

**COMMUNITY DEVELOPMENT AND JUSTICE
STANDING COMMITTEE**

AGENCY EXAMINATION — DEPARTMENT OF HOUSING

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
WEDNESDAY, 17 OCTOBER 2012**

Members

**Mr A.P. O’Gorman (Chairman)
Mr R.F. Johnson (Deputy Chairman)
Ms M.M. Quirk
Mr I.M. Britza
Mr T.G. Stephens**

Hearing commenced at 10.05am

SEARLE, MR GRAHAME JOHN
Director General, Department of Housing,
99 Plain Street,
East Perth 6004, examined:

LOOSLEY-SMITH, MS TANIA
General Manager, Strategy and Policy, Department of Housing,
99 Plain Street,
East Perth 6004, examined:

PARRY, MR STEVEN
General Manager, Service Delivery, Department of Housing,
99 Plain Street,
East Perth 6004, examined:

WHYTE, MR PAUL RONALD
General Manager, Commerce and Business Opportunity, Department of Housing,
99 Plain Street,
East Perth 6004, examined:

The CHAIRMAN: This Committee hearing is a proceeding of Parliament and warrants the same respect that proceedings in the House itself demand. Even though you are not required to give evidence on oath, any deliberate misleading of the Committee may be regarded as contempt of Parliament.

Have you completed a “Details of Witness” form?

The Witnesses: Yes.

The CHAIRMAN: Did you understand the notes at the bottom of the form?

The Witnesses: Yes.

The CHAIRMAN: Did you receive and read an information for witnesses briefing sheet regarding giving evidence before Parliamentary committees?

The Witnesses: Yes.

The CHAIRMAN: First of all, Grahame, congratulations on winning the award from the public administration office. Before we start, do you have any opening comments?

Mr Searle: I actually do, if that is okay.

As a management group we have probably been in place for two and a bit years in the Department of Housing. The first couple of years we focused very much on trying to get our commonwealth agreements in place, which are mainly around welfare housing provision—things like the remote Indigenous housing agreement, the NPARIH. We are the only State to meet our targets every year; in fact, we have exceeded targets in terms of constructions, refurbishments and Indigenous employment targets. We think we have achieved some really good results in that space. Under the commonwealth stimulus package, which was a Godsend for a department like ours, we have managed to exceed all the targets in terms of what we have delivered. So, again, a great result. Under the homelessness NPA we have also met our targets. We focused our attention very much in

the early years around compliance and winning the war in terms of our agreements and making sure we met all our targets. What we are now doing is expanding out into that affordable housing strategy, so rather than just focusing on the purely public housing end, it is getting a better handle on what we can do in the broader market to ensure increased affordability for low-income Western Australians in terms of housing provision. So we think we are on a journey. We think that we are probably about halfway through it, but we think we are heading in the right direction in terms of broader housing affordability in Western Australia.

The CHAIRMAN: Just on that, do you have information on the need out there, aside from social housing, like the affordable housing? What are the demands and how are we assessing it and keeping up with it?

Mr Searle: Tania's group has been doing the work in that space.

Ms Loosley-Smith: We have been working on a demand model. We are updating it now with the 2011 ABS census figures. That will be done by the end of October, then we will have a much clearer picture of the demand. Like all of you, I suppose, we look at the ABS figures, we look at our waitlist, we look at things that have come out this week around the ACOSS poverty reports and how many people are living on that very low income range. In that context, that is the basis on which we are targeting the kinds of things that we are. Demand for affordable housing is much greater than the public housing waitlist.

Ms M.M. QUIRK: We have not had a chance to chat since our affordable housing report came out. How many recommendations are being implemented by government?

Ms Loosley-Smith: All the ones that were supported. I do not know the number, Margaret. I would have to count them.

Ms M.M. QUIRK: There were not very many, were there?

Ms Loosley-Smith: I think it was half and half that were supported, partially supported or not supported.

Ms M.M. QUIRK: On those recommendations, can you tell me whether the recommendation about looking at stamp duty concessions for seniors who are downsizing was costed and, if so, by whom?

Mr Searle: We are currently working with Treasury to do exactly that, to look at both stamp duty and land tax. That discussion with Treasury is underway.

Ms M.M. QUIRK: While we are on the Treasury issue, is the department subject to further rounds of efficiency dividends and, if so, what percentage and in what areas will you be looking for savings?

Mr Searle: In the current budget cycle the efficiency dividends, the department was not subject to the dividend.

Ms M.M. QUIRK: So it will not impact on your capacity to deliver affordable housing.

Mr Searle: No.

Mr R.F. JOHNSON: Grahame, you said discussions with Treasury about relief are ongoing; that is, relief for senior citizens from stamp duty if they want to downsize. How long have those discussions been going on for?

Mr Searle: The discussions are about not only seniors, but also the broader issue of stamp duty and land tax, including, particularly, the effect of aggregated land tax on people providing low income rentals. If you have five houses, they aggregate the value to work out your land tax bill. If an institution owns a number of apartments and it is trying to provide affordable rent, its land tax bill becomes significantly bigger, the bigger you get. There is a disincentive for people providing affordable rental at any scale. We are in those discussions with Treasury at the moment.

Mr R.F. JOHNSON: That is what concerns me, Grahame. This report came out about a year ago. I am a new member of the committee, and I am not across it as well as my colleagues. If this report was tabled in Parliament about a year ago, and one of the recommendations I assume has been taken up, it is long time for those discussions to be a year into the making when there are people out there hurting.

Mr Searle: The expert on stamp duty and land tax is Treasury, not us. Treasury people are doing that work.

Mr R.F. JOHNSON: I realise that.

Mr Searle: The question is better directed to them rather than us.

Mr R.F. JOHNSON: Of course, it is. But you did say that you were having discussions with Treasury —

Mr Searle: We are.

