received. The commonwealth funding was part of a stimulus program. The expectation was that the construction would commence within that financial year. The initial work that had to be undertaken in order to procure the actual dwellings to be commenced, and then to allocate the land, meant that the funding flowed over from one financial year to the next.

Mr M. McGOWAN: Therefore, the government did not expend the money that it expected to expend by an amount of \$222 million, and that has been carried forward. So, in reality, the amount of money that the government would have been going to spend this year—money the state has provided rather than the commonwealth—would be less than half the amount that is in the actual budget for the coming financial year?

Mr W.R. MARMION: It is all commonwealth money. I will let the director elaborate, but it is a cashflow amount of money. For the houses that have been built—a considerable number of houses have been built—the commonwealth allocated the money. Indeed, as the director of finance has said, it was anticipated that we would be able to spend that money. However, as the member knows, when we build things, and if we are allocated money for a 12-month period, often it goes over the 12-month period, because often it takes six months just to get the building application in. So, particularly for some of the houses in the north west, where there is a wet season, there is a distinct possibility that, with a massive program like that, the costs of construction will flow through to the next year. I will let the director of finance confirm that what I have said is correct.

Chairman; Mr Mark McGowan; Mr Bill Marmion; Mr Paul Papalia; Mr Peter Tinley; Dr Mike Nahan; Ms Andrea Mitchell; Mr Paul Miles; Ms Janine Freeman

Mr P. Whyte: That is correct. The only thing I can add is that we are in fact on schedule to deliver the housing in accordance with the commonwealth's requirements.

Mr M. McGOWAN: Further to that point, how many houses does that underspend of \$222 million equate to; that is, how many houses would have been built had that money been expended?

Mr W.R. MARMION: That is a fairly detailed question. A lot of these houses are under construction. Construction has started. Is the member asking which houses have not reached practical completion that should have done? Is that the question?

Mr M. McGOWAN: When the government budgets an amount that it is going to spend, and it does not spend it, that is an underspend. Accordingly, there are a number of houses that have not been built but that the government expected would be built, and that I suspect the commonwealth expected would be built. I am wondering how many houses that is.

Mr W.R. MARMION: I will pass that to the director general; he might have an idea about that.

Mr G.J. Searle: Probably half of the money that we are talking about—about \$100 million—now has a different spending regime, because rather than building those houses ourselves and making progress payments towards their completion, we have bought things off the plan, so we will be paying on completion. So, although the dwellings are being built, our payments will be made next financial year when they are completed. At the time there was a chance that we would contract to build those dwellings ourselves and therefore would have to make progress payments. Some of that is due to a change in cash flow. The number of houses that will be built will still be the same. It is just a timing issue given the commonwealth stimulus package and the delivery times.

Mr M. McGOWAN: I realise that it is taking longer for the department to build the houses that it committed in last year's budget to build. What I am asking is: how many houses that would have been built with the money that the government committed have not been constructed?

[4.20 pm]

Mr W.R. MARMION: The member wants to know how many of the 2 000 houses have not been completed.

Mr G.J. Searle: If I may, minister? My view is that we are on track to deliver exactly the number of houses we expected to deliver.

Mr P. PAPALIA: That is not answering the question.

Mr M. McGOWAN: The government spent \$222 million less last year than the amount for the number of houses it had budgeted to build. I realise that, over a longer period, the government is committing to that. Again, my question is: how many would have been built last financial year with that \$222 million? I assume, with the cost of housing, that it would be in the vicinity of 500 or so. The question I asked earlier, which the minister has not answered, is: considering that \$222 million has been carried over, this year's budget, but for that carryover, would be in the vicinity of only \$150 million—is that correct?

Mr W.R. MARMION: I have already answered that; that is what I said. The member is actually asking which houses, of the ones the government made a commitment to build this financial year, have not been completed. They have basically all been started and they will all be built, but the member is asking which houses have not yet reached practical completion, when, under the accounting system, they should have been completed. Is that the member's question?

Mr M. McGOWAN: Yes, that is under what was indicated in last year's budget—unless, in the actual year the budget is for, it is meaningless as well.

Mr W.R. MARMION: It is a bit misleading because there are works in progress. If we gave a figure of how many had been completed, another lot of housing components may have reached 70 per cent, 75 per cent, 85 per cent or 99 per cent. If we give a direct answer and cut those out, they will all flow into it.

Mr G.J. Searle: The commonwealth stimulus package was broken up into two stages. Stage 1 was built on our land, so those are houses being built on our land, for which we are making normal progress payments towards completion. The vast majority of houses—1 755—are in stage 2. We are not making progress payments on the majority of those; we are paying only on completion. The vast majority of houses have started, but because we have not had to make the progress payments, the cash flow of the budget is different, so the number of houses will remain the same. The number of houses that have been started remains the same; it is just that we have not had to pay the money because we are buying off the plan rather than making progress payments.

Mr W.R. MARMION: I get the question: is it possible for us to break down all our houses for the member and provide information on what we have done and where the other ones are—perhaps by percentage?

Chairman; Mr Mark McGowan; Mr Bill Marmion; Mr Paul Papalia; Mr Peter Tinley; Dr Mike Nahan; Ms Andrea Mitchell; Mr Paul Miles; Ms Janine Freeman

Mr M. McGOWAN: It would be great if the minister could give me that through supplementary information.

Mr W.R. MARMION: I guess it is a case of deciding at which date we will rule the line. We would ideally like to rule the line at the end of the financial year, because obviously the figures will look better.

Mr M. McGOWAN: The end of the financial year is only two weeks after the date at which the minister will give me the information, so it would not be that much different, I would not think.

Mr W.R. MARMION: I went to Halls Creek last weekend and there are 18 houses that are only two weeks away from completion. None of them has reached practical completion, but all 18 will have reached practical completion by the end of this month. Most of them just need services. I am hoping for a windfall of houses being completed in June. I would rather that the figures went to June, if the director general can do that for these.

Mr M. McGOWAN: Can I have that as supplementary information, then, please?

The CHAIRMAN: Would the minister agree to provide the supplementary information? If so, what exactly is it?

Mr W.R. MARMION: Will the member be happy with ruling off on 30 June, or does he want it now?

Mr M. McGOWAN: Could the minister rule off on the date he provides me the information? If it is 30 June, he will have to speculate, but if he wants to do that, that is great.

Mr W.R. MARMION: I think it is pretty clear.

The CHAIRMAN: It has to be provided by 11 June.

Mr W.R. MARMION: Okay. We will provide information on what we anticipate under that appropriation to be constructed in that period, and where we are at against that amount; that is, the number that have been completed and the completion stages of the residual houses.

Mr M. McGOWAN: How many was the government contracted or expected to construct under the stimulus package? That is still a little unclear to me. There were 1 750 under stage 2 and I am not sure how many under stage 1.

Mr W.R. MARMION: We will provide the best information we can by that date.

The CHAIRMAN: Can we just nail this question, so we can get it down?

Mr M. McGOWAN: The total number of houses expected to be constructed under the stimulus package, the total number constructed as of the date of providing information, and the total number speculated to be constructed as of 30 June.

[Supplementary Information No A49.]

Mr P.C. TINLEY: Sorry to go around the same buoy here, but I am curious about how the process works. I refer to page 904 and the same line item. In 2009–10, there was an allocation of \$680 million thrown at the authority. It is not just the dough; it is the asset. I know we have talked around this. What process did the authority go through in 2009–10 to arrive at the decision to build X number of houses out of that?

Mr W.R. MARMION: The member is after the process?

Mr P.C. TINLEY: I want to know how \$680 million ended up on that page and what it relates to.

Mr W.R. MARMION: I will refer that to Mr Whyte.

Mr P. Whyte: The funding from the federal government on this occasion was received by Treasury and Treasury appropriated the money directly to the housing authority. The funding was therefore on the basis of the commonwealth's drawdown regime, not on the basis of what the agency had actually committed to build. For 2009–10, we committed to build 313 houses, and all those houses will be built by 30 June. For the 1 755 additional houses to be constructed, we were given the average cost of building an average house. As has been already stated, we went out and procured those houses, and we have, in fact, been able to come in slightly under the average cost, so we will be able to deliver more than was initially required.

Mr P.C. TINLEY: So it is a carryover?

Mr P. Whyte: Yes.

Dr M.D. NAHAN: That is a lot of data. Just to clarify, is the agency on schedule as planned?

Mr W.R. MARMION: I believe we are. I am hoping that on 30 June, we will deliver the houses we said to the commonwealth we would deliver.

