

**STANDING COMMITTEE ON
ESTIMATES AND FINANCIAL OPERATIONS**

BUDGET STATEMENTS

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
WEDNESDAY, 29 JULY 2009**

SESSION THREE

Members

**Hon Giz Watson (Chair)
Hon Philip Gardiner (Deputy Chair)
Hon Liz Behjat
Hon Ken Travers
Hon Ljiljanna Ravlich**

Hearing commenced at 1.04 pm**SEARLE, MR GRAHAME****Director General, Department of Housing,
sworn and examined:****PARRY, MR STEVE****Acting Deputy Director General, Department of Housing,
sworn and examined:****JULIFF, MR MICHAEL****Chief Financial Officer, Department of Housing,
sworn and examined:****LOOSLEY-SMITH, MRS TANIA****Acting Executive Director, Strategic Policy Unit, Department of Housing,
sworn and examined:**

The CHAIR: On behalf of the Legislative Council Standing Committee on Estimates and Financial Operations, I would like to welcome you to this afternoon's hearing. Before we begin, I am required to ask you to take either the oath or the affirmation. If any witnesses would like to take the oath, we have a copy of the Bible available.

[Witnesses took the oath or affirmation.]

The CHAIR: You will have signed a document entitled "Information for Witnesses". Have you read and understood this document?

The Witnesses: Yes.

The CHAIR: These proceedings are being recorded by Hansard and a transcript of your evidence will be provided to you. To assist the committee and Hansard, could you please quote the full title of any document you might refer to during the course of the hearing, and please be aware of the microphones and try to speak directly into them. I remind you that your transcript will become a matter for the public record. If for some reason you wish to make a confidential statement during today's proceedings, you should request that the evidence be taken in closed session. If the committee grants your request, any public and media in attendance will be excluded from the hearing. Please note that until such time as the transcript of your public evidence is finalised, it should not be made public. I advise you that premature publication or disclosure of the uncorrected transcript may constitute a contempt of Parliament and may mean that the material published or disclosed is not subject to parliamentary privilege.

Members, it would greatly assist Hansard if when referring to budget statements volumes or consolidated account estimates you give the page number, item and program, amount and so on in preface to your questions.

I ask members to indicate if they have any questions. I will begin with Hon Ljiljanna Ravlich.

Hon LJILJANNA RAVLICH: I refer to page 548, "Significant Issues Impacting the Agency", and because we have only one hour for this hearing, I will go straight to the waiting list for public housing and the continued growth of that list. How many people are currently on the waiting list in both metropolitan and regional Western Australia?

Mr Searle: The total number on the waiting list currently is 21 728. I do not have the breakdown for metropolitan and regional at hand but I will provide that.

Hon LJILJANNA RAVLICH: At what rate is that increasing?

Mr Searle: It is increasing by about 300 a month.

Hon LJILJANNA RAVLICH: Is that an accelerated rate of increase compared with previous years?

Mr Searle: Yes, it is an increased rate.

Hon LJILJANNA RAVLICH: What is the length of time that an applicant will have to wait for a house in both metropolitan and regional Western Australia?

Mr Searle: That number varies significantly from region to region. We can provide a breakdown for metro and region by region if you like, but currently it is about 53 weeks. It varies between 50 and about 90 weeks, depending on the region.

Hon LJILJANNA RAVLICH: Is that also getting longer?

Mr Searle: Yes.

Hon LJILJANNA RAVLICH: Do you have any indication of by how much?

Mr Searle: Again, not at hand, but I can give you the variation from this year to last year—the 12 months difference.

[Supplementary Information No C1.]

Hon LJILJANNA RAVLICH: How many Homeswest houses are currently vacant; and, once again, can you give me the breakdown on a metropolitan and regional basis?

Mr Searle: I would need to provide that as supplementary information. There is a range of categories of vacant. There is vacant under refurbishment, and there is vacant between tenants. There is a series of classes. What level of detail would you like?

Hon LJILJANNA RAVLICH: I would like that information broken down into metropolitan and regional, and the series of classes. Can you also provide information on how many of those vacant houses, both metro and regional, are unfit for occupation?

Mr Searle: Yes, we will provide that.

[Supplementary Information No C2.]

Hon LJILJANNA RAVLICH: Has the minister requested an audit of all housing stock, and has that audit been completed?

[1.10 pm]

Mr Searle: The minister has not specifically requested an audit of all housing stock. We do housing inspections regularly so we do have documentation of the requirements for individual houses.

Hon LJILJANNA RAVLICH: My recollection was that the minister was going to request an audit of housing stock, but that may not have happened.

Mr Searle: We have done a specific audit of 2 400 remote Aboriginal houses. That might have been what the minister was referring to at that time. That audit has been completed.

Hon LJILJANNA RAVLICH: Has that audit been made publicly available?

Mr Searle: No. That audit took the form of an electrician inspecting each house, doing the urgent and essential works at the time and then providing what now takes the form of a table, which basically goes through, house by house, the tasks that need to be completed and the likely costs of doing that task. It is not in a report form; it is a database.

Hon LJILJANNA RAVLICH: It would be a fairly big table.

Mr Searle: Yes, it is a big table.

Hon LJILJANNA RAVLICH: Is it possible for the committee to obtain access to that table?

Mr Searle: I would assume so.

Hon PHILIP GARDINER: By location?

Hon LJILJANNA RAVLICH: Yes. I think that is really important to get a sense of where the priority areas might be.

