

Division 36: Communities — Services 7 to 9, Housing, \$1 099 615 000 —

Mr S.J. Price, Chair.

Mr J.N. Carey, Minister for Housing.

Mr M. Rowe, Director General.

Mr M.C. Bryden, Acting Deputy Director General, Housing and Assets.

Mrs R. Green, Deputy Director General, Community Services.

Mr P. Isaachsen, Assistant Director General, Capability, Reform and Government Priorities.

Mr M. Crevola, Chief Finance Officer.

Ms S.M. Keating, Director, Operations, Housing and Assets.

Mr M. Richardson, Director, Management Accounting and Financial Analysis.

Mr M. Verkuylen, Chief Financial Officer, Keystart.

Ms C. Comrie, Chief of Staff, Minister for Housing.

Ms E. Colombera, Principal Policy Adviser.

[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 close of business Friday, 1 October 2021. 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.

The member for Cottesloe.

Dr D.J. HONEY: I refer to budget paper No 2, page 527 and the efficiency indicators stating the cost per public rental property as \$18 000 per annum and \$12 000 per annum for the Government Regional Officers' Housing properties. Why is there such a high cost for the GROH properties in particular? These are properties that house public officials and I am surprised that there is a cost of \$12 000 for those properties. Is there a reason for that or does that cost include other costs that are not to do with refurbishment or repair?

Mr J.N. CAREY: I thank the member for the question. That is the total cost of the portfolio for the GROH program per property, so it is not necessarily related to just maintenance. I will ask the acting deputy director general to add further comment.

Mr M.C. Bryden: Thank you, minister. As the minister pointed out, that is the total expenditure across the GROH portfolio divided by the number of GROH properties. With significant investment in both public and GROH properties, that cost is increased by virtue of the extra injection.

Dr D.J. HONEY: Through the minister, to be clear, does that include increasing the stock of GROH properties?

Mr J.N. CAREY: I will get the acting deputy director general to respond.

Mr M.C. Bryden: The figures shown on page 527 are a product of the total expenditure divided by the number of properties in relation to GROH. As the number of properties increase, the figure decreases.

Dr D.J. HONEY: It still seems like an extraordinary amount of money. Does that also include the complete refurbishment of properties when they reach their end of life? Perhaps that may account for that high number.

Mr J.N. CAREY: As the member has identified, it includes maintenance, refurbishment costs, employee staff costs et cetera.

Dr D.J. HONEY: How many properties are being managed, then, under the GROH category?

Mr J.N. CAREY: There are around 5 000 units of accommodation in over 200 country locations. Of course, that changes in terms of the market. As the member will be aware, we use a number of different levers to source GROH

properties—for example, that may be spot purchasing, construction or leasing from the private market. We have seen some interest by local governments in leasing and there have been arrangements like that in the past.

Dr D.J. HONEY: In relation to GROH, we have had reports, in some regional centres in particular, that government officers are required to live in caravans or other temporary accommodation and that they cannot access rental accommodation because of the enormous shortage of rental properties overall in most regional centres. What plans are afoot, or are there plans afoot, to increase the stock of GROH properties in those regional centres; and, if so, where is that planned?

[8.10 pm]

Mr J.N. CAREY: I thank the member for the question. There are a number of measures. In the 2021–22 budget, there is a capital works budget of \$19.72 million. That carries on in the outer years. There is a significant investment program for GROH. As the new minister with a fresh set of eyes, I have sought to look at how we can better deliver GROH. As part of that, I have established an internal working group with other government agencies to better forecast GROH into the future and also look at other potential mechanisms so that we can get better delivery of those houses. I also note—this was recently in the media—that when GROH properties may no longer be in demand or be required or are surplus or too old to meet our needs, I requested that the agency look at using those surplus GROH properties for social or public housing. I will give an example. We have already had a win. We are looking at multiple potential wins. In Collie, there were six two-bedroom units. It was identified that these were surplus to the means. Accordingly, we are using funds to refurbish those properties and bring them back into the public housing stock. I think there are some real opportunities. If we can look at the overall GROH framework and policy and how we deliver it, there is perhaps more flexibility. We will build new GROH properties in the regions and obviously lease properties.