Chairman; Mr Mark McGowan; Mr Bill Marmion; Mr Paul Papalia; Mr Peter Tinley; Dr Mike Nahan; Ms Andrea Mitchell; Mr Paul Miles; Ms Janine Freeman

Mr M. McGOWAN: I asked about page 904. The minister will note that the budget for 2008–09 is massive because of the commonwealth contribution, and also for the coming year because of carryover. I also note that in each of the out years, the budget for construction of new houses for Homeswest tenants is pitiful; it is a minuscule amount of money. Are these forward estimates correct?

Mr W.R. MARMION: Yes, as of today, they are our best guess for the out years.

Mr M. McGOWAN: But for the commonwealth contribution, the agency will spend tiny amounts of money in future years on Homeswest housing.

Mr W.R. MARMION: The figures are distorted. They would have been larger but we brought our expenditure forward to combine with the efficiencies we could get by combining with the commonwealth stimulus package.

[4.30 pm]

Mr P.C. TINLEY: I draw the minister's attention to the first dot point on page 905 about demand. I understand that the total housing stock for the department is approximately 40 000.

Mr W.R. MARMION: Yes.

Mr P.C. TINLEY: The first dot point refers to a divestment, or a disposal and reinvestment program. As of April 2010 the department had disposed of a total of 13 properties, funnily enough, with a value of close on \$13 million—million-dollar properties, which is nice—and 10 properties were spot-purchased for a total cost of \$4.3 million. Why is there such a difference in the figures there? Why would not the department fully expend that \$13 million? What does that represent as a percentage of 40 000 homes?

Mr W.R. MARMION: They were the numbers at the time. The program is just starting. It is a work in progress, but I can update those figures. The department has sold 15 properties to date, so the figure is now \$14.9 million. We have three properties awaiting settlement, which will realise another \$2.6 million. One property is approved for sale at \$1.25 million and four properties are awaiting ministerial approval for sale. Therefore, 25 properties have been identified to be purchased from the sale of these high-value properties. It is a case of where we are in the process.

Mr P.C. TINLEY: Of the 40 000 homes in the housing stock, how many has the department identified for sale in this reinvestment program?

Mr P. Whyte: We have identified approximately 100 properties in that \$1 million and over category. We wait until the properties are vacated before we take action on the properties. In addition to that, we are looking at high-value land. For instance, we use the formula of twice the median value for the vacant land that we hold, and where we are able to sell that land and purchase two for one, we will do so in the same region. We may have a large block that has only one dwelling, and we will sell that block and use it to fund the acquisition of a two-dwelling site. We have 100 properties in that million-dollar range. As far as land is concerned, I do not have that figure with me here.

Mr M. McGOWAN: I have always understood that the criteria was not just the value of the land, in that a range of properties that are owned by Homeswest are in proximity to hospitals, the Shenton Park rehabilitation centre and so forth. They might be high value but the people living in them need to stay in those locations. Are any of the 100 properties that have been identified in proximity to those sorts of facilities?

Mr W.R. MARMION: I will let the director of finance elaborate. The member for Rockingham is right, and the criteria is a bit more wide ranging. Properties are evaluated in terms of amenity and services, such as public transport, hospitals and shops, on a case-by-case basis.

Mr P. Whyte: Yes. In fact, there are criteria other than just price that we consider. Our first pass was to identify properties of that value. Again, we do not move on a tenant who is in situ and has a need for that residence. When we go to sell the property, we are always looking for purchases within that region or proximity so that we can deliver equal to or better housing outcomes for the people concerned.

Mr P.C. TINLEY: What are the chances of selling a house worth more than \$1 million in Shenton Park and being able to buy another house in Shenton Park?

Mr P. Whyte: It may be that we are able to use land to build two units on; it is about overall yield. In answer to the member's question, it is unlikely if we are buying a similar property in the same market that we are going to be able to buy like for like. We are looking for greater amenity and greater yield on the properties that we purchase.

Mr W.R. MARMION: I will give an example in point. Right opposite where I used to live in Mt Claremont were five Homeswest units that were rebuilt following a redevelopment of the site from a single dwelling to

group housing. There are some very old houses around the old Graylands area of Mt Claremont that are worth over \$1 million. Also in Mt Claremont, in recent years Homeswest redeveloped in Alfred Road a group housing development of about 10 units.

Mr P. PAPALIA: I would like to request supplementary information. Is it possible for the minister to provide a table detailing the properties that have been sold and also the purchases since this program commenced so that we can compare where, by location, these sales and purchases have occurred? I think the program started under the previous minister in the last financial year.

Mr W.R. MARMION: I would like to clarify that the member is interested in only the houses sold under this program?

Mr P. PAPALIA: And where the new properties have been purchased with that money. The minister has identified in the first dot point on page 905 under “Significant Issues Impacting the Agency” that some properties have been sold and some have been purchased with the proceeds. Would it be possible to provide a table detailing where all the properties have been sold and for how much, and where they have been purchased and for how much over the length of the program, because it commenced a little before this financial year?

Mr W.R. MARMION: It will be properties that were sold only for this program, because we buy and sell houses for other reasons.

Mr P. PAPALIA: Yes, for this specific program that we are talking about now.

Mr W.R. MARMION: I am happy to provide that. The supplementary data that we will provide will be a list of properties sold under this program, which are the high-value properties we have identified to get funds to reinvest into purchasing extra homes or developing land to provide more homes; and we will provide the information for the ones that we have sold and where we are going to put the new ones.

[*Supplementary Information No A50.*]

Ms A.R. MITCHELL: I refer the minister to the sixth dot point on page 906, the royalties for regions Roebourne housing initiative. I note the intent is to rebuild 12 units of accommodation. I might be ahead of myself on this, but my concern is that rebuilding on the village component would raise an issue because of the cemetery that is nearby. Is it the intention to rebuild completely on the same plan or to vary that building project?

[4.40 pm]

Mr W.R. MARMION: The member has gone into a bit more detail than I can answer. I know the area but I do not know much about the cemetery side of things, so I will pass the question to the director general.

Mr G.J. Searle: We have been working with the newly formed Aboriginal congress in Roebourne to look at how we might progress this. The intention of the department is to build 12 new accommodation units in Roebourne itself, as distinct from the village. The intention is to put our best tenants into those houses and to then refurbish the houses they have vacated. We will then relocate the tenants from the village into those houses, with an appropriate housing management regime, and then basically redevelop the village from scratch.

Mr P. PAPALIA: I refer to page 905 of the *Budget Statements* and to the third dot point under “Significant Issues Impacting the Agency”, which states —

...a new State Affordable Housing Strategy which will focus on strengthening social housing, improving the supply of affordable housing options in the wider market and supporting the transition of people through the housing system.

It is all about trying to make housing affordable. Is the minister familiar with the possible impact of developer contribution payments, I think they are called, whereby councils will ask developers to make a contribution for each block they develop, assuming that the council will not be able to recoup the costs of providing social infrastructure once the development is complete? Is the minister aware whether that type of payment is proposed in the metropolitan area, which may have an impact on the department’s plans by perhaps inadvertently pushing up the cost of land for subdivision?

Mr W.R. MARMION: I will let the director general answer this question.

Mr G.J. Searle: We are currently developing the strategy. It is a work in progress. We hope to have something to the minister by the end of July in terms of a detailed strategy. The department is very aware of the cost and difficulty of land development. The department, through its joint ventures, is this year likely to develop 14 per cent of the lots in Perth that have come onto the market. We are heavily involved in this marketplace. Yes, developer charges are an issue. About 40 per cent of the lots we will bring to market this year will be in the

bottom quartile of land value, so we are quite comfortable that we are providing land at the affordable end of the market.

Mr P. PAPALIA: I think this developer contribution payment might impact on the department. For instance, the City of Cockburn is proposing contributor payments in the order of \$3 000 per lot developed. This is not necessarily just for the development of greenfield sites. As I understand it, it might be rolled out across the city. For example, if a person decided to subdivide his block into a battle-axe development, which is the sort of thing we want to encourage because it builds density and brings potentially cheaper property onto the market, I understand that the sort of cost that could be imposed on him—it is not just for developers—is in the order of \$3 000 per block, so that person could be up for \$3 000 for the front block and \$3 000 for the back one. Are the minister and the department aware of that? If not, will they be taking an interest in it? The department's properties would obviously be impacted by that.

Mr W.R. MARMION: If someone were to subdivide his quarter-acre block into two, three or whatever, would the council be asking that person to pay \$3 000?

Mr P. PAPALIA: Not yet. I understand that a proposal is in the public domain suggesting that that is the order of the contribution that councils will be asking for.