Mr Searle: Absolutely. A number of these communities have not been under the management of the department previously. It is the department's understanding of where the benchmark started from in terms of what needs to be done in these communities.

[Supplementary Information No C3.]

Hon LJILJANNA RAVLICH: What is the annual damages bill for public housing?

Mr Searle: Are we talking specifically around the tenant liability issue or are we talking about damage across the board?

Hon LJILJANNA RAVLICH: Damage right across the board.

Mr Searle: In terms of tenant liability damage and vandalism damage, the total for 2008-09 is around \$9.5 million.

Hon LJILJANNA RAVLICH: Is that growing? Is the damages bill increasing over time?

Mr Searle: Very slightly—probably not if you take into account the growth in stock over the past couple of years. It is probably relatively stable.

Hon LJILJANNA RAVLICH: Does the department have a policy of rehousing tenants who damage their homes; and, if so, what is that policy?

Mr Searle: The practice of the department is to rehouse people who have caused damage within certain parameters. For instance, there will be restrictions on any future tenancies. It may be that they get support; they get involved in a strong families program or whatever is appropriate for their individual circumstance.

Hon LJILJANNA RAVLICH: I understand that about 70 per cent of the damages costs are usually recouped by the department—is that correct—so there is 30 per cent outstanding?

Mr Searle: It varies from year to year, but that tends to be the sort of number that we get. In a number of cases the tenant liability is identified after the premises have been vacated, when we do a post-tenancy inspection. That makes collecting the tenant liability component fairly difficult. In fact, I am a bit surprised we get as much of it as we do.

Hon LJILJANNA RAVLICH: Do you not try to recoup the 30 per cent that is outstanding through the courts?

Mr Searle: We do engage a debt collection process to try to recoup the money. That is why we get back as much as we do.

Hon LJILJANNA RAVLICH: Has there been some change to the practice or the policy of recouping or the rehousing of tenants who damage their properties under this current government?

Mr Searle: Not to this point.

Hon PHILIP GARDINER: I just wish to take that a bit further. On the same point on page 548, did you say there was a ratio of 70 per cent? Can I have confirmation that that number is accurate? Did you say that 70 per cent of the maintenance bills that you have to incur are recouped?

Mr Searle: No. Seventy per cent of the identified tenant liability for damages is recouped.

Hon PHILIP GARDINER: I come from a regional area. I am just staggered that it is that high. When these houses are built—I guess it is partly to do with page 548 but it might come under other areas—in regional towns, and even remote towns—we have just had the experience of being in Newman, for example—how closely do you consult with the local government authorities about where those houses should go and make adjustments based on social reasons rather than commercial reasons? What I am getting at there is that you can very easily get ghettos or groups of people in these towns and the whole thing just gets worse and worse.

Mr Searle: It is the department's policy that, where practical, we try to have a density of no more than one in nine within a suburb or a region, if we can. In some regional towns, especially smaller towns, that is very difficult, and the demand does not match that one-in-nine profile. We are very aware of the unfortunate consequences of social housing ghettos. The department has worked very hard to deal with them over a long period. In places like Kwinana, Balga and a range of other areas around the state, we spend a lot of money trying to redress those balances. To pick somewhere in particular, we have had that situation in South Hedland, and we are working very hard to redevelop our whole approach in South Hedland to try to deal with that issue.

[1.20 pm]

Hon PHILIP GARDINER: I live in Moora, but one of the reasons for raising it in Newman is that only recently three relatively new homes were built together and my colleague Hon Liz Behjat and I were shown the effect of that. The damage to one of them was quite severe already. The question is why three were built together? That was only fairly recently, I think. Maybe that is feedback for you guys.

Mr Searle: Thank you; I will take that for information.

Hon LYNN MacLAREN: Continuing on page 549, we were talking about the \$116 million for 609 social dwellings. Can you indicate where the dwellings will be built and what type and size they will be?

Mr Searle: I can give the committee the breakdown by region as to where those houses will be built. Of the dwellings that will be completed, about half will be in regional WA. If we add the components of both social housing—\$116 million—and the royalties for regions money, which in my numbers are together, there are 550 in the metropolitan area and 459 in regional areas, the majority of which are in the Pilbara. There are 134, for instance, being built in the Pilbara. I can get the member separate numbers for the social housing component.

Hon LYNN MacLAREN: I would appreciate that, thank you.

[Supplementary Information No C4]

Hon LYNN MacLAREN: Further to that, I am interested in the types of dwellings you will be building. Maybe if we looked at the total housing stock, how many are suitable for large families?

Mr Searle: We can provide those numbers. What we actually do is build to our waitlist. We have our waitlist segmented by required numbers of bedrooms, and at the moment the vast bulk of demand is at the one and two-bedroom end of the waitlist, so we are starting to put far more focus on that end of the spectrum, rather than the traditional four-bedroom house.

The CHAIR: Perhaps that can be an additional component of supplementary information C4?

Hon LYNN MacLAREN: Yes, I could get information on how many one and two-bedroom houses will be built, and how many large family houses.

Hon KEN TRAVERS: Just get it by bedroom number, because I think that is how it is normally recorded.

Hon LYNN MacLAREN: What need has been identified for large families?

Mr Searle: The vast majority of the current need is at the other end—the one and two-bedroom end. One of the things we have identified is under-occupancy, where people's families have grown up and moved on. We are spending a fair bit of effort at the moment in talking to people about their current needs and whether we can move them into more suitable accommodation and therefore free up some of the four and five-bedroom houses we currently have that are occupied by one or two people. That is a task that is underway at the moment. The prompt I just got is that we just purchased 32 one and two-bedroom units in Bunbury. The intention there is to set up a seniors' complex and try to transition some of the people who are in these bigger houses, where they have been for a long time, but which are no longer appropriate, into new, smaller accommodation, thereby freeing up those existing larger houses for more appropriate usage.