I also note—I know the member watches the markets carefully—in terms of the construction market, that there were 27 000 building approvals in the last financial year. Of that, there were approximately 4 000 approvals in regional centres; in fact, local governments are reporting those approvals. We will also see new properties coming onto the market in regional communities, which will potentially be leased. Although it is not in my portfolio, I quickly say that the Minister for Education and Training addressed the issue of people living in caravans. It was corrected, and that is on the public record in the upper house, including the fact that one gentleman chose to live in a caravan. I believe it was only temporary.

Dr D.J. HONEY: I turn to land and housing supply on page 528. Perhaps I could seek your guidance, chair, because we get picked up on the detail of where we ask questions. Does social housing fall within this section? Perhaps the minister could assist me. I see that social housing is mentioned.

Mr J.N. CAREY: Which line item, member?

Dr D.J. HONEY: The first note refers to the Metronet social and affordable housing and jobs package.

The CHAIR: Try asking the question, member, and we will see where it sits.

Dr D.J. HONEY: As the minister would know, there are a lot of discussions, sometimes colourful, in this place around the issue of social housing. The government announced a \$1.9 billion package to grow the social housing stock—over 300 000 houses. What is the average cost of those houses that will be funded in that program?

Mr J.N. CAREY: I will first address the broader area and set out the terms of the total package, which I think is important to put on the record. Note 1 refers to the repurposing of properties previously flagged for sale under the affordable housing and Metronet and social and affordable housing and jobs program. Recognising the current constraints that we face in the construction and housing market with the 27 000 building approvals, we have sought to pull together a two-tier package. The first seeks an immediate injection in the first two years by converting property that would normally be sold as part of joint ventures and so forth or stock of the Department of Communities that would be sold to the private market and repurposed into social housing. That is a quick way, but also in a sense an affordable way, given the current constraints of the market.

I want to flag that we are also looking at modular housing, in particular, to accelerate the delivery of social housing and try to get that housing out the door. The second part of the program involves funding of \$522.5 million for the out years, when we hope the construction market will have cooled down and we can provide a pipeline of work and get value for money. I think the member is identifying that in the current heated market, prices have escalated and we need to factor in the potential cost of housing. That is why I have a deliberate strategy to convert affordable apartments that we can sell to the market and change quickly. In the out years, when the market has cooled off, we will then have that pipeline of work. It is difficult to provide the member with the average cost of a house because I need the agency to purchase and build properties in the regions. Obviously, there is a cost to that. As we know, demand in the regions is higher than in the metropolitan areas. It will vary. I will ask the deputy director general for housing and assets to comment further.

Mr M.C. Bryden: For the repurposing work that the minister referred to, we estimate that approximately \$142.8 million will be spent to repurpose around 432 dwellings. That is the global figure that is provided on page 136 of budget paper No 3.

Dr D.J. HONEY: Perhaps the minister has partially answered this question, but across the four years of this budget—going to the forward estimates of this budget—how many houses does the minister anticipate being repurposed and how many new social homes does he anticipate being built?

Mr J.N. CAREY: Approximately 500 houses that were to be sold to the private market will become social housing. I want to clarify that. I think there is some confusion when people hear the word “repurposing”. When I made this announcement, which was in Success, I spoke about 16 new apartments. We are not talking about old homes that have been sitting there for a few years. They have just been completed. Part of the proposal was that only two would be used for social housing and the remaining 14 would be sold to the private market. It goes to that whole question that the member identified previously about the mix and so forth. Given the demand for social housing, I thought this was a credible way to provide an instant injection without conflating the current heated construction market, given we know this stock is coming online. Those 500 homes are part of that \$875 million injection. I just note, for the record, member, and I say this in a conciliatory tone, the total spend is not \$1.9 billion but \$2.1 billion over the next four years, with the target of 3 300 houses to be delivered.

[8.20 pm]

Dr D.J. HONEY: I am not trying to pin the minister on the fine detail, but around 500 of those will be houses that were otherwise going to be sold, and then there would be about 2 800 new homes in that mix, approximately?

Mr J.N. CAREY: Yes.

The CHAIR: That was more of a statement.

Dr D.J. HONEY: I was seeking clarification, and the minister confirmed it.

Mr J.N. CAREY: I am seeking to confirm that we are aiming for 3 300 new homes. They are all new builds. I want to come back to this. I do not think the member is implying this, but even the 432 that are being converted—I should say the 500 in total—are new builds that are coming online now but were partly to be sold to the private market, so they are all new. We are also doing other programs. Out of those 500 homes, 72 properties will be converted as part of the Metronet social and affordable housing program, so we will have around 432 affordable housing properties, 72 under the Metronet social and affordable housing program, and, of course, on top of that, we have announced spot purchasing of properties to add to the stock. They are all elements that we are doing to provide that initial injection into achieving that number of 3 300.