Mr R.F. JOHNSON: — and that is what I am picking up on, Grahame. I just wondered how long those discussions have taken. There is no light at the end of the tunnel for retirees who are looking to downsize. I know of some such retirees, because they have come to my electorate office and said that they desperately want to downsize, but they cannot afford the stamp duty.

Mr Searle: Okay. The previous minister established a roundtable to look at affordable housing. One of the first topics that was on that agenda was affordable rentals. With vacancy rates at 1.6 to 1.9% depending on which month it is, clearly there is huge price pressure on rentals. One of the action items coming out of the first roundtable meeting was for Treasury to look at the impact of stamp duty and land tax. I had a discussion with the Under Treasurer three weeks ago about where that was at. They are currently in the height of the midyear review. It was agreed that this would be the first item of business to be followed up once the midyear review is over. So it is on the agenda of both myself and the Under Treasurer to follow through to get to a conclusion.

The CHAIRMAN: So it will not see the light of the day in this term of government?

Mr Searle: I do not know. I personally hope that we will have some sort of report back to the minister's roundtable in November.

Ms M.M. QUIRK: I was just given the figures for our recommendations. There were 35 and of those only four were supported, six were partially supported, six received in-principle support, which is code for not supported, and the last one is partly implemented. That is 17. In terms of wholesale support, there were only four, as I understand it.

Ms Loosley-Smith: I have the same numbers, Margaret—17 were supported or partly supported or partly implemented and 15 not supported.

Ms M.M. QUIRK: While we are on that report, it was handed down in October. The Minister was due to make a preliminary response three months later, in February. He said he was not ready to do so and, in fact, did not give a response until budget day in May. Can anyone enlighten me as to why there was a hold-up?

Mr R.F. JOHNSON: You would have to ask the minister's office, I think.

Ms M.M. QUIRK: From your perspective, were you able to respond earlier than that?

Mr Searle: I think the minister had to get responses from a number of agencies, because the recommendations were not just from our department.

The CHAIRMAN: On 29 August this year, the minister announced that since 2010 more than 6,200 new affordable homes have been created through a range of initiatives. Can you tell us as of today how many of those homes have been built and have people living in them; and, where did the

finances for the 6,200 homes come from? Was it a federal government initiative? Can you outline the number in your opening remark? How much money came from the state?

Ms Loosley-Smith: I will have to take most of that on notice to be precise, but I can give you a global picture. The 6,200 have all been built. We did not count things under construction, so they will pop up in the next report. For the social housing component, a large part of that was federal stimulus money from the economic nation building plan. A goodly majority of that was state funding brought forward, plus a state boost. Some of what is in the count, about 550, is NRAS which, as you know, is a joint commonwealth–state, but mostly commonwealth-funded program. Another 1,900 plus in that count are Keystart loans. We can talk more about how they are financed. Most of the 6,200 were social housing jointly funded, NRAS jointly funded and Keystart. They are the big numbers in it. If you need a breakdown of the commonwealth–state proportions under each of those, I would have to take that on notice.

The CHAIRMAN: If you could, that would be great.

How many people are on the state’s housing waitlist and is that list published?

Mr Parry: There were 22,287 as at the end of September.

The CHAIRMAN: Is that published anywhere or is it only in your annual report?

Mr Parry: The end of June figure is in the annual report, which was 22,871, so there has been a marginal drop since then. I believe the total number is on our internet site, but I would need to qualify that.

The CHAIRMAN: Why is it taking longer than ever to get people off the waiting list?

Mr Searle: It is taking longer to put people into houses. Fundamentally it has been about the state of economy, housing affordability and the lack of places for people to move into. For public housing to work effectively, we need some turnover of people through properties. That has dropped off. However, one thing worth noting is that the waiting list has come down over the past four years. We peaked at 24,000-plus.

Ms M.M. QUIRK: Has maintenance caused difficulties in getting that turnover? Has that proved problematical?

Mr Searle: Whilst we have had some challenges in the maintenance area, our maintenance turnaround times are back to their historical levels.

Ms M.M. QUIRK: Which is what?

Mr Searle: About 19 days from when a place becomes vacant until a new tenant moves in.

Ms Loosley-Smith: One of the things that is causing enormous pressure on the public housing waitlist still is what is going on in the private rental market. With a 1.9% vacancy rate, rents in the private market have gone up 13% in the past 12 months, and they went up about that again the year before. So there is that enormous pressure in the private rental market and inadequate commonwealth rent assistance. I mean, 10 or so years ago, CRA for people on low incomes probably contributed about 30% of what they needed to pay—it is probably down to between 15 and 20%. That is not keeping pace, there is not enough supply, prices are going up. So if you are on a low income and doing it tough, the easiest line from A to B is to put your hand up for public housing. That is why we are trying really hard to bring in the national rental affordability scheme properties and other options for those people.

The CHAIRMAN: One of the options you talked to us about when we did the previous report was the notion of bringing in 500 rentals. How is that going?

Ms Loosley-Smith: Not well in this market. When we considered that idea of leasing properties back from the private market and using them for our people who were over income in public housing, the rental vacancy rate was 3.5 to 4%. We had landlords willing to give us properties

because they were not having 40 people lining up at every home open for a rental property. In this market it has been really tough; we have seen about 11 people transition out of public housing in this tough market. We expanded the scheme recently into Albany and Bunbury, which have more of a rental market where we can trial in those areas to see if it can work. It was a great idea at a particular point in time when the rental market vacancy rate could sustain it. In this market it is a tough initiative, which is why we are putting more effort into other things.

The CHAIRMAN: Was it not imminently foreseeable that the market was going to get tighter? We were having 1,000 people coming into the State each week. Of course the market will get tighter and as it gets tighter, the rents go up.

Mr Searle: It has got unevenly tighter. One of the things we have really become aware of is that we need to be far more aware of markets and operate in markets rather than just run programs. Government traditionally runs a program and runs a program and runs a program and runs a program regardless of what happens in the market. Because this market is so volatile, we cannot do that anymore. We have to be smarter about where we put our effort given the market opportunities that present themselves to us. By changing that rental brokerage scheme into Albany and Bunbury we are recognising the market opportunities there and recognising that it is not appropriate in Perth.