Mr W.R. MARMION: On what basis are they doing that?

Mr P. PAPALIA: Developer contributor payments. They are talking about it being a way of paying for social infrastructure into the future. I thought the intention of this contributor payment was primarily to target big developers that develop greenfield sites. They put in things like sporting grounds and parks and then expect the council to pick up the cost.

Mr P.T. MILES: That sounds like an argument for council mergers.

Mr P. PAPALIA: The City of Cockburn is one of the biggest ones in the state, so that is not really relevant. I am wondering whether the department is aware of it; if not, I am drawing it to the minister's and the department's attention.

Mr W.R. MARMION: I was not aware of it but maybe the director general was aware of it.

Mr G.J. Searle: We are used to paying developer charges for our greenfield developments.

Mr P. PAPALIA: But not for brownfield sites.

Mr G.J. Searle: No, we are not. I am not aware of it at the level the member obviously is at this time.

Mr P. PAPALIA: The matter was raised with me by an interest group. I thought this was a good opportunity to flag it.

Mr G.J. Searle: I thank the member for bringing it to our attention.

Ms J.M. FREEMAN: I refer to page 909 of the *Budget Statements* and to the community housing program under "New Works". Given the recent announcement about the transfer of public housing to the community, can the minister outline how many houses are being transferred? Is that shown in the budget? How is the transfer of assets shown in the budget? Under what sort of agreements is that being done, including employment agreements, to ensure that we are not just gaining cheaper housing through workers' wages?

Mr W.R. MARMION: I think that is probably better explained under a different item.

Ms J.M. FREEMAN: If the minister could explain it under a different item, that would be good; it would be good for me to know that for future years. I would like to know how it will be passed over to the community sector. I notice that there is also an item for community housing on page 913. I am trying to work out where the *Budget Statements* show that transfer.

Mr W.R. MARMION: I am advised that page 906 might be a better spot. It is one of our strategies under the third dot point.

Ms J.M. FREEMAN: I understand that it is one of the strategies, but I need to know where the transfer of the asset shows up in the balance sheets.

Mr W.R. MARMION: I will pass that across to Paul. The advice I have been given is that it shows up in our revenue in terms of the commonwealth houses that were built, but in actually disposing of them—this will be of interest to the member for Rockingham—it will not affect the overall state budget. The director will explain this. It will affect the department's books but it will not affect the state's books. Perhaps the director of finance can explain the accounting side of this transaction.

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Mr P. Whyte: In answering the first part of the member's question on how many properties are to be transferred, under the commonwealth–state agreement—the federal funding from the stimulus program—we are required to transfer up to 75 per cent of the properties or dwellings created under the federal stimulus money. To date, we have earmarked 381 properties to transfer, plus we have just gone out to a request for proposal for 559 properties. The cost of those 559 properties is in the vicinity of \$170 million. In terms of the effect on this agency's budgets and forecasts, the majority of these properties have not yet been completed. Once completed, we must transfer them, but first we will need a valuation for those properties. As such, they do not appear in the budget forward estimates. We have taken advice from the Auditor General and the Department of Treasury and Finance and have been told that the effect will be shown on our revenue statement and balance sheet on the transfer of those properties. That will affect the housing authority's accounts. It will not have a flow-on affect to the state's accounts. The housing authority's accounts form part of the public non-financial corporations sector in the state accounts and are not part of the general government sector, so they will not in fact impact on the state's key ratios of revenue-to-net-debt, for instance.

Ms J.M. FREEMAN: Just a further question through the minister. Have all those 900 properties that the department is transferring been developed through the federal stimulus money? Are other properties outside the federal stimulus money properties being transferred to community housing, or is there any intention to do so?

Mr W.R. MARMION: My understanding is that the answer is yes, but the director of finance might like to elaborate a bit more.

Mr P. Whyte: Yes, a number of state programs have been in place for a number of years, including what is known as SCHIP, the state community housing investment program. The aim of that program was to partner with the community sector to deliver housing and increase housing for those in need. That program has been funded until the 2010–11 financial year.

Ms J.M. FREEMAN: Where is that?

Mr P. Whyte: The funding is by way of appropriation, so it appears in the appropriations to the agency at page 913.

Ms J.M. FREEMAN: That is the \$89 million, \$65 million, \$41 million and \$32 million, is it?

Mr P. Whyte: Correct.

Ms J.M. FREEMAN: That appears as a grant and subsidy out of the agency and is all to build community housing. Who then owns the asset?

Mr W.R. MARMION: We own the asset until we transfer it, but we have a caveat on the title, I understand, so although the asset is transferred to the community housing provider, we have a caveat to make sure that it is used properly and for housing.

Ms J.M. FREEMAN: I have been involved in one of those caveats. It is usually on-sold to a community organisation and not back to the provider. Is that what the caveat document has in it?

Mr W.R. MARMION: I think it might have that in it and other conditions. I will ask the director to elaborate.

Mr P. Whyte: As far as the line item is concerned on page 913, it will be a mix of either direct grants of cash to the community housing sector to complete or conduct a project or it could be land that we have in the housing authority's name, in which case we will retain the title until such time as the arrangement is either bought out or it is earned out. So that is a mix of different tenure and different funding options.

As far as the transfer of properties under the stimulus program is concerned, we have a housing agreement with the community sector, which is a legal agreement. In that, the community housing sector acknowledges the housing authority's interest in the land or in the property, and although we will transfer the title, we will still protect the housing authority's interest in the property by way of an absolute caveat and also potentially by way of a restrictive covenant, restricting the use of that dwelling or that property to community housing or social housing.

Mr P.C. TINLEY: Further to that, I make the assumption that there is a transfer of land title and stamp duty is waived.

Mr W.R. MARMION: I will defer that one on stamp duty to the director. I imagine it would be.

Mr P.C. TINLEY: If not, is there a value to that and how is that funded?

Mr W.R. MARMION: It is a good question.

Mr P. Whyte: Community housing associations are exempt from paying state stamp duty.

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Mr M. McGOWAN: I have just three questions to follow on from that. First, when these houses are transferred to community housing organisations, how does the minister guarantee that the rent they charge the tenants will be no more or less than a Homeswest rent? How does the minister guarantee that into the future, so that there is not some sort of two-tier public housing system? Second, I have had experience as a member of Parliament, as every single member of Parliament has, of complaints about Homeswest houses in certain areas and streets. When I as a member of Parliament telephoned Homeswest to pass on complaints about a certain house in a certain street last week, I was referred off to a community housing organisation. I do not know what it is or where it is or how to get hold of it, or any of those sorts of things. How is the minister going to ensure that that sort of management, social assistance, social work and assistance provided to tenants and neighbours, in the case of a bad tenant, is in place for these houses?

Mr W.R. MARMION: By way of introduction I will take the last question first. An organisation has to be a certain quality provider to get on the list of those organisations from which the department would be prepared to accept an expression of interest. I understand that there may be only half a dozen at the moment, but we are looking at building the capacity, so that could be increased. I would assume that in the tender documents going out there would be criteria for anyone interested in taking on community housing. That will be some safeguard, but I take the point about how we ensure what the rents will be. I assume that will be in the contract. How will we ensure that rents will remain reasonable into the future is quite a good question. I do not know the answer in detail, but perhaps the director of finance might be able to elaborate and then the director general.

Mr P. Whyte: Yes, in fact the housing agreement does stipulate requirements for the community housing providers to fix rent at a percentage of income and/or to make sure that the rent is 75 per cent or below of market. These tenants are sometimes people who may not be eligible for public housing because they may have exceeded the threshold by a dollar or so. Therefore, there are some safeguards in this process for them.

Mr G.J. Searle: One of the issues for us is the regulation of the sector. The commonwealth has been in negotiation with all states about whether there should be national harmonised regulation of the community housing sector. The commonwealth currently has a discussion paper out regarding the future of the sector and the nature of the regulation. Once that process is complete, we will fall in line with either a national system, if there is one, or harmonise legislation with New South Wales and Victoria to make sure that there is a legislatively backed regulatory process that underpins the community housing sector. But we are waiting until that issue of national versus harmonised is resolved rather than proceeding out of step with the rest of the country.

Mr M. McGOWAN: What the minister basically just said is that these houses will be available for people at a rent that is not the same as Homeswest rent and could be significantly more if it is at 75 per cent of market rate. The minister has also indicated that these houses will be available for people who exceed the threshold and so forth, while at the same time we have 9 000 people in total on the priority list who are in all sorts of dire circumstances. Does the minister not think that that is not exactly dealing with the need and ensuring that those who can least afford it are being taken care of?