Mr R.S. LOVE: I refer to page 514 and the line item “Local Government Homelessness Fund” under the election commitments. That is about \$1.5 million in each of the years going forward. I believe that the program is currently open for application, although it closes soon. How will the process or the assessment of applications be conducted?

Mr J.N. CAREY: I thank the member for the question. Unfortunately, that is not within my portfolio, and I do not say that in a negative way. The local government homelessness fund is administered by the Minister for Community Services. I understand the confusion in the public, because, obviously, housing and homelessness are very much connected. However, I am responsible for the delivery of public housing. I can be responsible for the delivery of accommodation until it is handed over to community services, but the member would have to direct his questions on the local government homelessness fund to that minister regarding the process.

Mr R.S. LOVE: There has been a lot of confusion backwards and forwards between the Department of Communities and the Department of Housing throughout this process; we might take that up later on. I turn to the other matter that I would like to discuss, and which has already been discussed, and that is the 3 300 houses that the minister talked about. The minister mentioned that they will be social and affordable housing. Can the minister tell me what is encompassed by the term “social and affordable”? One of the concerns I have in some of the communities I represent is that there is often social housing available, but very little other housing, and people are disinclined to improve their lot and then find themselves out of accommodation. Can the minister describe what that term means and who is eligible for it?

Mr J.N. CAREY: Sorry, which line item was the member referring to? My apologies.

Mr R.S. LOVE: I was referring to the minister’s comments before about 3 300 social and affordable houses that will be constructed under the minister’s program.

Mr J.N. CAREY: Sorry, could the member give me a line item?

Mr R.S. LOVE: It is on page 528.

Mr J.N. CAREY: I would like to be clear that the 3 300 new homes will all be social housing. I made that very deliberate decision not only on the basis of the 27 000 building approvals that have occurred, many of which are very much within the affordable category, but also because we have seen a bumper year for Keystart with just under 4 000 new loans, many of which were for first home buyers. I think it is fair to say that as a general assessment—I think the member has seen it in *The West Australian*—there has been an extraordinary number of first home buyers into the market. We are seeing this heated construction market, and that is also the result of the building bonus grant that we introduced, and of course the federal grant. That is why I focused on social housing and the demand. I say this sincerely: there are 4 000 building approvals in the regions. We will see a flowthrough. We have seen some extraordinary percentage increases in the number of building approvals. With our social housing program rolling out, which will add stock into regional communities as well, plus these extraordinary figures of approvals that are also being seen in the regions, we will see relief in rental markets. That is not my opinion; the Bankwest Curtin Economics Centre has predicted that from those 27 000 building approvals, over the next 12 to 18 months we will see 10 000 rentals come back into the Western Australian market, and that will provide some relief.

When I talked about social and affordable housing before, I was talking about the conversion of some of these lower priced units in the metro area. We have a separate regional modular program that I have announced. But because we are dealing with that continuum, because we have so many building approvals coming through, particularly in the affordable market, I have been targeting all social housing.

Dr D.J. HONEY: On page 527, the eighth point, “Home Loans” states that the income for home loans in 2019–20 was \$105 million. In the 2020–21 estimated actual, that is reduced to \$54 million, I would assume in line with the reduction in interest rates, but it shows quite a substantial increase to \$82.5 million in the 2021–22 budget. I am just wondering what assumption is behind that change?

Mr J.N. CAREY: I might ask Matt Richardson, director of management and accounting, to provide a response.

Mr M. Richardson: Thank you, minister, and I thank the member for the question. The increase that we see in the 2021–22 budget target is mostly attributable to the re-profiling of budget funding from the prior year. It is related to maintenance for the social housing economic recovery program, and indeed also the Aboriginal and remote construction program. There were some difficulties particularly in accessing remote communities last year through the COVID-19 pandemic. As a result of those access issues, a lot of the programs have been deferred and delayed to the current year, so we see a double impact in that the prior year was underspent compared to the previous, and the current budget year is increased to take account of that re-profiling of funding.

[8.30 pm]

Dr D.J. HONEY: That is in relation to the number of home loans. Is that in service 8, “Home Loans”?

Mr J.N. CAREY: Can I just clarify that the member is referring to the total cost of service for home loans?

Dr D.J. HONEY: Yes; that was my misstatement.