One of the things that was not predictable was the lack of construction of units in affordable housing units assisting from houses in Perth. That basically stopped with the GFC. We still see apartments being built in Perth central, in the CBD, high value apartments, but where do you see them around the fringe? That industry basically stopped and that was not foreseeable to the extent that it was and that was mainly around bank finance to developers.

Mr R.F. JOHNSON: There are some of those developments around Joondalup.

The CHAIRMAN: They are high value as well.

Mr R.F. JOHNSON: They are very close to the railway line, which is quite handy for people going to Joondalup to work or into Perth CBD.

Mr Searle: But scarcely affordable—and that is the issue for us. The issue for us is always about affordable end of the market because that is where our clients are.

Ms M.M. QUIRK: In that context and at the risk of pushing my own barrow and self-interest, one of the things that came up in our report was school sites that have been vacant for many years. One such school site is in my electorate. It has been vacant for two years. It was purchased by the Department of Housing and Works for a development. I have been advised that development will not take place for some years because it will take lesser priority than another development. Is this not about you guys leading by example? Surely having land sitting vacant when you should be giving the private sector the message that these developments can work and they can be popular in certain suburbs such as my electorate—I do not understand how you can be sitting on a piece of land 16 kilometres out of the city and it is not being developed.

Mr Searle: The Girrawheen Primary School site is unfortunate from my perspective. I do not think we have done as well as we should have in that space. But at some level it is about competing priorities and resources—I do not mean money; in this case I mean skilled people. We, like most of the public sector, have a set series of wage rates. When we are talking about people in the development industry those wages are, even in this current environment, only competitive if people have a vested interest in what we are doing and want to play in our space at a philosophical level. We have managed to recruit some people but we do not have enough skilled development managers today to deliver all the projects we want to deliver. There are a lot of projects going on and a lot of things I can show you that we have done. The Girrawheen site just happens to be one that we have not given enough priority. I accept responsibility for that.

Mr R.F. JOHNSON: There is also one in Craigie, a senior high school site, that has been vacant for many years.

Ms M.M. QUIRK: That might be Housing and Works?

Mr Searle: I do not think Craigie is ours.

Mr R.F. JOHNSON: No, it is not yours. I think LandCorp has taken it back from Stockland, which was going to do the developing there. I have a personal interest in that area, because there was a social housing segment for people with disabilities that has been put on hold for the time being. You get involved in development in some specific houses for people with disabilities, do you not?

Mr Searle: Absolutely.

Mr R.F. JOHNSON: What percentage is that overall and how much involvement do you have? There is a dire shortage in housing accommodation for people with disabilities.

Mr Searle: I think the right figure is that 30% of our clients are on disability pensions as a rule of thumb.

Mr R.F. JOHNSON: I am talking about the severely disabled who have to have carers living with them. You have the odd property where the carer—I think you probably do it for the Disability Services Commission?

Mr Searle: We actually have quite a lot. There was funding over the past couple of years for us to build houses and the Disability Services Commission got the funding for the support services.

Ms Loosley-Smith: There were 284 houses and then another 16. There has been additional funding both through a wraparound support for people with really high support needs and the capital to build the housing. I do not know the number, and I am not sure our data will tell us the numbers. Not everyone discloses their disability. I am ex-Disability Services Commission so, yes, for a long time they have partnered with the Department of Housing to deliver houses to support their programs. Certainly I can tell you categorically that in the last couple of years there has been specific funding for 300 extra houses for people with very high support needs and/or severe mental health conditions.

Mr R.F. JOHNSON: Where are those 300?

Ms Loosley-Smith: I will have to take that on notice. They are Statewide and they are based on individual planning.

Mr R.F. JOHNSON: There do not seem to be many in the northern suburbs. A lot of them tend to be in the southern suburbs.

Mr Parry: We also provide ad hoc modifications from just putting in rails, to full modifying when we construct a house; that is, lowering kitchens.

Mr Searle: We bring in OTs to do the work.

Mr R.F. JOHNSON: I am talking about specific ones where the carer is present and might look after two or three significantly disabled people.

Ms Loosley-Smith: That will happen through us through our community housing organisations and through the Disability Services Commission's own group homes. There is quite a range. I can tell you about the ones that we have been involved in, not necessarily everything that is happening across the state.

Mr Searle: I want to go back to Margaret Quirk's question, because there are important issues in terms of how complex these things are. This is something we are about to launch. The sod is going to be turned next week or the week after. This is a partnership with the private sector to build units in Northbridge—high value location—

Ms M.M. QUIRK: It seems to me that anything north of Walcott Street is just not a priority of this government and here you are telling me about another project in the CBD.

Mr Searle: What I am trying to explain, member, is that this took us three years to get the finances for; three years from the start of the process to get financial close. The effort involved in trying to get finance to do any sort of intense development in Western Australia at the moment is hugely difficult.

Ms M.M. QUIRK: Well if you cannot do it, why not give it to LandCorp or someone who can?

Mr Searle: Hang on. What I am saying is that we partnered with the private sector here. We partnered with Diploma, a major builder in Perth, and with us as a joint venture partner, the government as a partner, finance was difficult. That is the reason why you are not seeing a lot of this stuff happening in more affordable locations. There is a real challenge around investment finance for development at the moment. If you talk to the second and third tier builders, they are all in the same boat.

Ms M.M. QUIRK: So we have a problem with investment finance. You also said you had some difficulty within your department in terms of project managers or people with that expertise. How do you get over that problem?

Mr Searle: We are trying to recruit them on a regular basis. We are standing in the market to recruit people. We are certainly better at it than we were, but we have a way to go.

Mr R.F. JOHNSON: But with the cap on filling positions that do not exist at the moment, you will not be able to do that.