Hon LYNN MacLAREN: Of these 609 new social dwellings we are talking about, how many will be located in rural and regional areas that are currently facing water shortages, and would therefore benefit from the mandatory installation of rainwater tanks and greywater recycling systems?

Mr Searle: I am happy to again take that question with the previous questions on notice about where the houses are being built.

The CHAIR: Would you like that in combination with C4, or would you like to make it separate?

Mr Searle: I am happy with that as part of C4.

Hon LYNN MacLAREN: Are a proportion of the dwellings being built under universal design principles? If so, what proportion?

Mr Searle: My understanding is that all of them are being built with those design principles.

Hon LYNN MacLAREN: Great. Can you tell me the current percentage of public housing stock as a proportion of total housing in WA?

Mr Searle: Again, my maths are not all that good on the fly! It is about four per cent.

Hon LYNN MacLAREN: Do you have a target that you are trying to achieve?

Mr Searle: No. The advice I have is that the previous government had a target of five per cent. We currently do not have a percentage target of what we believe should be social housing.

Hon LYNN MacLAREN: Okay.

The CHAIR: So you are saying that with the change of government, there is to your knowledge no longer a target set for a percentage?

Mr Searle: Correct.

The CHAIR: Okay.

Hon LYNN MacLAREN: I continue with page 549. I am talking about the \$200 million being drawn from the royalties for regions fund to provide 400 new houses for essential government officers in rural and remote areas. Could you identify which rural and remote areas will benefit, and which agencies the government officers are working for?

Mr Searle: There will be 130 GROH properties in the Pilbara, 80 properties in the Kimberley, 70 in the wheatbelt, and 30 each in the goldfields, midwest-Gascoyne, great southern and south west regions. There are a vast number of agencies that occupy that housing, but it is particularly teachers, police officers and child protection officers. There is an extensive list of departments that utilise that housing.

Hon LYNN MacLAREN: Are small community housing providers in these rural and regional areas able to apply for these houses?

Mr Searle: Government regional officer housing is provided directly by the department; the community housing providers get involved more in the social housing packages, and particularly

under the stimulus packages, housing will be allocated to suitably qualified community housing providers.

Hon LYNN MacLAREN: Thanks.

Hon KEN TRAVERS: Mr Searle, you may recall that we had a conversation in an earlier committee meeting of a subcommittee of this committee, about a press release that went out on 2 February indicating that there would be money being brought forward in the budget to fund housing, and you assured that subcommittee that that was the case. Do you still stand by those comments?

Mr Searle: Absolutely.

Hon KEN TRAVERS: Page 15 of the midyear review indicated that there would be \$64 million allocated in 2008-09. Did that occur?

Mr Juliff: Which page?

Hon KEN TRAVERS: It was on page 15 of the midyear review for 2008-09—the original allocation. That is when we had the discussion previously.

The CHAIR: Does the member want to provide a copy?

Hon KEN TRAVERS: I only have the one copy, unfortunately. It is page 15 of the midyear review from last year.

Mr Juliff: I will seek some guidance, but I thought we were looking at the current budget.

Hon KEN TRAVERS: I am giving you the historical fact, and then we will go and have a look at where it appears in this budget. I am happy to take you also to page 187 of budget paper No 3 and I am also happy to refer you to note (c) at the very bottom of page 558, which allocates that money being brought into your funds for this year. You will recall at the time that the claim was that money had been brought forward in the budget back in February as a stimulus package and that \$200 million of the money that had been brought forward was coming out of the royalties for regions program for government regional officer housing. You will see on page 15 of last year's midyear review, it was intended that you would spend \$64.7 million in 2008-09. Is that correct? Do you agree with that?

Mr Juliff: Is that the midyear review?

Hon KEN TRAVERS: Yes. You will see in your budget allocation for this year that note (c) highlights that you only actually received \$20 million, not \$64 million. There is \$40 million that has not been brought forward but has now been pushed backed—is that correct?

[1.30 pm]

Mr Searle: My indication is that the allocation was going to be \$200 million over two years; there has been a difference in how that money has been acquitted and it is \$20 million in the completed financial year and \$180 million in this financial year.

Hon KEN TRAVERS: As of the midyear review, there was \$200 million allocated at the time of the midyear review, and then \$64 million and \$143 million.

Mr Searle: Yes, but that is not the money I was referring to when I talked about the money that had been brought forward. That is a different sum of money.

Hon LIZ BEHJAT: Can I seek a point of clarification just for the newer members? What earlier inquiry were you referring to?

Hon KEN TRAVERS: It was a subcommittee about the three per cent cuts.

The CHAIR: It was a subcommittee on the three per cent efficiency cuts. I was not a member of it either, but I read the committee report.

Mr Searle: If I might enlighten you: the money that was brought forward was the capital expenditure money for housing within the housing budget. That was brought forward from the years 2010-11 and 2011-12 into 2009-10. There was, effectively, \$100 million brought forward in total. I am looking at Michael for reassurance.

Mr Juliff: Yes, \$116 million was brought forward.

Mr Searle: That was the money I was talking about when I talked about expenditure brought forward. The royalties for regions money was additional money from a different source.