Mr J.N. CAREY: It is home loans.

Dr D.J. HONEY: There is just a dramatic increase in those in 2021–22.

Mr J.N. CAREY: I will refer it to Keystart and to Michael Verkuynen, the chief financial officer.

Mr M. Verkuynen: The increase is based on the fact that the finance costs are expected to increase in the 2021–22 budget.

Dr D.J. HONEY: Is that based on an increase in the cost of building or an increase in the number of dwellings? It has to be either or both of those two—an increase in cost per dwelling or an increase in the number of dwellings.

The CHAIR: Minister, before you respond to that question, Keystart is an off-budget authority and is a separate division, so to speak. It is not part of this division.

Dr D.J. HONEY: This is specifically in relation to service 8.

The CHAIR: Leader of the Liberal Party, I appreciate that, but the response was that it was part of Keystart. If that is where it sits, that is where it should be discussed.

Mr J.N. CAREY: So has it just been ruled out, chair, and now we are moving on?

The CHAIR: Yes.

Mr J.N. CAREY: Member, we will go through Keystart. I am happy to go through Keystart in detail.

Dr D.J. HONEY: I am surprised because this comes specifically under service 8 and it does not mention Keystart.

The CHAIR: I agree with you. It is not in the Keystart division, which is a completely different division.

Dr D.J. HONEY: That is fine, chair. It is definitely not sheep stations.

The CHAIR: That is all right. We just need to make sure that we come back to it, because we had a similar issue in another place previously. Once we move on, there is no going back.

Mr R.S. LOVE: I want to ask questions about service 7, “Rental Housing”, and the provision of housing to eligible Western Australians through public housing, community housing—managed properties and so on.

Mr J.N. CAREY: Member, which page?

Mr R.S. LOVE: It is service 7 on page 527. We were discussing earlier some of the problems with schoolteachers et cetera accessing houses. I know of one particular circumstance in which a teacher was put up in the pub with a child for about two or three terms of the year. I have some consistent complaints about the cost of Government Regional Officers’ Housing homes, especially for teachers. I know this is dangerous territory, because one of the predecessors to the minister, who was from a different party, was responsible for enabling those rents to be lifted. Schoolteachers, in particular, who take postings in country Western Australia, often in very small towns, are often single people and there is very little connection for them, so they tend to keep their property in Perth while they are in the country, which means they are burdened with pretty well the full cost of renting a house in Perth, plus the cost of the GROH home. It is acting as a very serious deterrent to getting people to take up positions in some country towns—at least, that is what school communities are reporting to me. I wonder whether there has been any thought about reconsidering the price of housing in some of the smaller communities so that it equates to the price of housing in that area rather than the price of housing in the metropolitan area, which is pretty well what those prices are based on, as I understand.

Mr J.N. CAREY: I thank the member for the question. Again, I do not do this as a gotcha. As the member has identified, under the previous government, there was a change to the setting and it increased the maximum amount by which GROH rents could be increased to up to \$30 a week. As the member knows, our government froze GROH rents in 2019–20, 2020–21 and now in the 2021–22 budget. The member is asking whether there is any possibility for further reform in this field. We have to be very clear that it is up to client agencies; they are responsible for charging rents that comply with the tenant rent setting framework. The member is asking whether there is any potential for reform in that area. All I can say is that I have established a working group that is looking broadly at GROH and how we can get better delivery. As I have already identified, with more private rentals coming onto the market, as identified by the Bankwest Curtin Economics Centre, particularly with 4 000 approvals in regional communities, we will see some relief in rental prices. I cannot make any commitments today. All I can say is that I have established a working group that is looking at how we can better deliver GROH homes, the requirements and potential reforms for the future.

Mr R.S. LOVE: I take the point of the minister quoting the figures about the development of some of these houses in regional areas. I know he has been to Morawa as I saw him there. I would hazard a guess that they are not going into those sorts of communities. I urge that that be taken forward as a program to be looked at. As I say, the agencies themselves must surely understand that it is very difficult to get quality applicants in some of those communities because of the lack of availability of affordable housing.

Dr D.J. HONEY: I go back to the issue of rental housing availability. I refer to page 527.

Mr J.N. CAREY: I thought the member might refer to the line item of the great capital works projection for GROH over the next three years!

Dr D.J. HONEY: I am happy for one of the minister’s members to tear themselves away from their important work and ask the question!

Mr J.N. CAREY: I am giving the member an opportunity.