Mr Searle: It is not about cap level, it is about salary levels for us. The real issue is that we cannot afford to pay the going market rate for these people.

Mr R.F. JOHNSON: I am talking about the fact that the government has now said you cannot fill any positions that are not there at the moment; in other words, you have to work with the staff you had as at a week or two ago. Does that mean you will not be able to take these people with that expertise on now?

Mr Searle: No, it is not because of the cap, it is because the salary levels are not appropriate. We have exemptions from the cap for certain things, so our disruptive behaviour management strategy—we got funding in the budget for that for additional people and those adds will appear in the paper at the end of the week, I understand, or early next week.

The CHAIRMAN: For your project officers are you exempted from hiring those, assuming that the dollars are not the issue?

Mr Searle: I can still fill the positions, but the dollars are the issue.

Mr R.F. JOHNSON: So, you have an exemption, then, from the Government edict.

The CHAIRMAN: Why are the dollars the issue when we know that the high density market is basically at a standstill and there will be a number of project managers coming from the private sector being released. Surely we can pick those up. We do not pay a pittance; we actually pay quite well as a government.

Mr Searle: We pay well at certain levels of government, certainly, but at those sorts of levels we do not pay well. The people we are talking about can easily earn in the private sector \$200,000 plus a year; we cannot compete with those pay rates.

Mr T.G. STEPHENS: You have got a blanket exemption, have you?

Mr Searle: Yes.

Mr Whyte: If I can, we do not have an exemption. The Department of Housing operates the Housing Authority, which is a public non-financial corporation, so it is a statutory authority. The rules apply to government departments, but we are a statutory authority. As such, we need to operate within our budget and within the budget we are allocated. But in terms of FTE levels—the

number of FTEs—we are currently not restricted by that. So, what Grahame has said is true. A project manager in the government will be on, say, level 7 or level 8, which, I think, is around \$100,000 a year. We have recruited more than 10 project managers in the last 12 months and we do outsource and use external project managers. In terms of land developments, from conception of the idea through to design and completion, it takes a period of time and the particular project Grahame had up did take three years. It is about optimising the opportunity and we could have at any stage outsourced, sold the lot or done any number of things, but the result we got from that site, in terms of affordable housing and the return on our and government's investment in that, was very material and quite significant.

Ms M.M. QUIRK: What level of return are you expected to deliver to government?

Mr Searle: We are not. The profits out of our land development go back into the business.

The CHAIRMAN: What is the breakdown of that?

Mr Whyte: Just to give you some ballpark on those figures, with the figures that we have seen with One on Aberdeen, the land value initially was worth around \$6 million. What we will realise is that whole site developed, plus, I think, we will receive around 17 or 18 units for free —

Ms Loosley-Smith: For the \$6 million, we are getting a \$72 million development. The private sector partners raised debt finance and they have had to go and find equity to make it happen. For that, we get 17 social housing units, 18 units we have supported with the shared equity for the slightly higher income people, the national rental affordability scheme units and there might be some cash out at the end. So for an initial \$6.4 million land value, we are getting a \$72 million project with 161 residential units with 40%—

Ms M.M. QUIRK: Are they NRAS units?

Ms Loosley-Smith: No. Some of them are, Margaret—16 are NRAS units—but 40% of that development will be targeted for affordable housing on low to moderate incomes, off the back of the \$6 million land parcel and no extra money from government.

The CHAIRMAN: So, the government's total input was a piece of land.

The Witnesses: Yes.

The CHAIRMAN: And the private developer has found the \$72 million to build a building. What is his return?

Mr Whyte: Their return is a commercial return; I think the internal rate of return was around the 20% mark for the development, which is at the lower end of internal rates of return in terms of commercial dealings. Most now are in the 25% plus range, but given the fact that the partner is government, we can help de-risk that. Just to make it really clear, for our \$6 million land parcel, we have 17 units that were outright in our name—in the government's name. We own those. In addition to that, we have shared equity properties that we will sell on, say, a 70–30 basis—18 of those. Plus, there will be 16 NRAS properties. So, in terms of what that development is going to deliver in affordable housing, we want to use it as the template for future developments like the Girrawheen site and like the Greenwood site. In the past, we only had a model under which we would sell the land, and we would not get anything in return; we would only get the \$6 million. In fact, in addition to that, I think we are going to get about \$4 million or \$5 million cash out of the deal.

Ms Loosley-Smith: It will be \$1.5 million.

Mr Whyte: Is it? But there are tax credits as well.

Ms M.M. QUIRK: In terms of affordable housing in that development, how many are there all up?

Ms Loosley-Smith: There are 161 units.

Ms M.M. QUIRK: No, but how many —

Ms Loosley-Smith: Forty per cent.

Ms M.M. QUIRK: So, that is 80; right?

The CHAIRMAN: Seventy.

Ms M.M. QUIRK: Seventy; all right. Under the affordable housing strategy, I think the goal is 20,000 by 2020, how close are you to that target at the moment?

Ms Loosley-Smith: We are at 6,200 after the first two and a bit years.

Ms M.M. QUIRK: Given that population predictions were revised in February by more than 400,000, does that alter your target or does it create some problems in terms of the number of affordable houses that will be available?

Ms Loosley-Smith: The affordable housing strategy—the 20,000 by 2020—was a minimum target. The stretch target in the strategy was 35,000, so internally we are working towards at least 35,000.

Ms M.M. QUIRK: So, 20,000 is going to be inadequate given revised population figures; okay.

The CHAIRMAN: We have 14,000-plus left to deliver, basically, in the next eight years. When are we looking likely to deliver that? What other projects have you got on the horizon that we can expect —

Ms M.M. QUIRK: You have got some other corporate there; we had better let you show them.

Mr Searle: No; I am happy not to show them. They are there in case they help the argument, rather than for show and tell. We are involved in so many projects in so many parts of the state simultaneously that it is really difficult to keep them listed. There are about 220 projects.

Ms M.M. QUIRK: Can you maybe let me know what you are doing in the Pilbara, for example?