Mr W.R. MARMION: May I just start by saying that it is a requirement of the commonwealth that 75 per cent of the houses we have constructed for the commonwealth are transferred to the community housing sector.

Mr M. McGOWAN: I think the minister said “up to”.

Mr W.R. MARMION: I think it is up to 75 per cent.

Mr M. McGOWAN: But is there a per cent up to 75 per cent.

Mr P. Whyte: The intention of the commonwealth is that it is 75 per cent.

Mr M. McGOWAN: The minister said “up to”.

The CHAIRMAN: We have had one question from the member for Nollamara and a large amount of additional questions on that.

Mr P. PAPALIA: Yes, and I have another, further question.

The CHAIRMAN: No, you have not.

Mr M. McGOWAN: But this is a subject that we were going to raise.

[5.00 pm]

Mr P. PAPALIA: I will start again with another question.

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The CHAIRMAN: The member can do that. I am saying that there have been seven additional questions relating to the one question, which is not good enough. I give the call to the member for Riverton.

Dr M.D. NAHAN: I refer to the second dot point under “Asset Investment Program” on page 908 of the *Budget Statements* that refers to the development of 1 990 affordable housing lots. Can the minister describe that program? What is meant by affordable housing? How will the program roll out?

[Mr J.M. Francis took the chair.]

Mr W.R. MARMION: The Department of Housing is focusing on housing affordability through the production of affordable housing lots. Over the past six years more than 80 per cent of the department’s lots have been sold below the median price. Of greater significance is that over the same period, nearly 45 per cent of those lots sold for below the lower quartile. The department estimates the production of approximately 1 990 affordable lots in 2010–11 to meet demand, of which 1 494 will be produced with the department’s joint venture partners. The department is also responding to market demand by increasing production across its development portfolio, which consists of 13 joint ventures and 10 urban renewal and redevelopment projects.

The department is also progressing a number of new land developments to further add to the supply of affordable lots in the future. The new developments in 2010–11 include Henley Brook, Golden Bay, Harrisdale and Stratton. That is just one of the factors in the department’s plan to increase affordable housing in Western Australia.

Dr M.D. NAHAN: Will there be multi-dwelling units on one lot or only single-dwelling units per block? Could there be 1 990 affordable housing lots but more than one dwelling unit per block?

Mr W.R. MARMION: Yes.

Mr P. PAPALIA: Golden Bay is a reasonably attractive area because it is close to the beach; therefore, land in that area has a high value. How will the department ensure that lots in Golden Bay remain affordable?

Mr W.R. MARMION: Golden Bay extends right through to the railway line.

Mr M. McGOWAN: To the highway; the railway runs alongside the road.

Mr W.R. MARMION: It is in a location that is well serviced by public transport and roads.

Mr P. PAPALIA: I know the block that the minister is talking about. How will the department ensure that prices do not go up?

Mr W.R. MARMION: Given that it will be done through a joint venture, the department stipulates the price of the lots. We can ensure that prices are kept at a reasonable level. I ask the director general to provide more detail.

Mr G.J. Searle: We are now at the stage of doing advanced planning for the Golden Bay subdivision. On Tuesday we gave a brief to the City of Rockingham about the subdivision and what we are trying to do in that space. A lot of it is about mixing densities. It is a fairly complex site. The member is right: the land that fronts the coast will be expensive land that will sell for high prices. We think we can get a range of densities on the block, ranging from R20 to R60. There will be a range of smaller cottage lots, maybe down as far as 10-metre or 7.5-metre frontages. That will change the style of accommodation that is provided from four by twos and big things to big cottage lots. It will target a particular market around a transport-oriented development

Mr P. PAPALIA: What is considered “affordable”?

Mr G.J. Searle: One of the things that the department is focused on—and has been for a while—is the shared equity program, taking into account people’s income and their ability to raise finance through Keystart. We will look through the subdivisional activity so that we can put a range of shared equity products on the market. We do not have exact price points as yet, but we are thinking of providing built form rather than just selling lots on the market.

Mr P. PAPALIA: Would they be available only to those engaged in the shared equity scheme with the government?

Mr W.R. MARMION: Yes.

Mr M. McGOWAN: I refer to the third dot point on page 906 of the *Budget Statements* and return to the issue that we were discussing before. I am quite unclear about certain issues. I ask the minister to provide by way of supplementary information the rules, guidelines and arrangements for the rent for those properties; the rules, guidelines and arrangements for the threshold by which people can access those properties; and, information regarding the management of those properties and what sort of social work assistance arrangements will be available for both tenants and neighbours. It is a big subject and we only just touched on it.

Chairman; Mr Mark McGowan; Mr Bill Marmion; Mr Paul Papalia; Mr Peter Tinley; Dr Mike Nahan; Ms Andrea Mitchell; Mr Paul Miles; Ms Janine Freeman

The CHAIRMAN: Does the minister agree to provide that information by way of supplementary information?

Mr W.R. MARMION: I will try to restate what the member wants. We will provide the rules and guidelines for how the rent will be determined; the threshold for access to those houses; and, the management arrangements in place for neighbours and tenants in terms of social support.

Mr M. McGOWAN: Can the minister also provide the rules or guidelines for the disposal of the properties to the community sector?

Mr W.R. MARMION: We are happy to provide a copy of the housing management agreement because that might sort it all out.

Mr M. McGOWAN: Does that contain all that detail?

Mr W.R. MARMION: It contains some of that information.

Mr M. McGOWAN: I ask the minister to provide that plus the detail that I have asked for.

[Supplementary Information No A51.]

Mr P. PAPALIA: I am interested in the questions asked by the member for Rockingham. Specifically, I am interested in what the member said about being a member of Parliament and receiving a complaint about Homeswest tenants. I am concerned that in the event that these houses are passed over to social housing third parties, it will be difficult to identify who is responsible or who is the point of contact for a member of Parliament who receives a complaint from neighbours about bad tenants. I hope that the information provided by way of supplementary information has some degree of detail about the plans to ensure that there is a coordinated oversight provision that enables all members of Parliament, who are scattered across the state, to easily identify who they should talk to about these properties. With Homeswest, we know who it is. Members of the public want to know as well. We are doing this on behalf of the members of the public.

[5.10 pm]

Mr W.R. MARMION: Specifically, on a point of clarification about who people should ring when they have a problem with antisocial behaviour and whether the community housing service provider will be responsive to people who ring up, yes.

Dr M.D. NAHAN: I understand that there is great deal of variability with the programs provided for social housing. Therefore, guidelines may not be as accurate because they are just general guidelines and they operate at different scales of the market. Is that the case?

Mr W.R. MARMION: I will ask the director general to answer that question.

Mr G.J. Searle: A range of different providers exist and they provide different levels of support. Some of them target very problematic parts of the market; others target key service workers. There are different frameworks within different organisations.

Dr M.D. NAHAN: And they may not compete directly with Homeswest.

Mr G.J. Searle: Yes.

Mr P.C. TINLEY: I refer to the procurement savings of \$5.706 million in the table of major spending changes on page 904 of the budget papers. Can the minister detail what those procurement savings are? Why has the amount flatlined throughout the forward years? Is there some sort of constant saving that is found every year regardless?

Mr W.R. MARMION: That is a very good question. I will have to refer it to the director of finance to explain that flatlining.

Mr P. Whyte: The procurement savings are part of the government's three per cent procurement efficiency requirements. The organisation is required to find savings by way of administrative efficiencies. That is in fact how the housing authority is going to find the savings. The flatlining is the estimate that is provided to us by Treasury.

Mr P.C. TINLEY: Treasury has been quite generous in its flatlining; it has given the department no consumer price index increase throughout that period.

Mr W.R. MARMION: Yes.

Mr P.C. TINLEY: It is just a flat three per cent reduction. How do I find where that came from? What did the department have to forgo to meet its three per cent efficiencies?

Mr W.R. MARMION: I think the director answered that—through administration. However, he might like to confirm that.

Mr P. Whyte: The number has flatlined because it is on a base year, and three per cent is calculated for all years going out based on that base year. I may need clarification, but that may well have been the current year. That is the format that is used. The agency found savings in advertising and a number of different areas, but, in the main, they are basically administration and marketing savings.

Mr P.C. TINLEY: It seems that, if the department can save three per cent and there has been no impact on services or on the provision of housing, one could say that the minister is not running an efficient machine. How can three per cent be taken out of the budget, yet it have no effect on the department's service delivery?