Dr D.J. HONEY: As the minister knows, in another mode I have discussed the issue of the availability of rental housing more generally. As he will be aware, there is a substantial shortage of rental housing right across the state, especially in regional areas. It has been put to me by those in the regional communities that I have visited that the lack of availability of rental housing is the single greatest handbrake on the development of those regional economies because they simply cannot house new workers other than in the metropolitan area. Obviously, a large group of people depends on rental housing. Are there specific initiatives around encouraging private sector rental? Again, as I have said in this place—I do not want to repeat myself too much at least—I appreciate that this is a complex area and not trivial, but is any work being done to develop initiatives that will encourage additional private rental properties to alleviate that shortage in regional and metropolitan areas?

[8.40 pm]

Mr J.N. CAREY: I note that questions were asked by the opposition to the Minister for Lands, and he did refer. The three ministers—the Minister for Planning, the Minister for Lands and I—are part of a steering committee that is looking at both residential land and housing delivery. One part of that is to see whether we can unlock the potential of government land to perhaps facilitate new development that could both deliver a social housing return and potentially create new affordable rentals, community housing or a mix of housing options. Certainly, as a government, and as three ministers, we deeply understand—I think the member will agree—that Planning, Lands and Housing

are interconnected, particularly when we look at regional communities. As the Minister for Lands has already indicated in estimates today, there is the Regional Land Booster program and other initiatives. As the chair of this committee, my component is to look at potentially “lazy” government land and whether there is an opportunity to leverage off that and see whether we can get social housing and rental properties that are affordable. What that model will look like always has to be tested with the market, as we know. As I have identified previously, we could say, “We’ve got land here; what would you like to develop from it?”, and most developers would probably be less enthusiastic about a high mix of social housing. Certainly, we are looking, for example, at how we can use government land to leverage more properties and social housing return.

Mr S.N. AUBREY: I refer to page 205 of budget paper No 3, particularly the social housing investment fund of which \$522.5 million has been provisioned as asset investment over the forward estimates. What was the purpose of provisioning a large portion of the fund to the out years?

Mr J.N. CAREY: I want to thank the member for the question. Clearly, I am deeply proud. Since becoming a minister, substantial work has been done to develop a package that is cognisant of the current constraints we face in social housing. As I have identified already, we have a heated construction market. We held a skills summit because we understood that there is high demand for trades and labourers. That is the industry; we have a boom in the housing industry—no-one can deny that. That is good for Western Australia’s future economic prosperity, while creating a lot more affordable housing stock through the system. It is part of that continuum approach of having a large amount of affordable housing coming through.

However, we also understand this: we have to look beyond the next 18 months, and that is why we have deliberately created a social housing fund of \$522.5 million that has been set aside, as identified in budget paper No 3. That is about creating a potential pipeline of work for when we expect that construction boom to start to decline. I am really pleased with the response to this package, I have to say. There has been recognition by the social housing sector. We received a nine out of 10 from Ruah Community Services for this \$875 million injection—\$2.1 billion over the next four years. We understand the current constraints while creating a pipeline of work so that we can continue to support that industry and keep people in jobs and support all those people who have been attracted to work in the current boom.

Dr D.J. HONEY: I refer to land and housing supply on page 528 of budget paper No 2, and to the efficiency indicators from the 2019–20 actual through to the 2020–21 budgeted figure, the estimated actual for 2020–21 and the 2021–22 budget target. I read the note below, which indicated there was a change. I think if I read that correctly—my attention span is somewhat diminished at the end of this day and the three days —

Mr J.N. CAREY: I am sure you are tired.

Dr D.J. HONEY: I took it to indicate that those figures reflect the cost of residential land in 2021–22. I assume that before then it was the same basis. There are quite substantial differences between the 2019–20 and 2020–21 actual. Can the minister explain that and confirm the reason for the significant estimated drop for 2021–22?

Mr J.N. CAREY: My understanding is that it is related to the machinery-of-government changes, but I will ask Matthew Richardson, director of management accounting, to explain this.

Mr M. Richardson: Can the member confirm the reference so that I read from the correct indicator? Was the question about the operating cost per lot or operating cost per property sold?

Dr D.J. HONEY: It is the average operating cost per lot developed. It is under the efficiency indicators under the “Land and Housing Supply” table for service 9.