Mr Searle: In the Pilbara —

Ms M.M. QUIRK: I suspect that there would be a lot up there.

Mr Searle: Yes, there are a lot, because the demand up there is significant. We are doing a lot of things in both Port Hedland and South Hedland, particularly South Hedland. When you have got rents peaking at about \$3,000 a week, the government has to get involved and has to do really dramatic things in order to try to change that.

Ms M.M. QUIRK: What sort of investment is the government putting up there?

Mr Searle: There are a number of investments in the New Living program to start with in South Hedland itself. There is an investment in affordable rentals for SMEs in particular. If you are a small or medium-sized enterprise in Hedland, where do you put your apprentice hairdresser? Where does the panel beater live when prices are at that point? So, there are 125 units being provided to SMEs in order to let them house their staff, and they are not cheap. I think the three-bedroom units are worth about \$800 a week, but if the alternative is two and half grand, \$800 a week is pretty good. We just handed over the keys to the first one to the local panel beater. They have had a fly in, fly out panel beater going into Hedland. So, we are focusing on that to try to support the small to medium-sized enterprises.

We are providing houses for NGOs in that part of the world. There are about 58 houses for people like Anglicare and those sorts of people, so they can afford to have people work in those towns—so that they can house them. There are a range of interventions we are making up there to try to head off the debacle that is happening there. We actually think that is now starting to have some impact. We think the prices in Karratha and Hedland are about to start trending down, which will make those more viable.

Mr Whyte: I could perhaps run through the major projects we have in Hedland and Karratha.

Ms M.M. QUIRK: No; I have read most of the press releases, I just want to understand why it is that the priority seems to be shifting out of the metro area.

Mr Whyte: We have very specific funding through royalties for regions, and that is through the housing for workers program, and that is why Grahame has mentioned our concentration on housing for workers, especially workers at the lower end—those who are not in the primary industries and who are not in the oil and gas industry or the iron ore industry. To that extent, we have tried to intervene and provide housing for that group.

Ms M.M. QUIRK: Are the project managers within the department involved in those developments?

Mr Whyte: Most of those developments are partnerships with the private sector. For instance, we have just signed an arrangement with Fleetwood to deliver nearly 300 houses. That is all completely project managed—built and operated—by Fleetwood, so the department has very little input in terms of its day-to-day public servants putting themselves to that task. Our preference is always to partner with the private sector on those sorts of developments. Mostly in the north west, it is done with the private sector.

Ms Loosley-Smith: Could I just add one little dimension, because I think I might —

Ms M.M. QUIRK: No; we have got to move on, I am afraid. One of the issues you talked about last time was community. You transferred a number of houses to the community sector. I just want to know how many you have transferred since that policy came in. How many have you transferred to date, how many more are you thinking of transferring and what percentage is that of the social housing stock?

Ms Loosley-Smith: I will do the math on the run. We have transferred 1,298 in terms of the title transfer, bearing in mind that that sector also has a lot of head leases as well, so we still own them, but they manage them. As a percentage, the entire community housing sector is about 8,000 of 42,000 social housing properties. You can do the math for me! Sorry; what was the other part of your question?

Ms M.M. QUIRK: Are there more to be transferred?

Ms Loosley-Smith: No, not at this stage. The government had a commitment to a certain number of units. The idea was to see whether those organisations could then borrow against them to grow extra housing. They are starting to do that. The first eight houses have been produced and there are another 57 being built through that sector. So, the government wants to see what the outcomes are of that first set of transfers of property before it commits to any further.

Ms M.M. QUIRK: They are not subject to disruptive behaviour policy, so what have you found the last year or couple of years because of the transfer of these 8,000 premises?

Ms Loosley-Smith: They are not subject to the government's policy, but they are required as a matter of good governance to have a policy for dealing with antisocial behaviour.

Ms M.M. QUIRK: But there is nothing in the transfers that requires certain minimum standards, is there?

Ms Loosley-Smith: There is a best practice code for the community housing organisations, and that code at the moment is being translated into a national regulatory system, so there is a lot of work going on across the country.

Ms M.M. QUIRK: But at the moment, there is not the same level of enforcement as there is with the houses that are held by you, is there?

Ms Loosley-Smith: Of course not.

Mr R.F. JOHNSON: In relation to antisocial behaviour, can I ask what the situation is at the moment in relation to the “three strikes and you’re out” policy that is dictated by the minister? What are the numbers now compared with what they were?

Mr Parry: We get around about 1,000 complaints a month through to our disruptive behaviour reporting line, which is a call centre. We have never been able to measure that historically, so for the last year now we have been capturing that data, and it has stayed around 1,000 a month every month. I will get the exact numbers for you; I will provide them on notice. What we end up with is around 400 first strikes and we end up with under 100—for the year—third strikes and evictions under the disruptive behaviour system.

Mr R.F. JOHNSON: So, it is working a bit like the hoon legislation. You get loads of first offenders, but by the time you get to two, they do not want to go to three and have their car crushed. So, it is working.

Mr Parry: Absolutely. We get very positive feedback both from our front-line officers and from members of Parliament who are saying that definitely it has changed —

Ms M.M. QUIRK: Not from me, I can tell you.

Mr Parry: Okay; some members then!

Ms M.M. QUIRK: I can see no appreciable difference and in some respects, it has got worse.

Mr Searle: All of the feedback we get from local government through most members’ offices is that they are getting less complaints through their door than they used to.

Mr I.M. BRITZA: Certainly, that is the case with me.

The CHAIRMAN: With the Fading Dream report, the government said that the Department of Housing and LandCorp were going to complete an assessment of the feasibility of a land rent scheme in WA. Has that been done? Has it been completed? Where is it up to?

Mr Searle: We have actually modelled it around north Broome. LandCorp has got a big new development they are putting in at north Broome and we did a fair bit of work with the modelling that whether a land rent model would work up there. I do not know whether Paul or Tania have got the final outcomes, but it was not looking promising the last I saw.