Mr W.R. MARMION: I think that efficiencies can be found in any organisation. Three per cent can be taken out of a lot of organisations and efficiencies can be found, and they can run as well or better.

Mr P.C. TINLEY: Why does the Minister for Housing not do the Minister for Police—who told me the other day that he is no longer bound by his three per cent efficiency—a favour and carry his and go to six per cent?

Mr W.R. MARMION: That is a good question! There are efficiencies and then there is expenditure. I think the finance director indicated that there were savings in advertising and marketing, so there are savings in some expenditure that the department might forgo because it is of a lesser priority than some of the expenditure for the forward programs. It is not just a reduction in workload; that refers to a reduction in expenditure. It can be related to a range of activities and expenditure items.

Mr P.C. TINLEY: Is it a reasonable suggestion that those savings are being made because the department has been able to transfer housing and those subsequent housing costs to the community sector?

Mr W.R. MARMION: No. In fact, one could argue—this is my view, director general—that there is a greater workload in coming up with guideline systems for transferring housing.

Mr P.C. TINLEY: So the department is stressed.

Mr W.R. MARMION: I would not say that. It probably has an additional workload.

Mr P.C. TINLEY: A few people behind the minister are nodding. No, they are not; sorry!

Mr P.T. MILES: I refer to the cost of services in the income statement on page 912 of the budget papers. There is an amount of money for accommodation, obviously for departmental staff and other services. Is the department looking at relocating some of its services at the very crowded Mirrabooka house site further north to where a large number of its tenants are located to possibly make it easier for some of our seniors who have to try to get down to Mirrabooka, which is no longer the centre of the northern suburbs? Is the minister going to relocate his department further north at Wanneroo or Joondalup?

Mr W.R. MARMION: That is a very specific question, member. I might have to defer this detailed question of great interest to the member to the director general.

Mr G.J. Searle: The department is looking at opening an office in Joondalup. However, rather than opening an office on our own, we have started discussions with Centrelink with a view to co-locating with Centrelink because we think there would be some benefits to our customers from co-locating. Those discussions have started. Given the difficulties of getting commonwealth and state agencies to work together, that may take us a while! But the intent is to co-locate with Centrelink in Joondalup.

Mr P.T. MILES: Another issue with that is obviously being able to get to sites. I know that some of the department's staff are attempting to overcome that by meeting seniors on-site for contract signing and so forth. Is it possible, given the Centrelink option, which is a great idea but it may not prevail, that the department may still consider locating there on its own, even if it is only a shopfront?

Mr W.R. MARMION: The short answer is yes, but perhaps the director general might like to elaborate on that if he can.

Mr G.J. Searle: Yes is right. The Mirrabooka office has been aware for a while of the challenges of servicing the Joondalup region. As I have said, we have started discussions at an officer level, and they are progressing reasonably well so far. But we will target opening an office in that part of the greater metropolitan area.

Mr P.T. MILES: This will match up with the proposed new boundary changes. I understand that the department is changing the boundaries for the housing areas. I think at the moment it is the north coastal area.

Mr W.R. MARMION: Yes.

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Ms J.M. FREEMAN: Can the minister confirm that he is not closing the Mirrabooka office and that there will be no diminution of services at the Mirrabooka office if the department intends to open an office at Joondalup?

[5.20 pm]

Mr W.R. MARMION: Yes.

Ms J.M. FREEMAN: Yes, the minister is closing it?

Mr W.R. MARMION: I am confirming that we are not closing it.

Mr M. McGOWAN: I refer to the fourth dot point on page 906 of the *Budget Statements*. The Department of Housing is working on the National Partnership Agreement on Remote Indigenous Housing, under which it has committed to construct 75 houses that will be serviced and fully completed by 30 June this year, which is in three weeks. How is that progressing and will the government meet its commitment?

Mr W.R. MARMION: I hope that we will meet that commitment. As I said before, I have seen 18 houses at Halls Creek that are nearing completion. My department has assured me that we will meet the target of building 75 houses, but we will need to finish a fair few houses in June. The director general has the current figures and I will let him elaborate on where we are at with the delivery of the 75 houses.

Mr G.J. Searle: This has been a challenging program to deliver. I do not know whether members have been watching the weather forecasts for the north west, but the rainfall in May broke records in parts of the Kimberley, which has been a challenge for us. We currently have 55 dwellings on the ground in the right locations that are awaiting practical completion, 12 of which are occupied, and we hope to complete another six this week. There are 22 dwellings off site. We are confident that if we get reasonable weather for the rest of the month, we will meet the target of building 75 homes.

Mr M. McGOWAN: Was the commitment to have them completed and occupied by 30 June the agreement reached by the state government with the commonwealth government?

Mr W.R. MARMION: The agreement was just to have them completed.

Mr M. McGOWAN: Does that mean completed, serviced and hooked up to electricity and running water and so forth?

Mr W.R. MARMION: Yes.

Mr M. McGOWAN: The former Minister for Housing made numerous assertions, without qualification, that the houses would be completed and occupied by 30 June. The current minister is now saying that a number of them may not be completed by that date.

Mr W.R. MARMION: I have not said that.

Mr M. McGOWAN: The minister said that 55 are on the ground awaiting completion, 12 are occupied and 22 are off site, obviously waiting to be moved to the site to be hooked up. If the government does not meet that commitment, the commonwealth government can penalise the state government. What is the potential penalty for not complying?

Mr W.R. MARMION: I understand that \$100 million of funding would be contestable. I have been advised that we are ahead of most of the states in the delivery of the houses. I will let the director general elaborate on what the penalties might be and on the detail of the condition of receiving the \$100 million.

Mr G.J. Searle: Under the national partnership agreement, the commonwealth government has made the funding in future years contestable. The states are entitled to receive 75 per cent of the funding under the formula and the other 25 per cent is contestable based on performance. The department has worked very hard to focus on the very difficult challenge of building these 75 houses. It is a matter of not only building the houses, but also meeting the tenure requirements of the commonwealth, which are quite complicated. The agreement was dependent upon passing legislation to manage these houses, which the government did with the support of the opposition. Technically, 25 per cent of the future funding under the national partnership agreement is at risk.

Mr M. McGOWAN: How much is that?

Mr G.J. Searle: It varies from year to year over the life of the program, but potentially \$100 million in total is at risk.

Mr M. McGOWAN: Will the minister repeat the commitment made by the former Minister for Housing that these houses will be on site and completed by 30 June?

Chairman; Mr Mark McGowan; Mr Bill Marmion; Mr Paul Papalia; Mr Peter Tinley; Dr Mike Nahan; Ms Andrea Mitchell; Mr Paul Miles; Ms Janine Freeman

Mr W.R. MARMION: I hope so. Obviously, I cannot build them myself and make sure that they are completed but we have contractors on site. It should not rain at this time of the year in the off season in the north west but it rained Friday week ago, which delayed some of the work. We can only do our best. If we can get 100 per cent of the 75 homes completed, I will be absolutely elated, and if we fall short by one or two, I will be a bit disappointed. If we are ahead of all the other states and they do not meet their commitments, and we complete 98 per cent and the other states complete 50 per cent, I will be reasonably pleased with the department building 75 houses in a difficult situation. It has been difficult mainly because of the land tenure problems. The commonwealth required us to enter into land tenure arrangements so that we could manage the houses over a 40-year lease.

Mr P.T. MILES: I refer to page 912 of the *Budget Statements*. Recently, Parliament passed the Gas Supply (Gas Quality Specifications) Bill, which regulates the quality of gas and the gas appliances that have to be upgraded. I understand that BHP Billiton will fund a substantial part of that. Will Homeswest upgrade the gas appliances in its stock of houses?

Mr W.R. MARMION: I understand that some funds have been allocated for that from another department. I have read that somewhere.

Ms L.M. Brooks: We have allocated from the Office of Energy \$2.4 million this year and \$3.9 million next year.

Ms J.M. FREEMAN: Is that the hardship efficiency package for the efficient water heating program on page 904 of the *Budget Statements* under “Major Spending Changes”?

Mr W.R. MARMION: Yes.

Ms J.M. FREEMAN: Can the minister confirm that that money is from the Office of Energy and not the Department of Housing?

Mr W.R. MARMION: Yes.

Mr P. PAPALIA: I refer to the last dot point page 906 concerning the Roebourne housing initiative. This is a commendable initiative but my concern revolves around this being defined as an appropriate program to receive royalties for regions expenditure. How did the minister determine that removing and replacing state housing was a non-core business of the department to the extent that it justifies receiving royalties for regions funding? The justification for royalties for regions is that it would be above and beyond the normal activity of government in the regions and that such programs would therefore attract additional expenditure.