Mr M. Richardson: It is worthwhile acknowledging that this key performance indicator now has less relevance than it used to have for the Department of Communities prior to the machinery-of-government changes, which saw our land development functions transferred to DevelopmentWA. In the past, this indicator had a lot of importance for and great relevance to us. A lot of that work is now being done by DevelopmentWA. This indicator now refers to what we call dwelling unit equivalents, which is a reference to the number of lots or dwellings that could be placed on one of our lots. We see much smaller dwelling unit equivalence than we used to. As a result, movements in those small numbers are throwing up some of these strange jumps overall. The reason for that is the average operating cost or the total cost we apply to this service is relatively fixed, much like the previous KPI, which, as explained, includes all of our employees’ salaries, office accommodation to house those employees, finance costs, things we have for paying back debt in land, and borrowings. Those are relatively unchanged.

In 2021–22, the estimated actual relates to a lot of things: doing the budget paper and the difficult market we are seeing. We have seen that the heated market has resulted in some delivery challenges. We had almost half as many dwelling unit equivalents delivered than we originally budgeted for. Although the costs are relatively fixed, the number of properties has halved and that has driven the big shift we see in average operating cost. For the 2021–22 budget, as a result of a lot of intervention from government, we expect those targets to come back up. As flagged at the start of the response, due to the declining relevance of this KPI to the Department of Communities, some work

will be undertaken to review and consider amending it in the future budget process. That can take several months; it involves considerable review and assessment by both the Office of the Attorney General and the Department of Treasury. That process has commenced and we would like to get it wrapped up before the next budget process, but that is not entirely within our control.

[8.50 pm]

Mr R.S. LOVE: The question that I was going to ask has just been asked, but by going through the back door to get the same result. I will move on and ask something completely different. I refer to page 520, outcomes and key effectiveness indicators, and the line item “Waiting times for accommodation—applicants housed”. This figure has grown from a median of 48 weeks, to 58 weeks last year, and a budget for 62 weeks this year. Can the minister outline the effect he expects government investments in this area to have on those estimated waiting times and what is an ideal or acceptable target, because, clearly, 62 weeks is a long time?

Mr J.N. CAREY: There is the waiting list and there are waiting times. Given the current historical moment in time with the COVID-19 pandemic, clearly there has been a fundamental change in the private rental market. Accordingly, the market has tightened as more Western Australians have returned home from interstate, as the Premier stated in his estimates hearing. I am advised that interstate migration has been positive for the first time in around eight years. We have seen this incredible moment and a significant tightening of the private rental market. Due to the uncertainty of the private rental market, not only has there been a greater demand for public housing, but also people in existing public houses are choosing to stay there. I think it is fair to say, and this has been the assessment by the Real Estate Institute of Western Australia and others, that we had a very good and quite affordable rental market. Then there was the shift. People are now staying in their public homes. They are not looking to the private market because they see that it has tightened and there is a lack of security. The waiting list and waiting times are connected. I want to put a couple of things on the public record. Firstly, in terms of our waiting list, we are still well below the peak of November 2010. I want to remind people that at the peak in 2010, 24 136 people were on the waiting list. We are still doing better now than we were previously, even with this current tight rental market and more demand for public housing. This has previously been reported to the Parliament.

As at January 2017, prior to us coming to government in March 2017, the average waiting list times for the public housing waiting list was 148 weeks. The average waiting list time is currently 102 weeks and the priority waiting list time is 45 weeks. Despite this COVID environment and with less people opting to go back into the private rental market, I would argue that we are still doing better. Of course, no government wants to have a waiting list. I want to remind people about waiting lists and put it on the record that there is a perception that the people on the list are homeless; they are not homeless. They are generally already housed in accommodation, but have a preference for public housing. It is obvious that an injection of 3 300 new homes will provide further relief for the people on the waiting list. We have developed a program and a plan of 3 300 homes that is genuinely deliverable within the current constraints. I understand that the social housing sector and others will always call for more, but I think that we have developed a very practical plan that will provide relief for that waiting list. I note that we are still getting people into homes more quickly—around 50 weeks faster.

Mr R.S. LOVE: That was a very interesting discussion, but can the minister tell me what his department’s plan is for the waiting times after these houses have been built?

Mr J.N. CAREY: Building houses is one way to address the waiting list. I suspect that the record investment of \$875 million into social housing, the biggest investment in our state’s history, is a bloody good start. It is a ripper —

Dr D.J. HONEY: It is a very good start.