Hon KEN TRAVERS: The press release by both the Treasurer and the housing minister on 2 February stated that there would be \$316 million brought forward, made up of \$116 million for general housing and \$200 million from royalties for regions.

Mr Searle: My understanding is that the \$200 million was not previously in a budget, so I do not—but the \$116 million was previously allocated in the out years and has been brought forward.

Mr Juliff: If I can just elaborate on that: it was the two allocations of money summed up and spoken about in the one sentence, rather than split out. It probably might have been a little bit unclear exactly as to how those moneys were framed.

Hon KEN TRAVERS: A bit unclear? It was just blatantly wrong.

Mr Juliff: No.

Hon KEN TRAVERS: The \$200 million was not brought forward, and that is the discussion that Mr Searle and I had when he appeared before that earlier committee.

Mr Searle: The \$200 million that was not —

Hon KEN TRAVERS: In fact it has been pushed back.

Mr Searle: Sorry, my understanding—I stand to be corrected—was that the \$200 million was not in the forward estimates, and last year it was not in the forwards estimates, so it is hard to make a judgement about whether it was pushed forward or pulled back.

Hon KEN TRAVERS: At the time of the midyear review there was \$64 million, and in fact if we go even further into that, there was money allocated in the out years, so the \$200 million is the same. Then when you go into the out years, in the 2010-11 budget there was originally going to be another \$156 million; in your current budget you are only going to be spending \$125 million; and in the following year there was going to be \$173 million, and now you are only spending \$115 million from that project. Is that correct?

Mr Searle: My understanding is that the royalties for regions Housing Our Workforce money is controlled by what used to be the Department of Local Government and Regional Development but is now Department of Regional Development and Lands. That is the sum of the money that is available to them under that fund, as distinct from the money that is available to Housing under that fund. There may well be other recipients of the balance of that money, I do not know; that is a matter for another department.

Hon KEN TRAVERS: But that is all you are getting at the moment?

Mr Searle: What we are getting out of it at the moment is \$200 million.

Hon KEN TRAVERS: There was no royalties for regions money brought forward at all?

Mr Searle: There was no royalties for regions money prior to the last budget.

Hon KEN TRAVERS: I now want to turn back to page 547. I want to take you to capital item 151 and the figure for the out years. Will you be able to meet your obligations under the commonwealth-state housing agreement with the sums of money that are allocated in the 2011-12 and 2012-13 financial years?

Mr Searle: Yes.

Hon KEN TRAVERS: How will you do that?

Mr Searle: The current commonwealth social housing agreement only has two years to run; this current budget allocation has the money that is required under that national partnership agreement.

Hon KEN TRAVERS: To enter into a future commonwealth-state housing agreement for social housing, are you able to do it without an additional allocation of funding for the 2011-12 and 2012-13 financial years?

Mr Searle: There is currently no negotiations around that agreement, so I have no idea what the requirements will be for funding under that at this point in time.

Hon KEN TRAVERS: You have basically got no money to build houses after 2011-12 and 2012-13, have you?

Mr Searle: There was money brought forward. That money was brought forward to this year and has been spent this year.

Hon KEN TRAVERS: Maybe you can provide us with a detailed break-up of that money so that you can highlight to us where that money has been brought forward, because I am still a bit sceptical about that, I have to say.

[Supplementary Information No C5.]

Hon KEN TRAVERS: You also indicated to us that you intended to sign a number of contracts before 30 June.

Mr Searle: Yes.

Hon KEN TRAVERS: How many contracts did you sign prior to 30 June, after we met on 8 April?

Mr Searle: I do not have that exact number, but I can, by way of assistance in that process, say that of the various programs under the commonwealth and state stimulus package, and the additional funding provided by the state, we have commenced over 230 dwellings as of 23 July.

Hon KEN TRAVERS: Did you say 230?

Mr Searle: Yes.

Hon KEN TRAVERS: You were expecting 300 to 400; what has happened?

Mr Searle: I have only quoted the ones directly out of the stimulus package; there are other packages as well where there are additional housing. In fact, in total we have commenced, over the last little while, nearly—I cannot give you the exact number, but it is a significant number.

Hon KEN TRAVERS: Up to 400?

Mr Searle: Sorry, can you just give me a second so that I can total some figures? Closer to 300.

Hon KEN TRAVERS: How many of those were in large lots of 40 or 50 at a time?

Mr Searle: In terms of the contracting?

Hon KEN TRAVERS: Yes.

Mr Searle: I do not know, but I am sure I can find out.

[Supplementary Information No C6.]

Hon KEN TRAVERS: Are you currently meeting your performance obligations in relation to the commonwealth stimulus package for housing?

Mr Searle: We are. Under the first stage of the stimulus package we undertook to construct 286 units; of those, 151 have been commenced, so we are well advanced. For the second stage we

have provided the commonwealth with a list of 1 714 construction units for its approval and we are waiting on its approval before we can enter into contracts for that phase of the project.

Hon KEN TRAVERS: When do you need to commence the remainder of that 286?

Mr Searle: We need to have 75 per cent of the total completed by December next year.

Hon KEN TRAVERS: And commencing? Or is it just the completion?

Mr Searle: It is completion. The performance measure is completion by December next year.

Hon KEN TRAVERS: How much land are you providing under that stimulus package? You can take the second part of my question on notice: where is that land?

Mr Searle: Virtually all of the first 286 are on departmental land, and, yes, we can provide, by region, where that is.

[*Supplementary Information No C7.*]

Mr Searle: But we are hopeful that most of the 1 700 will be on privately owned land.