Mr W.R. MARMION: As the Minister for Housing, I am happy to have the funds to deliver the program. The member would have to ask the relevant minister.

Mr P. PAPALIA: The Minister for Housing is receiving the funds. I wonder what argument the minister put to the “Minister for Regional Development and Lots of Money” for how the project in Roebourne deserved to be designated as a royalties for regions project.

Mr P.T. MILES: It is taxpayers’ money.

Mr W.R. MARMION: It is in my program.

Mr P. PAPALIA: If this \$5 million from the royalties for regions bucket is going to the minister’s department, does that mean that the minister has reduced his budget elsewhere by \$5 million because he does not have to spend that money as a result of receiving this royalties for regions money?

Mr W.R. MARMION: This is an added bonus for us. Those houses would not have been built otherwise. It is the same as taking commonwealth government money.

Mr P. PAPALIA: Or —

The CHAIRMAN: Member for Wambro! Let the minister finish his remarks. For the sake of Hansard, we want just one person speaking at a time.

[5.30 pm]

Mr W.R. MARMION: The quick answer is no. These are additional houses that we will be building, thanks to the money from royalties for regions. Roebourne is in an area—the member has been there —

Mr P. PAPALIA: Yes, I have been there!

Mr W.R. MARMION: It is an area in which the money will be well spent.

Chairman; Mr Mark McGowan; Mr Bill Marmion; Mr Paul Papalia; Mr Peter Tinley; Dr Mike Nahan; Ms Andrea Mitchell; Mr Paul Miles; Ms Janine Freeman

Mr P. PAPALIA: In that case, was an analysis done that determined that this work was essential this year; or was this work that was on the books waiting to be done when money became available, so the analysis had been done prior to this year?

Mr W.R. MARMION: I understand where the member is coming from now. I will ask the director general to respond.

Mr G.J. Searle: This is not work previously planned for this financial year. As the member is aware, a number of issues have surfaced in Roebourne recently. This is part of what we hope will be a bigger package of programs towards Roebourne. There is also commonwealth stimulus money going into Roebourne. There are 32 houses planned as part of the Ngarluma Aboriginal sustainable housing redevelopment. A range of funding sources are going into Roebourne, primarily in response to the current situation in the town. So it is not money that was planned for through the forward estimates. It is actually part of what will be a bigger response to the challenges that Roebourne faces.

Mr P. PAPALIA: Would this not ever have occurred had the department not received a royalties for regions windfall?

Mr W.R. MARMION: It is a good question—whether these specific houses would have been built is a good question. Obviously we would have to be looking at Roebourne, but these will be additional houses that we will be building. We will now be able to build more houses in Roebourne. That would be my answer.

Mr P.C. TINLEY: Perhaps the minister can help me out here with a line item. It is for maintenance of the housing stock—these 40 000 dwellings

Mr W.R. MARMION: Which line item?

Mr P.C. TINLEY: That is what I am looking for!

The CHAIRMAN: Member for Willagee, you need to refer to a page and a line item.

Mr P.C. TINLEY: We will get to that. I want to find out where in the budget maintenance is shown.

The CHAIRMAN: I will leave the answering of that to the minister's discretion. Obviously, if the member has not referred to a page and a line item, and the minister can help the member, I am sure he will appreciate it.

Mr P.C. TINLEY: It would help the people of Western Australia.

Mr W.R. MARMION: I will pass that to the director of finance as to where maintenance is put in our budget.

Mr P. Whyte: It is at page 915, under "Cash flows From Operating Activities", the fourth item down, "Accommodation". That item includes money that we spend on building maintenance.

Mr P.C. TINLEY: Includes?

Mr P. Whyte: Yes.

Mr P.C. TINLEY: So it is not the total amount.

Mr P. Whyte: No.

Mr P.C. TINLEY: I refer again to page 915, "Accommodation", as referred to by the minister's adviser. I understand that the department seems to have changed its focus on how maintains its housing stock and it now has a zone maintenance program. Is that correct?

Mr W.R. MARMION: Yes, I understand that is true.

Mr P.C. TINLEY: What will be the expected savings from the zone maintenance program?

Mr W.R. MARMION: I will have to ask the director general for the expected savings. As the member may be aware, because I spoke to the member about it a couple of weeks ago, the department runs 700 individual contracts. The purpose of this program is to compact the number of contracts that the department looks after. That will be an efficiency for the department. For the actual dollars in terms of what the department predicts it will be saving, I will ask the director general to answer that specific question.

Mr G.J. Searle: With a housing stock of 40 000 houses, maintenance is always going to be an issue for us. We think the cost savings resulting from the change in arrangements will be in the order of 10 per cent on a like-for-like basis. But the intention of the department is to increase our maintenance effort rather than reduce our maintenance budget. So we would expect to get 10 per cent more maintenance done for the same expenditure.

Mr P.C. TINLEY: So will the department be able to undertake more maintenance for less?

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Mr W.R. MARMION: For the same money, yes. Can I just add, from the information that I have on the specific figures, it is expected that over a three-year period there will be a saving of about \$20 million in the cost of maintaining the state's 40 000 houses. That can be reinvested into the housing stock.

Mr P.C. TINLEY: In the detail of the zone maintenance program—I am particularly focused on the regions now—I note that tenders were awarded, and that the people who won those tenders were large companies with some experience in maintenance. That is gratifying to see. Is there any provision for local content? I am speaking specifically about the approximately 150 subcontractors in the Kimberley area, just as an example. I am sure it is the same in other regional areas; I am less concerned about the metropolitan area. Those subcontractors rely for a large percentage of their business on the department's works program. Will those subcontractors still be required under this arrangement; and, if so, to what extent?

Mr W.R. MARMION: The contract requires the successful tenderers to have a local operational office in the region. They must provide local employment. They must source goods and materials locally where possible. They must adhere to a payment schedule of agreements with subcontractors. So there is an emphasis on local employment in these contracts.

Mr P.C. TINLEY: But it is not mandated.

Mr W.R. MARMION: It is in the contract. A contract is a contract. The director of finances will detail what the contract means.

Mr P. Whyte: The tender stipulated the requirements for the proponents. That specified the services that are to be provided.

Mr W.R. MARMION: There is a contract with each of the successful tenderers. That is consistent with what the director of finance has said.

Mr M. McGOWAN: Does the contract specify an amount of local content, or does it specify that the contractors should use their best endeavours to secure local content?

Mr W.R. MARMION: I will ask the director of finance to respond.

Mr P. Whyte: My understanding is that it is best endeavours.

Ms J.M. FREEMAN: I want to clarify what zone maintenance means. When people ring up for zone maintenance, I understand that, in some cases, the phone calls go to out-of-state call centres, like Queensland; I think it is 3. How will the department be monitoring that so that we do not end up with a situation in which a zone contractor in the south gets a phone call and has to go to Joondalup, or a contractor from the Perth zone has to go to Kalgoorlie? Can the minister confirm that the call centres are now not in Perth, and can the minister tell us how that will be monitored?

Mr W.R. MARMION: I will ask the director general to answer that.

Mr G.J. Searle: The call centre that the member might be referring to is the after-hours number. That is an externally-sourced contract and has been for a large number of years. The tenderer has changed recently. The main call centre is in fact based in our Mirrabooka office. There was some confusion about what Housing Direct is. It is in fact part of the department. It is just a name for people, for simplicity. So the relationship with people who are reporting maintenance requirements is as it has been. There is no change to that. It is just that when we allocate the work, it will be allocated to the head contractor rather than trying to chase down one of the 700-plus existing contractors as we used to do in the past. So it should simplify the arrangements rather than complicate them.

Ms J.M. FREEMAN: So will the jobs that come in to the after-hours number just be put on a list that then goes to the main call centre, or will the people at the after-hours number distribute the jobs to the main contractors?

[5.40 pm]

Mr W.R. MARMION: I will pass that question to Mr Parry.

Mr S.C. Parry: It distributes it to the contractors. It is used only for emergencies—complete power breakdowns or some serious issue within the property. The work is distributed to the head contractor, whose responsibility it is to call out the local contractor.

Ms J.M. FREEMAN: Further to that, and just to clarify: suppose I am a Homeswest tenant and my power has gone off. I call the emergency after-hours number, the call goes over to Queensland, and they call the head contractor that they think goes with that zone. How are we going to ensure that they do not end up sending someone from Perth to Kalgoorlie? How will that be monitored?