Mr J.N. CAREY: I want to put on the public record that I have been criticised by the opposition. Firstly, the opposition said that we needed to invest in the area and provide more funding, but did not give a figure. Then I announced a huge funding package and the opposition criticised me and said that I could not deliver it. I cannot win either way. I think we have developed a really practical plan with a target that is very reasonable, given the constraints we face, and will help provide relief to that waiting list.

Mr C.J. TALLENTIRE: I turn to page 8 in budget paper No 3 where mention is made of \$13 million to improve the asset management of the state’s social housing portfolio. Can the minister please outline the purpose of this initiative and how it will improve the delivery of social housing?

Mr J.N. CAREY: This is a critical investment as part of our \$875 million injection. In Parliament, I have regularly talked about the critical challenge that we face of ageing public housing stock. I think that the member for Cottesloe has identified this in Mosman Park in his own electorate. The average age of public housing properties owned by the state is around 30 years, and a large proportion of stock is actually going to reach 40 years. It is concerning that we have such a large amount of older stock. This is why the former housing minister announced the social housing economic recovery package, a substantial investment to refurbish existing aged stock. We are now looking to the future. We have set aside \$12.8 million for an assessment program of more than 10 000 ageing public housing and

Government Regional Officers' Housing assets so that we can get a very clear assessment for future planning in terms of not just maintenance, but also the potential refurbishment of this stock. I am doing everything I can as the Minister for Housing, because I am very cognisant that ageing stock presents a problem. We will always lose houses from the system, but this is a great way to plan for the future and the funding that will be required to refurbish or maintain that ageing stock in the future.

[9.00 pm]

Mr R.S. LOVE: We are talking about ageing stock, so that will morph into my question on the 120 properties that are aged and had been flagged for demolition, which are referred to on page 515 at paragraph 5.4. It states that there is \$6.1 million to retain and refurbish these 120 properties. Without taking away from the commitment the minister made for the future, the fact that 120 properties were flagged for demolition when there is a critical shortage of housing means that those houses were perhaps uninhabited, uninhabitable or close to it, otherwise the government would not be seeking to demolish them. We need to acknowledge that it is unfortunate that it has got to that stage. The amount of \$6 million for 120 properties is not a lot of money per property when it is compared with the cost, for instance, of modular housing or the other properties we have been talking about at tens of thousands of dollars each—I think about \$50 000 a property. How long does the minister expect that those properties will remain viable after their refurbishment? Will that bring them back to a standard at which they will be put back into the mix and last for decades, or is it a stopgap for a couple of years? What will the government get from those properties?

Mr J.N. CAREY: First of all, I just want to say that this is not the only money for refurbishment of ageing stock. There was the previously announced social housing economic recovery package program of \$319 million. I want to put on the record that this is not the only money being spent. It will depend on the stock. It is not an either/or situation. I have also announced an \$80 million program to deliver regional modular homes, so I am also pursuing that. As the minister for social housing, I have looked at every opportunity to keep stock in the system and accelerate social housing in the current stock. The member is right that modular is an attractive option. We are pursuing it, and we have provided funding for it. The agency is in the process of planning for modular homes and construction of modular homes. As the member identified, there is demand for social housing. We are trying to identify every opportunity to accelerate delivery and ensure we do not see properties dropping off the system. I might just ask the deputy director general to make some further comment about these assets and for how long their life would be extended.

Mr M.C. Bryden: As the minister foreshadowed, the commitment as part of the budget was an additional \$6 million. That is in addition to an existing maintenance budget we roll out year on year, which is in the order of about \$150 million. That is in addition to the \$148 million that is being provided by the social housing and economic recovery package. There is a significant funding commitment for the refurbishment and maintenance of properties as part of our forward estimates. Coming back to the number of 120 being quite a large number, that represents roughly 0.08 per cent of our existing stock, so it is quite small in terms of the number that would otherwise be flagged for demolition.

Mr J.N. CAREY: As a follow-up, the opposition, and even the member for Cottesloe, has given me a whack about the number of vacant properties, but I say sincerely that there will always be vacant properties in the system, and that is because there is a churn rate. People come and go. Under the previous government there was always a percentage of vacant properties, and there always will be, because there are around 35 000 public houses, so there will be demolitions and sales. I am trying to keep as much social housing stock as I can in the system.