Ms Loosley-Smith: No. I mean, my understanding is that when you stack land rent up against other things we can do, such as the shared equity program that we talked about, there are better outcomes government can achieve with more effort in other areas for a similar result.

Mr Searle: If I can take two seconds of your time just to hand over some graphs that we have brought in terms of the shared equity program we have been running. In terms of affordability and housing for low-income people, we think this is probably one of the biggest success stories the department has had in the last couple of years. In terms of trying to take the advantage of the market when builders were struggling for work, we put out an EOI saying to builders, “We want you to build us house-and-land packages targeting below \$300,000 and at a 20% discount to market.” The end result is that we have been able to put a number of properties onto the market in Perth and in some regional areas at very affordable price points. What this graph shows you is the median house price in Perth, which is the red line at the top. Then, the quartile point —

Ms Loosley-Smith: The lowest quartile.

Mr Searle: The lowest quartile, which is the blue–purple line. Then, the median price point for our Opening Doors properties is the orange line, and then the green line is the median shared equity point in our properties. So as you see from that graph, the income levels that are in there are people on \$50,000; \$80,800, which was then the median income for households in WA; and \$96,600, which is 120% of the median. You can see whilst people on an average income cannot afford a property at the bottom quartile, they can afford our houses both in terms of the median price and the

shared equity price. So, what we are seeing is a significant number of people on low incomes be able to get into owning their own houses because of this scheme the department has been running.

Ms Loosley-Smith: The exciting thing is—there is a lot of information on the graph—our properties that are shared equity properties are \$100,000 cheaper for people than the lowest quartile houses in Perth. So, we are actually putting properties, ownership opportunities, into the hands of people on \$50,000 to \$60,000 a year at \$100,000 below the cheapest kind of properties in the market. So, Margaret, picking up your point, a lot of this is not obviously CBD; it is actually happening in the suburbs.

The CHAIRMAN: Just recently there has been a new website launched about switching banks and things like that. How would Keystart compare? How have you actually dropped? The rates have come down with the Reserve Bank, has Keystart reduced all the rates in accordance with the Reserve—

Mr Searle: The Keystart interest rates is the average of the four big banks headline rate, so the advertised rate of the banks. Keystart just calculates the average of the four and that is their interest rate; that is how they set their interest rate. Keystart is not there to compete on price with the banks; Keystart is there to be a transitional scheme to let people who could otherwise not access home loans to get access to a loan. Pre-GFC, the average length of a Keystart loan was three years. It got people into the market, it got them established. Then they would want a credit card or they would want some other form of finance, so they would go to a bank and they would transfer there, because they had a record, because they had been paying their mortgage off, because they had some degree of equity in the property, the banks would then look at them and lend them the money.

So, Keystart has been very successful as a transitional scheme to get people into the market who could not get in, but the clear intent of leaving the interest rate where it is is to give them an incentive to transition out, so they can usually negotiate a cheaper rate with the bank when they transfer out to the bank.

Mr R.F. JOHNSON: Because you are only the average of the four.

Mr Searle: We are only the average, and banks often offer a discount to their headline advertised rate to a whole range of groups. So, we think this has been a very successful scheme of getting people into home ownership and had huge success. When you look at it in terms of size, there are half as many Keystart loans as there are public houses in WA. Just to give you some feedback on the size, there are 36,000 public houses in WA and there are 18,000 Keystart loans. So in terms of its effect for people on low incomes, it is a really significant player in the market and it has helped over 80,000 families over the 20 years that it has existed.

Ms Loosley-Smith: And it is not just low deposit; it is about getting people in. That is what its role is.

Mr R.F. JOHNSON: I think it is a great idea, great policy, great initiative.

The CHAIRMAN: Members, other questions?

Mr T.G. STEPHENS: I am not sure what opportunities there are for some other areas, but the maintenance contract area is open for current discussion. Have you spoken, before I arrived, on this issue at all?

Ms M.M. QUIRK: No; fire away.

Mr T.G. STEPHENS: Essentially, the maintenance of your public housing, historically, and government housing prior to the arrival of this contract that has gone out to the private sector and perhaps is on display in the Pilbara. You had a system that basically worked and now you are having a system that seems to be falling apart where the work is not getting done on the public housing and the government housing in the smaller towns especially. I have not kept up with this, but is it under review? It seems that you have added in an extra layer of where people are having to

phone in their complaint and then it heads off to a private company who never actually gets the work out to some of these places like Marble Bar, Nullagine, Newman, Tom Price and Paraburdoo. Are you reviewing this, because it seems to be an alarming disaster unfolding?

Mr Searle: Okay, this has been reviewed to death, to be honest. It has been reviewed by the Auditor General, it has been reviewed by KPMG, it has been reviewed by—

Mr T.G. STEPHENS: Is anyone singing its praises?

Mr Searle: All of the reviews, as I understand it, say that the model will work. All of the reviews say that. I have admitted publicly, and said it before committees such as this, that we got the implementation wrong. We made mistakes as a department in terms of the implementation. The model does work. The model will work. Yes, there are—

Mr T.G. STEPHENS: Can I just interrupt briefly? Sometimes agencies assume that models will work because there is a market and it is like Treasury has its assumption. The thing might work in theory, but when the market is not there in practice, a model that looks good will get the good tick off as though it is going to work in some ideal world where there is a market. But these are places where you just cannot get anyone to go and do your work.

Mr Searle: Yes. Look, in terms of the model, we are now down to something like three per cent complaints around our maintenance contracts.

Mr T.G. STEPHENS: People have given up complaining.

Ms M.M. QUIRK: Yes.

Mr Searle: No; that is not true. We do 20,000 maintenance requests a month—20,000. It is a huge number. I acknowledge there are some challenges, particularly in small and remote communities where to get a plumber or an electrician there was always a challenge, was always difficult. As I said, our turnaround times now are as good as they were before we started this contract. The fact that people want to complain is the nature of people and I accept that, but I do not accept that the situation is fundamentally worse than it was. Our maintenance had been done by the private sector since 1999. Our maintenance has all been done by the private sector for—what is that?—13 years, 14 years.