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Mr S.C. Parry: It is an automated system, so they know which contractor it is and where the location is. The system will determine where it goes. As the director general pointed out, there is no change to the system; it is just a change to the contractor who is doing the after-hours telephone service. The system is the same.

Ms A.R. MITCHELL: I refer to the line item “Fitzroy Crossing Swimming Pool Construction and Ongoing Management”, under “Details of Controlled Grants and Subsidies” on page 913. I was surprised to see this facility fall under the housing authority. I understand it might have been under the Department of Housing initially, but is it the intention that this will remain with the housing authority?

Mr W.R. MARMION: Yes, it is. I was a bit surprised to see it also. The Minister for Health and others are very keen for it to stay with the housing authority, purely because of the expertise that the agency has in maintaining houses. It is seen as more efficient for the housing authority to look after these very important swimming pools in remote communities. The member will notice the line item for the Fitzroy Crossing pool, which is a new pool added to the list of pools that the Department of Housing is required to manage. Perhaps the director general can add more.

Mr G.J. Searle: This is part of an ongoing program; I think this is the seventh pool we have opened. The Fitzroy pool is the latest one; it opened this financial year. There is strong evidence of the benefits of swimming pools in remote Indigenous communities. Given that we have a presence in those communities and most other government departments do not, it was deemed rational for us to do it rather than bring another agency in.

Mr M. McGOWAN: I refer to page 904. I am looking at the total appropriation to deliver services and, as we pointed out earlier, capital works is going down to zero in a year’s time for each of the out years. Total appropriations to deliver services is going down to \$20 million in 2012–13 and \$16.9 million in 2013–14. I assume that this means that there are no new houses to be constructed and that the money in the budget will be only for operating the department—that is, paying salaries, rent, wages, electricity and so forth. Is that a correct assessment?

Mr W.R. MARMION: I will pass that question to the director general.

Mr G.J. Searle: There are two parts. One is the reduction in the net amount appropriated, which is down to \$69 million. The capital funding for 2012–13 and 2013–14 and some of it for 2011–12 is actually brought forward to make a sum total of \$130 million, as for last year. There was a capital injection. We have not yet had negotiations with Treasury about whether those sums will be reinstated in the forward estimates, which is why there is currently nothing in the forward estimates.

Mr M. McGOWAN: As opposed to what the commonwealth government did, which was to put in new money. In any event, the net appropriation has come down; does that mean that the agency will just be administering what it currently administers?

Mr W.R. MARMION: I will let the director add to the director general’s answer.

Mr P. Whyte: I refer the member to page 915 and “Cashflows From Investing Activities”. The housing authority generates its own source revenues from its rental program and its land development program. Those surplus funds are reinvested by the organisation into, among other things, the construction of housing. The line item “Purchase of non-current assets” shows the amount of activity the department expects to create in terms of further assets, including housing.

Mr M. McGOWAN: Will all those activities be funded by the agency’s land developments—for instance, Golden Bay? Is it \$198 million in the last year of the forward estimates? Is that correct?

Mr W.R. MARMION: I ask the director to answer that.

Mr P. Whyte: Is the member referring to the 2013–14 forward estimates of \$198 927 000?

Mr M. McGOWAN: Yes. That amount will be spent—even though it has brackets around it, which I do not quite understand—on that, so that the money appropriated to deliver services will be for the ordinary operations of the agency.

Mr P. Whyte: The organisation receives funds from appropriations and, from time to time, spends that money on the construction of housing. In the out years, the amounts that appear are the amounts we have earmarked for expenditure on capital assets.

Mr M. McGOWAN: I am still not getting it. We have a capital appropriation division, but we have an appropriation to deliver services, which I assume is recurrent. Of the \$16.9 million in the out years, I assume none of it is being spent on capital works but on agency operations—all the people in Homeswest Kwinana and so forth.

Mr W.R. MARMION: Correct.

Mr M. McGOWAN: Okay.

The CHAIRMAN: The member for Willagee. Sorry, the member for Warnbro!

Mr P. PAPALIA: I was expecting self-preservation to kick in shortly!

The CHAIRMAN: Are you threatening me, member for Warnbro?

Mr P. PAPALIA: I would not dream of it!

I refer to 915. I wanted to get the further question in earlier, because I did not hear the original reference point that everyone accepted as being in the right place in respect of the service contract for housing and the nature of that contract.

The CHAIRMAN: Page 915.

Mr P. PAPALIA: Yes, we were discussing it earlier. With regard to that contract, given our best endeavours, we have acknowledged that it does not really tie people into doing much; it gives them an out.

Mr W.R. MARMION: Those are the member's words.

Mr P. PAPALIA: I might be able to say that, but the minister would not!

Acknowledging that, does the contract nevertheless include any sort of requirement upon the tenderers for traineeships or any sort of level of provision of them as part of the contract requirements? Secondly, beyond local content, does it compel the contractors to employ a minimum number of local Indigenous people?

Mr W.R. MARMION: That is a good question. Does the director have any details about that?

Mr P. PAPALIA: Given that we will be building houses in Indigenous communities.

[5.50 pm]

Mr W.R. MARMION: I will pass that over to the director general.

Mr G.J. Searle: We are at the stage where we have preferred tenderers. The final contracts have not been signed as yet; there is still some work in progress. These are not the contracts that will be used for construction; these are for maintenance. With regard to the local content issue, if we want someone to do plumbing in Geraldton or Karratha, it would make no economic sense for the head contractor to fly somebody from Perth to do that work.

Mr P. PAPALIA: It would not be the first time.

Mr G.J. Searle: There is a range of reasons that we have to do things sometimes. However, I would think that economically over a long period it would make no sense, and the head contractors could not do that and meet their price requirements to the department. We think that they have no choice but to negotiate and put in place local subcontractors.

Mr P. PAPALIA: Is it correct that the department does not specify local contractors so that the communities that will be receiving these houses can benefit from additional training or employment through the provision of these contracts?

Mr W.R. MARMION: If the member is referring to new houses, that is occurring in Halls Creek. At one of the 18 houses that I saw, there were local Indigenous apprentices and workers. One was working on the house that he will move into. That is a good news story. That is probably happening in a lot of the Indigenous housing programs, as part of the aim to get local Indigenous people working on that program. On the capital side, that is happening. But if the member is referring to maintenance, I will let the director general answer.

Mr G.J. Searle: Specifically, with the refurbishment program under the National Partnership Agreement on Remote Indigenous Housing, the target from the commonwealth is 20 per cent Indigenous employment. My advice is that we will reach 40 per cent under the refurbishment program.

Mr P. PAPALIA: This is part of the refurbishment contract?

Mr G.J. Searle: Yes. We have some early building involvement in those refurbishments, and they have been very conscientious at meeting those Indigenous employment targets.

Mr P. PAPALIA: Does the commonwealth require a certain percentage of trainees and apprentices, as well as Indigenous targets?

Mr W.R. MARMION: I will refer that to the director general

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Mr G.J. Searle: Those arrangements vary from contract to contract depending on the likelihood of contractors being able to source appropriate apprentices. For instance, my understanding is that in Halls Creek our first Indigenous apprentice will complete his apprenticeship this year. It is something the department has focused on and is very keen to see progressed.

Mr P. PAPALIA: This could be done with the maintenance contracts. The construction contracts might be one-off, but maintenance contracts are sustainable.

Mr W.R. MARMION: I have a question on the process. Will we be debating the mines and petroleum division tonight?

The CHAIRMAN: I am aware of the time, and I will be guided by opposition members on this. We have until 7.30 pm to cover a large number of divisions, but we have a break for dinner.

Mr M. McGOWAN: It is not the opposition's intention to bring on the mines and petroleum and Office of Energy divisions. We are keen to stick with housing.

The CHAIRMAN: I am guided by the opposition.

Mr W.R. MARMION: The reason I ask is that I have people from the departments here.

The CHAIRMAN: Perhaps we can work this out at the start of the meal break. Let us get back to the questions.

Mr M. McGOWAN: We will stay with housing until 7.30 pm and then we will go on to Keystart.

The CHAIRMAN: If that is the case, member for Rockingham, the minister will not be requiring his advisers for divisions 15 and 46. In the meantime, perhaps the member for Willagee can ask a further question.

Mr P.C. TINLEY: I refer to the zone maintenance issue, minister. By way of example on this, there is a longstanding plumbing contractor providing services in the south metro area called Caesars Plumbing and Gas. This firm has been doing maintenance for housing and works for 30 years; it is a small to medium enterprise employing 10 apprentices. It has come to me and it is particularly concerned that with the zone maintenance requirement, its capacity to maintain those present apprenticeships—this is not necessarily confirmed for it—will be hampered by the lowest-dollar approach that the department is heading towards. Can the minister give any assurances about a requirement or a guideline to head contractors to ensure support for apprenticeships and traineeships?