Mr R.S. LOVE: I want to turn to a final point. We were talking about maintenance of housing stock in the system. We know the problems that have occurred with the collapse of Pindan and other issues of making sure houses are being maintained. What are the current arrangements in the areas that Pindan was serving? What is the plan going forward that is the best model to ensure that houses are maintained in the future? The minister spoke about the importance of a local aspect in a way that includes local capacity to assist in the effort of maintaining homes.

Mr J.N. CAREY: I thank the member. It is a good question, because the collapse of Pindan presented a significant challenge for the maintenance of thousands of public housing properties in the midwest, Gascoyne and Pilbara. The member for North West Central was a critic and said that the agency should not have persisted and we should have terminated the contract. That would have delivered the worst outcome, because we had some immediate, urgent works that were high risk and had to be done. We persisted with the Pindan administrator, Ernst and Young, and worked very closely with it so that the provision of services could continue through a potential sale of the Pindan entity to another body. That has happened through Programmed. It was absolutely the right decision, because I understand it retained about 90 staff, including in the regions. Programmed is very credible. We brought it in. It has undertaken that contract, it has taken on staff and it is scaling up the work for that maintenance. I might ask the deputy director general of housing and assets to provide some further information. I will give a shout-out to Mark. Mark was sensational as the new deputy director general in this quite exhaustive process to work with EY to ensure continuation of service.

Mr M.C. Bryden: As the minister pointed out, we worked closely with EY, the administrator, and during the insolvency period we were able to negotiate the continuation of P1 and P2 urgent works to preserve continuity of service to people in public housing. I guess over the preceding three to four weeks we started to scale up the program to continue on with the large jobs moving into the void space and the refurbishment works. As the member will recall, that was obviously at a time when there was a trade shortage in the midwest and Gascoyne regions, particularly due to tropical cyclone Seroja, so the continuation of that service was a proud achievement for the department. The creditors have all voted for that sell unanimously and it is estimated to see a return to unsecured creditors in the order of 45¢ to 81¢ in the dollar, which is really rare.

[9.10 pm]

Mr R.S. LOVE: That brings me to the point, and the word “Seroja” was mentioned. Is there an inventory of social housing that has been damaged by the cyclone? Do we know the numbers and the department’s intention for repairs or replacement?

Mr J.N. CAREY: I have been advised, and I appreciate that the member has been onto this issue in Parliament, that there was not any reported damage to social housing or Government Regional Officers’ Housing stock. I might just ask the deputy director general to confirm that.

Mr M.C. Bryden: As the minister pointed out, I am not aware of any substantial damage, or minor damage for that matter, to public housing or GROH properties. I spent quite a bit of time in Kalbarri in a former role, and I did not see any obvious damage other than to a police station and the school, plus the private properties that were there.

Mr R.S. LOVE: Sorry, I could not hear that last bit.

Mr M.C. Bryden: I spent quite a bit of time in Kalbarri in a former role with the Department of Finance. I am not aware of any damage to any GROH properties or public housing properties. That is not to say there was not any, but I am certainly not aware of any.

Mr R.S. LOVE: I represent all the rest of the towns, rather than Kalbarri, but that also was a concern in communities all the way down to the Dalwallinu area.

Dr D.J. HONEY: I refer to page 515, and paragraph 5.1 under “Significant Issues Affecting the Agency”, which states there is \$70.4 million for the construction of 134 modular homes. That calculates to about \$525 000 per property. That sounds like an eye-wateringly large amount of money for a modular home. Perhaps the minister could explain why that is so expensive for a modular home, which I would have assumed was a way of getting more affordable housing.

Mr J.N. CAREY: I want to grow the modular industry in Western Australia because I think it is a real opportunity. As the minister, I have been going out onsite to see companies that are doing modular construction. I say sincerely that we will be doing it in tranches. We have to test the ability of modular to deliver. We see it a lot in the media, and the member would be aware of this, and *The West Australian* once said, “modular in one day”. I think the member and I know that that is just not possible.

Dr D.J. HONEY: It is a transportable.

Mr J.N. CAREY: Yes, and the difficulty we have is that the agency is even checking the promised time lines because I note that when I do test it sometimes with modular, people will say, “It’s this time frame”, and then I ask, “What about onsite and final delivery?”, and then it extends further. Because this is a regional program, there are costs associated with getting the modular projects out to those regional communities; for example, we need cranes. There are other costs around it. It is actually the transport, delivery and installation, and because it is in a regional community, that can add to the cost. Why am I choosing or pushing modular? It is because I know its delivery can still be faster than double-brick construction.

The appropriation was recommended.