Mr T.G. STEPHENS: But you have added in an extra layer.

Mr Searle: Yes we have, and we are now getting feedback from some of the subcontractors that it has actually improved their efficiency and profitability. But I acknowledge there are some challenges in remote communities, but there was never a plumber there or there was never an electrician there anyway.

Mr T.G. STEPHENS: Basically, I think we operate in parallel universes where you have a universe here that makes things look good. It is a disaster. I am relatively new at the job; but in 30 years I have never seen it. It is an unmitigated disaster in terms of the way nothing is happening in these places any longer. It is place after place where it used to work. You used to have a system where work got done because people would be able to ring the department and then the department had access to people that did work, and now it is not happening.

Mr Parry: There is a little bit of confusion about a number of things that have happened over the last number of years. What you are talking about is our call centre, which is Housing Direct, which is an award-winning call centre.

Mr T.G. STEPHENS: There is nothing wrong with the call centre, it is just that you cannot get the next layer to work.

Mr Parry: Yes, so what happens now is you have to ring up a call centre because we have centralised the issuing of maintenance to better control consistency so we do not over-service or under-service throughout the state. It is recognised that Pilbara is an incredible, I suppose, challenge

for us, and there are external changes and forces within the market that would have been evident previously as well. So, we would have had gentlemen's agreements and limited controls over how we delivered our maintenance in those areas. Yes, the Pilbara continues to be a challenge for us and it is something that we are looking at closely in terms of how we deliver maintenance. Broadly, what Grahame has talked about is that the model itself has been proven to work throughout the country. We were one of the last states to move towards the head contractor model. The Office of the Auditor General report does say that it is working as intended. There is no evidence of fraud or roorting, as people have talked about before. For us—

Mr T.G. STEPHENS: Models are good if they actually produce some maintenance at the end of it. It is like the model to sell off all the public housing or the government housing, they are good models, if you had a market. But what has happened is you have adopted markets that look good in theory, but on the ground there is no connection between what you are saying to the committee and what my communities are showing me.

Mr Parry: I obviously travel a fair bit in service delivery, so I am at the pointy end, if you like, so I am out into the Pilbara and the Kimberley and the difficult-to-service areas. It continues to be a challenge for us and we recognise that. For us, I do not think you can blame a change in model. The difficulty for us is to be able to resource people that will work in, I suppose, an environment where we cannot afford to pay the rates that the mining companies are paying. So, we have to try to get hold of the head contractor, in this case, or if it is in one of the communities, we manage it separately. We have to try and get hold of an electrician or a plumber and we have to make it viable for them to go there for the one work order.

But I will bring you back to the volume, it is around about 250,000 job orders every single year that we issue. We will get some wrong and we will have difficulties in terms of getting to some of the hard-to-reach places. What we are looking at is volume and getting it, you know, as close to perfect as we possibly can. I have been in this business for 25 years; I have worked for the department for 25 years and I have been in and around maintenance all that time. I can tell you it was not perfect before and we did have problems. We had significant problems before in terms of how we delivered our maintenance. We have better quality assurance over what we do now and how we deliver our maintenance than we ever had before; better scrutiny, tighter scrutiny, we have more auditors going out there looking to make sure we get this right.

So, yes, the issues around delivery in the Pilbara and the hard-to-reaches is there. We will continue to work at that; we do continue to work on it. Pilbara is Transfield, and we continue to work with the head contractors to ensure that they can deliver those services. It is just as difficult out in the lands.

Mr T.G. STEPHENS: I cannot tell you how close this feels to me like a sort of a comedy of *Yes Minister*; just the gap between what you are saying and my experience is such a huge gap. It is bizarre that you would sort of try to present it the way that you are presenting to me, because I am not inexperienced. I have seen it when it worked and now I am seeing it where it is an absolute disaster.

Can I move quickly to another issue? The department is responsible for the municipal services for the major remote communities, which includes Jigalong. Does the department ever envisage a time when the Jigalong community will be provided with safe drinking water?

Mr Searle: I do not think I understand the question.

Mr T.G. STEPHENS: You have got a water supply going into a major Aboriginal community, which has nitrate levels that are over the permitted world health standards for remote communities. This is a community of some size. It is not going to go away; it is not going to disappear, unless they all get killed off by the water supply.

Mr Searle: That is a bit harsh. To be fair, member, that is not even close to fair.

Mr T.G. STEPHENS: Well, the local doctor, the medical service and the CEO, they have all been begging your department to provide the community with safe drinking water. I was just wondering is there a time when your department would envisage that that be something you could deliver?

Mr Searle: We work very hard to provide safe drinking water into all of the communities and, in fact, provide regular testing to make sure what the levels are. The fact that there are accelerated high nitrate levels in some communities is something we are dealing with. There is a range of communities with water problems. I think there are 12 of them that we are actually fixing this year through royalties for regions money. There are problems with things like uranium in the water in some communities. I mean, we are basically talking about groundwater, and groundwater will always have some degree of other matter in it. My understanding of the water in Jigalong—I am happy to be corrected—is it is not dangerous for the vast majority of people—

Mr T.G. STEPHENS: That is right. Anyone who is vulnerable, elderly or young cannot drink the water—

Mr Searle: Under three months old, I think is the real challenge.

Mr T.G. STEPHENS: —or with health issues.

Mr Searle: My understanding is that up until recently we have been providing additional water—bottled water for those people. We are trying to deal with this issue. We are responsible for the water, power and waste water in 91 communities. They are all remote, and getting plumbers to those communities will be a challenge, but we—

Mr T.G. STEPHENS: You have a bore field available. There is a report available to you that says for \$2.5 million there is the opportunity to provide the community with safe drinking water, and yet it still has not been actioned by the department that has had responsibility—I mean, if this was 1 Aberdeen Street, which probably has the same population as Jigalong, you would not give them water that is unsafe to drink, presumably; yet you seem to be able to sit around forever when there is a safe drinking water—

Mr Searle: That is very harsh.