Hon KEN TRAVERS: How much land have you provided then?

Mr Searle: I will get you a dollar value as part of that supplementary question.

Hon KEN TRAVERS: Can you advise us where that land is as well?

Mr Searle: Do you want individual block size, or just by region?

Hon KEN TRAVERS: By region. I do not know; how easy is it to give us individual lot sizes?

Mr Searle: I can, if it is of use.

Hon KEN TRAVERS: Certainly by region, I think. Are you confident you will meet your obligations for land provision?

Mr Searle: Yes.

Hon KEN TRAVERS: Has the commonwealth expressed any disquiet in relation to the progress of land provision by the state?

Mr Searle: In terms of these particular packages? Not that I am aware of.

Hon KEN TRAVERS: In terms of any particular packages?

Mr Searle: The commonwealth has a reform agenda and is keen to see states make more land available for social housing.

[1.40 pm]

Hon KEN TRAVERS: How many of the about 609 new social housing dwellings have you actually started construction on?

There are two separate packages. There is one package of 609, and another 111 as part of the additional \$30 million we got from the state government. Of that 700-odd, we have started 95 and completed eight.

Hon KEN TRAVERS: Of the 400 new government offices, or 409, I think you said —

Mr Searle: It is about 400.

Hon KEN TRAVERS: Four hundred and fifty-odd. How many of those have you started?

Mr Searle: I do not have that number in front of me.

Mr Juliff: We are due to commence 347 of those during the course of this year. I am not sure how many we have actually started just yet.

Mr Searle: We do not have the actual number. I understand that some left recently on the back of a truck.

Hon KEN TRAVERS: What is the life expectancy of the ones on the back of a truck, compared to a normal house?

Mr Searle: Forty to 50 years is my advice.

Hon KEN TRAVERS: Compared to a normally constructed house?

Mr Searle: Very similar.

Hon KEN TRAVERS: Just to finish off at this stage, that \$31 million, and zero in 2011-12 and 2012-13—when was the last time an allocation to the Housing Authority in Western Australia was that low?

Mr Juliff: By the state or by the commonwealth?

Hon KEN TRAVERS: By either—by anyone.

Mr Searle: The traditional capital funding from the state government has been relatively sparse. It has been much better in the past couple of years. My understanding is that two or three years ago it was \$15 million.

Mr Juliff: Correct—that was in about 2005-06.

Mr Searle: It was \$15 million. The agency has historically done a significant amount of the funding from internal resources, through its land development function and its rental business. Historically, it has provided most of its own capital.

Hon KEN TRAVERS: Are you confident you will have that capital in future years? I know that last time you came before us there were problems with land sales and that there was a need for a capital injection to purchase land. How is that going?

Mr Searle: The land market is still challenging for everybody in Western Australia, but we are increasingly confident that, through the agency's broader commercial operations, come 2012-13 there will not be a huge need for a capital injection from the state government.

Hon LJILJANNA RAVLICH: I am keen to obtain some information about the sale of land and houses. How many Homeswest properties have been sold in the past 12 months?

Mr Searle: In the past 12 months, we think there has been a total of 187.

Hon LJILJANNA RAVLICH: Is that an increase over the previous year?

Mr Searle: I do not have that number with me. I think it is relatively stable. A lot of that has happened through redevelopment. As we have gone through places like New North we have been selling a percentage of the stock as part of getting back to the one in nine number we were talking about before. A lot of the sales involve that type of activity.

Hon LJILJANNA RAVLICH: Are these always sold by tender, or are they sold at a normal commercial rate?

Mr Searle: They are virtually all sold at a normal commercial rate. We get the properties valued by two valuers and then put them on the market.

Hon LJILJANNA RAVLICH: How many of those that were sold were in the more affluent areas?

Mr Searle: Very few last year. I do not have the exact numbers in front of me, but there were not many last year. There will be more this year.

Hon LJILJANNA RAVLICH: So there will be more this year. How many have you got in those affluent areas, as defined? We talk about the sale of these homes in so-called affluent areas, because people should not be there for whatever reason, or if the houses are sold the money could be used to provide more accommodation. When we talk about the number of homes in these affluent areas, how many houses in total are we talking about?

Mr Searle: By way of clarification, the measure under the policy is not the area the house is in but the value of the house. The measure we use is that if the house price is double the median house price in Perth, we need to examine whether it is appropriate for us to hold on to that property or not, regardless of the suburb and regardless of the location. That is based on best value for money in terms of providing appropriate housing.

Hon LJILJANNA RAVLICH: The minister has been on the public record as saying that these houses in affluent areas should be sold off and the money should be redirected to building more houses. The value of the accommodation in more affluent areas may be such that you might be able to build one and a half or two houses for every one you sell, and that money should then be reinvested into new stock. Has the minister ever communicated to you his desire for this to happen?

Mr Searle: Yes.

Hon LJILJANNA RAVLICH: Has he in fact instructed the agency to do this?

Mr Searle: Yes.

Hon LJILJANNA RAVLICH: How has the agency responded to that instruction?

Mr Searle: As houses become vacant we examine the value of the property. We then make a decision based on location, demand and price. In some instances it may be more beneficial to redevelop the site rather than sell it. We make a decision, in an asset management sense, on what to do with individual properties based on the facts, as properties become vacant. There have been a range of situations in which properties have been put on the market, and there have been a range of situations in which we have decided to redevelop the site because it was zoned in such a way that we could put units rather than one house on a block that was worth \$800 000 or \$900 000.