Mr W.R. MARMION: That follows on from the previous question.

Mr P. Whyte: When the tender was issued, a 60 per cent weighting was given on the tender to purchasing local and on the local employment aspects. Each of the successful tenderers has satisfied that condition. Throughout the course of the contract, there will be contract reviews, and one of the assessment criteria will be the extent of local employment and sourcing of local content.

Mr P.C. TINLEY: Is that throughout the life of the contract?

Mr P. Whyte: Correct. There will be reviews of the contract. It is a contract with option periods as well, but there are performance points within the contract that stipulate the contractor must demonstrate that it has met all the criteria.

Mr P.C. TINLEY: Would the minister be prepared to provide supplementary information on the criteria for the tender and on the successful tenderers, and I am happy for the usual deletions for commercial-in-confidence stuff, so that we can look at that?

Mr W.R. MARMION: I am happy to supply supplementary information on the contract. I will check with my department that all contracts are the same.

Mr G.J. Searle: Yes.

Mr P.C. TINLEY: The request is for the tender, the original request for tender, including the success criteria, if that is separate to it; and also confirmation that all of those successful tenderers received the documentation and met the mandatory requirements for participation in that tender. I wanted to confirm the inclusive nature of what I am seeking—and a contract.

Mr W.R. MARMION: I am happy to supply that.

[*Supplementary Information No A52.*]

Mr P.C. TINLEY: I refer to the same line item on page 915, "Accommodation", which is where maintenance generally hangs out. Of the 40 000 dwellings that the department manages, how many are on deep sewerage?

Mr W.R. MARMION: I do not know offhand; maybe the director general does.

Mr G.J. Searle: I will take it on notice.

Mr P.C. TINLEY: Would it surprise the minister to know that over half the department's properties are not on deep sewerage?

Mr W.R. MARMION: It probably would surprise me.

Mr P.C. TINLEY: I can tell the minister that it is a large number, although I will not pin it to an actual number.

Mr W.R. MARMION: If country properties are included, yes.

Mr P.C. TINLEY: Let us refine my question to the metropolitan area, where one would think the average modern house would be connected to deep sewerage, yet the department's houses, with Homeswest tenants in them, do not have deep sewerage and these tenants are reliant on a septic tank, which is completely outmoded.

Mr W.R. MARMION: The member would like to know the number of —

Mr P.C. TINLEY: I would like that as supplementary information, if the minister is prepared to provide it, on the metro areas.

Mr W.R. MARMION: I will provide information on the number of metro houses that are sewerred, that is, reticulated to deep sewerage.

[Supplementary Information No A53.]

Mr P.C. TINLEY: Given that was of some surprise to the minister, he might not be able to answer this question either: is there a rolling maintenance program or a capital works program to hook them up to the deep sewer?

Mr W.R. MARMION: Which line item is the member referring to? Which page and which line item?

Mr P.C. TINLEY: It is capital works. On page 909, "Minor Works — 2009–10 Program", the fifth line down, although maybe it is not a minor work.

The CHAIRMAN: Unfortunately the minister is not going to get a chance to answer the question this side of dinner. I am seeking guidance from the member for Rockingham. Does the member wish to continue with this after the dinner break?

Mr M. McGOWAN: We will continue after the break.

The CHAIRMAN: The committee will now adjourn until 7.00 pm.

Meeting suspended from 6.00 to 7.00 pm

The CHAIRMAN: I believe the member for Willagee had the call.

Mr P.C. TINLEY: On the deep sewerage issue in relation to housing stock, the minister was going to provide supplementary information. I just want to confirm that we got to the bottom of that, so to speak.

Mr W.R. MARMION: Yes, I think so.

Mr P.C. TINLEY: We were keen to get a list of the number of houses, by region, that are on deep sewerage and those that are not connected to deep sewerage.

Mr W.R. MARMION: It was in the metropolitan areas.

Mr P.C. TINLEY: We would like it across the regions, because there is deep sewerage in regional towns.

Mr W.R. MARMION: Yes.

Mr P.C. TINLEY: We would also like the details of any rolling program for replacement or connection to deep sewerage.

Mr W.R. MARMION: Okay; so that is supplementary information —

The CHAIRMAN: Was that in the supplementary information previously?

Mr P.C. TINLEY: Did we get that? I just want to confirm that we got that.

Mr W.R. MARMION: I think we did. I think it was specified for the last supplementary information that it was for the metropolitan areas. Therefore, if we open it up to include regional areas, it will have to be by way of further supplementary information.

The CHAIRMAN: Can the minister outline exactly what he will provide?

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Mr W.R. MARMION: We will provide for the regions and by zone—we have already done so for the metropolitan areas—a list of houses that are on reticulated sewerage and those that are not.

Mr P.C. TINLEY: And any works programs to connect to it.

Mr W.R. MARMION: If there is a schedule to put these areas on reticulated deep sewerage, which I think would tie in with whatever the Water Corporation program was, we will provide that.

[*Supplementary Information No A54.*]

Mr M. McGOWAN: My question relates to page 906 and to the line item “Waiting times for accommodation — applicants housed”. This appears under the outcomes and key effectiveness indicators. We see there that the housing authority’s aim is to have a waitlist time of 103 weeks.

Mr W.R. MARMION: I am sorry; I do not have the line item.

Mr M. McGOWAN: It is on page 906 under the outcomes and key effectiveness indicators—about three-quarters of the way down the page. The line item is “Waiting times for accommodation — applicants housed”. A wait time of 103 weeks is the budget target. I have two questions relating to that. First, in my electorate, I regularly have constituents coming into my office with letters saying that the wait time for Homeswest housing in Rockingham is six to seven years, so I wonder how that fits with the 103 weeks that the authority suggests is its aim. The second part of the question is: the waitlist as of 31 March was 53 864 individuals—not just applicants; individuals—of whom 9 104 were on the priority list. Can the minister please advise me of the latest figures?

Mr W.R. MARMION: I will allow the director general to explain the waiting time target of 103 weeks, what that represents, how it is worked out, and the latest figures on the waiting list individuals.

Mr G.J. Searle: The issue around waiting times for accommodation is an average across the state and across all types of housing. There are individual housing needs that greatly exceed that waitlist wait time and some that do not. For instance, for people who want six or seven-bedroom houses, the waitlist is much greater because we just do not have a huge amount of stock in that range and the turnover is very slow, whereas in the two and three-bedroom area, the turnaround times are quicker. So that is an average across all types of accommodation across the whole state. That is why in some areas there will be significant variation, particularly given the requirement for housing. In terms of the rental waiting list, as of April the —

Mr M. McGOWAN: Is that 1 April or 30 April?

Mr G.J. Searle: As of 30 April, the waitlist applications numbered 23 865 and the number of people was 53 792.

Mr M. McGOWAN: I will go back to the first part of that question. The average that the authority is aiming for is 103 weeks, which is roughly two years.

Mr W.R. MARMION: Yes.

Mr M. McGOWAN: I still do not understand how that can be the average, when I can guarantee the minister that individuals who are pensioners and who are seeking a one or two-bedroom place are receiving letters saying that the wait time is six or seven years. Considering the south metropolitan area is a massive component of the Homeswest waitlist, how can it be that the average goes down to two years? That must mean that huge numbers of people are receiving houses within a week or two.

Mr W.R. MARMION: I will allow the director general to explain those figures. The director general did mention, of course, that it is an average of all different types of housing, which would probably explain a bit of it, but maybe the director general can explain how the figure is determined. I see from the budget that the actual for 2008–09 was 91 weeks, so there must be a methodology for calculating that figure.

Mr G.J. Searle: Our demand is very uneven across types of accommodation. For instance, for one-bedroom seniors, there are 3 260 applications currently. Therefore, a considerable percentage of the demand is in that one-bedroom senior space, so it would not be unexpected that the waitlist at that end was longer than for some other segments of the market.

Mr M. McGOWAN: My final comment is that it strikes me that there are some areas in which, more broadly, the demand is much greater than in other areas, and the area in which I live is one of those.

Mr W.R. MARMION: Yes, I understand; I agree.

The appropriation was recommended.

[7.10 pm]

Extract from *Hansard*

[ASSEMBLY - Thursday, 3 June 2010]

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Chairman; Mr Mark McGowan; Mr Bill Marmion; Mr Paul Papalia; Mr Peter Tinley; Dr Mike Nahan; Ms
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