Hon LJILJANNA RAVLICH: In how many cases has there been a redevelopment of the site in a location in an affluent area.

Mr Searle: I could not give you the number off hand.

Hon LJILJANNA RAVLICH: You are basically getting rid of an old house and creating a new house, or a number of new houses or accommodation units, in an affluent area, which seems to be a bit of an antithesis to the intent of the minister's directive in the first place. The idea was that you use that money and do more in other areas.

Mr Searle: My understanding of the minister's instruction was that it was to make sure that we were getting value for money for the asset we have at our disposal, and a single house on a block worth \$800 000 or \$900 000 is probably not value for money in terms of social housing. A set of six or eight units on a similar block may well provide value for money in terms of social housing.

Hon LJILJANNA RAVLICH: I guess what I am asking is whether you know where you have redeveloped these sites?

Mr Searle: I cannot tell you a particular site at the moment, but I can tell you what our practice is.

Hon LJILJANNA RAVLICH: Can you provide the committee with a schedule of house and land sales in WA in the past 12 months?

Mr Searle: Yes.

[Supplementary Information No C8.]

Hon LJILJANNA RAVLICH: Can we then take it one step down and get a schedule of the house and land sales in these so-called affluent areas? We could pick that up from the first one anyway.

Mr Searle: My problem with that is how you define an affluent area for the purposes of the question.

Hon LJILJANNA RAVLICH: We should be able to pick that up anyway from the overall schedule. Can you identify those sites that have been redeveloped? That would be of enormous assistance.

Mr Searle: Certainly.

Hon LYNN MacLAREN: I return to the federal stimulus package, but in the same area of the location of social housing. You know that there has been strong concern that social housing will only be built on the fringes and in the outer suburbs. Is there an intention to even set a minimum requirement for social housing construction in the inner-city areas? I am considering Perth, Victoria Park, Fremantle and Mt Lawley when I talk about inner-city areas.

[1.50 pm]

Mr Searle: There has been a real concentration on trying to get a mix of locations for money that will be distributed under the stimulus package. There is at least one site in Fitzgerald Street that I am aware of. There is another one in Northbridge that I am aware of. So there are a number of these that are in inner urban locations.

Hon LYNN MacLAREN: Have you tried to go about setting targets as far as trying to ensure that not all the new social housing is located in the disadvantaged outer suburbs?

Mr Searle: Absolutely. One of the things that we have done in terms of the second tranche of money under the commonwealth stimulus package is rather than the department go out and identify blocks and build things, we have gone to the market and asked—because December next year is not far away to build 1 700 units or 2 500 in total—what they have got development approval for that they cannot currently fund. It is hard to get money off banks at the moment for development. There are lots of developers who have development approval already, who know what they want to build, who already own the land, but who cannot get funding. We are saying come to us with an expression of interest, we will evaluate that interest and if it makes commercial sense for us, we will buy off the plan in your development for social housing. We have, at my last count, 400 proponents of 7 000 units who want to deal with us on that basis. What we are seeing is a very much more integrated approach to the provision of social housing and a very much more diverse approach in terms of the quality and the substance and the location of that housing—and that range is everywhere from Kalgoorlie to inner metropolitan Perth. But again, it is about trying to get value for money in terms of the average price we pay across the range of units because we are operating in a fairly tight budget constraint.

Hon LYNN MacLAREN: Yes, and in those federal stimulus package houses, are they all required to be six-star rating?

Mr Searle: No.

Hon LYNN MacLAREN: So it is not mandatory?

Mr Searle: No, six-star is not mandatory.

Hon LYNN MacLAREN: So what rating do you think they will have or have you set a rating?

Mr Searle: Five is the standard we aim for. Sometimes, particularly in complexes, there is a variety of ratings depending on the aspect of individual units within a block. They might not all be five because of the composition of the block. But, in terms of targets, five is the total.

Hon LYNN MacLAREN: I thought that in the NRAS houses the minimum was six.

Mr Searle: NRAS is a different funding source and a different allocation.

Hon LYNN MacLAREN: Oh, sorry. Are you building those NRAS —

Mr Searle: We are not building NRAS houses. We are part of the approval process for the NRAS funding and we are co-funding it, but we are not doing the development.

Hon LYNN MacLAREN: Okay. I will continue on with the ones that I wanted to ask. What does the department consider the current homelessness population to be in WA?

Mr Searle: Homelessness is not—we can give you the reported number, but in terms of structural responsibilities, homelessness is not a responsibility of our department.

Hon LJILJANNA RAVLICH: But if they phone up and say that they want a house?

Mr Searle: We will take them on the waiting list. We will advise them of the crisis accommodation that we are aware of, and we have on our website the number of beds available and in which particular crisis accommodation facilities.

Hon LYNN MacLAREN: On page 552 you have crisis accommodation line items under “New Works”. You know that I am new to this and I am working out where the crisis accommodation is in the budget. You have allocated \$4.27 million over the next four years in this crisis accommodation line item. What is that and who was consulted about how that money is spent?

Mr Searle: Okay. In 09-10, for crisis accommodation, we are going to spend \$4.5 million and there are a number of projects in that. There are six units in the suburb of Cullacabardee for Cyrenian House. There is a six-bedroom house in Middle Swan that the hills community self-help group is going to use. And there are six units in Butler that the Patricia Giles Centre are going to use. So there are a range of constructions happening under that funding for the capital component of crisis accommodation.

Hon LYNN MacLAREN: Right.

Mr Searle: Most crisis accommodation has two major funding needs: one is the physical bricks and mortar, and the other is the support that is necessary around that type of accommodation—the recurrent support. The recurrent support is the responsibility of the Department for Child Protection rather than us. We will build the bricks and mortar, but the actual recurrent costs of running and maintaining those sorts of crisis accommodation centres is funded out of the Department for Child Protection.

Hon LYNN MacLAREN: And how do you consult? How do you determine which and where you are going to build those units?

Mr Searle: We work very closely with the Department for Child Protection and a range of support groups; a number of not-for-profits are involved in this process.

Mrs Loosley-Smith: For the committee’s information, there is a homelessness implementation plan that has just been announced by Minister McSweeney and the federal minister. It forms part of the commonwealth and state funding. Under the umbrella of the national affordable housing agreement, there is a homelessness—a national partnership—agreement. There is money being contributed by both the state and federal governments and it is very much trying to address the 13 000-odd people in WA that are known to be homeless in terms of ABS statistics. And there is a range of initiatives there. There has been very close consultation between housing, child protection and the non-government providers on that. I am happy to leave a copy.

The CHAIR: Is the document provided a public document?

Mrs Loosley-Smith: It is.

Hon LYNN MacLAREN: And that is the number that the department is using as the estimated homelessness number, 13 000, in WA.

Mrs Loosley-Smith: Yes.

Mr Searle: It is the ABS number.

Hon LYNN MacLAREN: It is the ABS, okay.

The CHAIR: Before we proceed further, I am aware that this session was due to be finished at two. I am also aware that there are a number of members who still have questions. We can run over if members will give me an indication that that is okay with regard to the next division. Do people want to run on for an extra 10 minutes or so?

Hon LJILJANNA RAVLICH: Fine.

Hon KEN TRAVERS: Yes.

Hon LJILJANNA RAVLICH: Make it an hour.

Mr Searle: If I can go and fill the parking meter!

The CHAIR: I understand that some members have to go at three, so it will mean losing time off the next session rather than simply extending that session.

Hon PHILIP GARDINER: Give it another five minutes.

The CHAIR: Another five minutes—we will go five minutes over. We will see what we can do in the next 10 minutes. This is an important area. I will give Hon Lynn MacLaren another couple of shots and then we will move forward.

Hon LYNN MacLAREN: Okay. I will just ask, again, about the national rental affordability scheme. What is the contribution being made by the state government as a proportion of the total NRAS spending over the four-year scheme? There is, for members' benefit, on page 548 an NRAS listing.

Mr Searle: We have budgeted money for NRAS as outlined.

Hon LYNN MacLAREN: I am just trying to tease out how much is federal government money and how much is state money.

Mrs Loosley-Smith: The subsidies are worth \$8 000 per dwelling to people that build NRAS rental housing. The commonwealth puts up \$6 000 in money if it is for a non-government organisation or in a taxation benefit if it is not. The state contributes \$2 000. So, if you sort of work on that, it is \$8 000: the commonwealth puts forward six and the state puts forward two per dwelling.

Mr Searle: These numbers are based on estimates because NRAS is in its early stages and we do not quite know what percentage of the NRAS funding will be allocated to individual states through the federal approval process. This is based on the current estimates of the percentage that we will be able to get in WA. There is \$2 000 per year per dwelling.

Hon LYNN MacLAREN: So can you tell me how WA is comparing with other states in terms of the number of NRAS applications and approved projects?

Mr Searle: Yes, we can. We can give you the numbers for the first round of NRAS. I do not have them on me but I am happy to take that as another supplementary question.

[Supplementary Information No C9.]

Mrs Loosley-Smith: It was certainly at our population share or above. You know, we sort of work on 10 per cent for WA and we certainly secured at least 10 per cent of the approved places.

Mr Searle: But it would be fair to say we have fewer applicants than other jurisdictions.

Mrs Loosley-Smith: Probably.

Hon LYNN MacLAREN: Fewer applicants—and that kind of brings me to maybe my last question.

The CHAIR: Maybe indeed!

Hon LYNN MacLAREN: Are there other barriers that are peculiar to the WA housing industry that are affecting our rate of applications? I am referring to what we have touched on a little bit before—the large constructions; you know, the over-100 units that —

[2.00 pm]

Mr Searle: There are a number of complications with the NRA scheme that make it difficult for some providers. For instance, a lot of the community housing sector is not for profit in its very nature. There are some opinions from the tax office that certainly a couple of months ago brought their not for profit into doubt if they were involved in the NRA scheme, so that is clearly a disincentive to a whole range of people. That has been worked through and negotiated at the federal level. They are the sort of structural issues that are significant.

Hon LYNN MacLAREN: You have had fewer community providers engaged in that process or making applications.

Mr Searle: The community housing sector in WA is a developing entity.

Hon LYNN MacLAREN: Although in Fremantle it is pretty old.

Mr Searle: Absolutely, but in comparison with the eastern states, the percentage of community housing is much smaller here. The players are much smaller. Their ability to grow is proving to be an interesting challenge for all of us. The department is committed to the growth of the community housing sector.

Hon LIZ BEHJAT: Just picking up on something that Hon Lynn MacLaren announced before I go to another question, in relation to developers bringing new plans and your buying off the plan, are you sticking to the one-in-nine ratio when you look at those or is that handled differently?

Mr Searle: Because this was intended to be an economic stimulus package and the fact that we get a multiplier effect for our investment, we are in some cases going over the one in nine. The intent is to settle down to one in nine in those cases where we have gone over it. So in some cases we might be buying 20 per cent of a particular development, maybe even more, but the intention for us is to settle down to a one-in-nine figure.

Hon LIZ BEHJAT: Thanks for that. Page 549 refers to the Social Housing Taskforce. In an earlier answer you said that this government has no percentage target in relation to social housing as opposed to the previous government. You said that that government had a target and this government does not have a target. I have a recollection in regard to this Social Housing Taskforce, which was set up and due to report by the end of June. Was there not some aspirational target of 20 000 by 2020?

Mr Searle: If I can, by way of correction of my previous statement, what I was saying was that this government had a percentage target for what percentage of housing should be social. That is not to say they have not got targets.

Hon LIZ BEHJAT: You certainly gave an impression that perhaps there was not a target. I just wanted to clarify.

Mr Searle: I have a whole range of targets, but one of them is not around the percentage of housing that is social housing. So if I created that confusion, I apologise. The minister did set the Social Housing Taskforce an aspirational target of 20 000 additional dwellings by 2020.

Hon LIZ BEHJAT: Has that reported to government?

Mr Searle: I understand the task force has given the minister their report.

Hon LIZ BEHJAT: So it is with government at the moment.

Mr Searle: Yes.

Hon PHILIP GARDINER: This is in relation to something you alluded to before about maintenance and the Department for Child Protection, I think it is. With the maintenance of houses, which must be a nightmare for you, what education program are you working through just to teach people how to care for a home, how to keep it clean, how to wash up and how to maintain the

inside? Is there anything that is really around that area and how effective is it where you have tried it?

Mr Searle: There are a number of programs that the department has tried over a long period of time, and that is both the supported housing assistance program—the SHA program is the major one of those. That is funded by the department and provided by usually not-for-profit voluntary organisations—people like Anglicare and Centacare and those sorts of people—on a contracted basis. In some communities we have gone back to providing a homemaker service, which is far more basic, about the expected cleanliness and house maintenance issues, domestic chores, cooking, cleaning et cetera. There are a vast range of people in our tenancies, and the department, wherever we can, aims to support those people and tries to sustain their tenancies where we can. There is a significant allocation of resources to that task.

Hon PHILIP GARDINER: Its effectiveness?

Mr Searle: I would have to say mixed.

Hon PHILIP GARDINER: Are they getting better at it?

Mr Searle: It is a program that is currently under review. As I said, in some communities we have made a decision to go back to a homemaker program, which is a more targeted, basic program, because we think we will get better results. For instance, in Halls Creek we have gone to a homemaker program that is run by local Indigenous women. We think that will give us better results.

Hon PHILIP GARDINER: That sounds interesting.

The CHAIR: If Hon Ken Travers can ask a question in the next 30 seconds, he can have it.

Hon KEN TRAVERS: I am happy for you to take it on notice. How many applications for the First Start scheme were unsuccessful in the 2008-09 financial year and why were they unsuccessful?

Mr Searle: I am happy to take that on notice.

[Supplementary Information No C10.]

Hon KEN TRAVERS: One other quick one.

The CHAIR: The one more question!

Hon KEN TRAVERS: At “Item 151 Capital Appropriation”, you indicate that it includes commonwealth funds. Can you just confirm for me that the commonwealth funds are the funds listed at page 471 as commonwealth grants? Your capital appropriation on page 547 indicates that it includes commonwealth stimulus grants.

Mr Searle: Correct.

Hon KEN TRAVERS: Are the amounts included in that identical to the amounts listed as commonwealth grants on page 553 where it lists how you fund your capital appropriation?

Mr Juliff: The funds in relation to the capital for the commonwealth on page 547 are \$387 million of capital funding in the 2009-10 budget, and those funds will be spent as part of the national program.

Hon KEN TRAVERS: Hang on. It is \$387 million from the commonwealth.

Mr Juliff: Correct.

Hon KEN TRAVERS: If you add \$200 million from royalties for regions, that is more than \$542 million.

Mr Juliff: There is \$180 million in royalties for regions money for 2009-10 in expenditure.

Hon KEN TRAVERS: Which, with \$387 million from the commonwealth, gives you \$567 million. Maybe you could take it on notice to give us a complete breakdown now of this. In

item 151, for each of those lines from 2007-08 right through to 2011-12, how much of it is commonwealth funds?

Mr Juliff: I can read it out to you now if you like.

Hon KEN TRAVERS: All right.

Mr Juliff: Of the \$542.6 million, \$387 million is commonwealth. The remainder is the \$116 million that was brought forward. There is \$7.9 million state matching for A Place to Call Home. There is \$61.7 million for stock growth to contain the wait list and \$15 million of state equity contributions.

Hon KEN TRAVERS: So where is the \$200 million from royalties for regions?

Mr Juliff: The royalties for regions money is not quoted in that \$542 million. It has its own appropriation somewhere.

Mr Searle: It is under major policy decisions.

Hon KEN TRAVERS: But if you can take it on notice and give me the same figures for 2010-11, 2011-12 and 2008-09, I would appreciate that.

[Supplementary Information No C11.]

Hon LYNN MacLAREN: Madam Chair, is it possible to submit some questions?

The CHAIR: Yes, of course. We will now formally close the hearing but there may be a few additional questions that members did not have a chance to ask. They will be provided to you with 10 working days in which to respond. Thank you very much for your attendance this afternoon; it has been very useful. We will finish this hearing and recommence with the next hearing very shortly on building management and works.

Hearing concluded at 2.10 pm