Mr T.G. STEPHENS: My job, actually, is to be on the tail of people who have responsibility for it. That is what I am paid to do, and the community are very harsh with me. If my harshness comes to you, it is simply to reflect people saying, “In the fullness of time would it be possible, we are citizens of Western Australia, that could we have safe drinking water?” I think it is a reasonable request to put to you because you are the agency that has had responsibility for this for a long time.

Mr Searle: I am saying that is true, member, and it is very unusual for a department like ours to have responsibilities for these things. We have been providing a very good quality of drinking water to these communities for a long period of time. If we had not, they would not still be there if it was as dangerous as you are implying. We do have a plan for the majority of these communities, and I am happy to share that with the member in detail, but I do not have it on me.

Mr Whyte: If I could: the state’s responsibility is to, if you like, keep the lights on in terms of recurrent funding, and the federal government’s responsibility is for capital infrastructure. In terms of our funding, we receive funding to keep the water, the waste water and the electricity on.

Mr T.G. STEPHENS: Even if it is unsafe?

Mr Whyte: Yes, and what we do to supplement that, within what we are provided to do, is to provide bottled water. Apart from waiting for the federal government to give us funding for this, we have approached Regional Development and Lands, through the royalties for regions fund, to try to get access to a fund of \$10 million; and the Jigalong water is our number one priority. It is in our top four priorities. We have tried to get around this. We have tried to find an alternative. Our alternative is to get funding through royalties for regions to provide the water to the community through the process that you mentioned.

Mr Searle: Paul is exactly right. When the new remote Indigenous housing agreement was signed, the commonwealth withdrew money for capital infrastructure in remote and Indigenous communities. So for the last three years we have got no capital money from the commonwealth for power, water or wastewater in those remote communities, which historically they funded.

Mr T.G. STEPHENS: Because you accepted responsibility for it.

Mr Searle: No; the commonwealth just withdrew funding. We have had responsibility and funding through the state government, which has been increased this year, to provide maintenance—so not capital infrastructure, maintenance.

Mr T.G. STEPHENS: A community as large as Jigalong and historically as long as Jigalong—it has been there forever; it is bigger than many wheatbelt towns, and you have agencies that will not accept responsibility—

Mr Searle: No. We would be very happy to take Commonwealth funding to provide the \$2.5 million.

Mr R.F. JOHNSON: We can lay the blame for this with the Federal Government for withdrawing that funding that they have had traditionally —

Mr Searle: The commonwealth withdrew the funding.

Mr R.F. JOHNSON: — had an obligation to provide.

Mr T.G. STEPHENS: You could play games with this for ages, but —

Mr R.F. JOHNSON: No, I want to know the truth.

Mr T.G. STEPHENS: The situation —

Mr R.F. JOHNSON: I want to know the truth —

Mr T.G. STEPHENS: You have a place like Gascoyne Junction, which is a town, and the State accepts responsibility for that. But because Jigalong is a community, somehow or other the state is still playing this dance.

Mr Searle: If I can, with the Chair's permission? I accept and agree with the member's concerns absolutely.

Mr R.F. JOHNSON: We all do.

Mr Searle: We have been trying to get the Commonwealth to provide back the funds, and they said no. Those negotiations have been going on for three years and we are continuing them. But, as Paul outlined, we have not sat on our hands; we have gone to royalties for regions and said, "Here is something that you could contribute to that would actually improve the lives of people in remote communities." Royalties for Regions, we believe, will fund, or has agreed to fund, \$10 million to let us go into the worst of those communities and try to fix it. The problem will be that if the commonwealth sees this happening on a broader scale, it will be cost-shifting, and the commonwealth will stop funding it altogether and say the state should pick up the dollars.

The CHAIRMAN: Despite the fact that they have funded most of the houses?

Mr Searle: They have funded all the houses, but that historically has been what they have done.

Ms M.M. QUIRK: I have a couple of questions. What is the progress on initiative 8 of the 10 breakthrough initiatives that were identified in the affordable housing strategy, which was the establishment of a dedicated not-for-dividend housing company?

Ms Loosley-Smith: A model is being worked up. We expect to be able to put it to government in the next six months or so.

Ms M.M. QUIRK: Also, I think you have given evidence that you are not subject to the efficiency dividends that we have talked about, but I did note, from looking at last year's budget and this

year's budget, that the department has got more than \$100 million less to work with. What impact has that had on your affordable housing strategy?

Mr Whyte: If I could, being on the finance side of business or the funding side? We have used our own resources. With the shared equity program, we have effectively used the working capital of the business to deliver that. So, in a very simplistic way, we enter into a build contract. We get a volume discount. We enter into that early on in the financial year. We sell that within the year as shared equity. The value that we deliver through using our land or through doing a good deal on the build becomes the embedded shared equity percentage, so at the end of it, it is cash neutral.

Ms M.M. QUIRK: But you have got \$100 million less to operate with; surely that is a problem?

Mr Whyte: That program will have over \$250 million go through it in this year. In effect, we have been able to use our resources better, rather than relying on direct government funding to deliver that. This financial year we are predicting a figure of over \$400 million to go through that program. That is all funded internally using our working capital without any additional draw from the state or federal government.

Ms M.M. QUIRK: Can I just get some figures on how many NRAS initiatives have been committed to in WA and how many have been delivered to date?

Ms Loosley-Smith: As of this morning, 677 have been finished and there are another thousand under construction. Our original target for Western Australia was 5,000. The commonwealth and state in December 2011 committed to another thousand, so the new target for WA is 6,000 by 2016.

Ms M.M. QUIRK: Have any of the NRAS incentives expired?

Ms Loosley-Smith: I do not know about expired, but certainly where people have been struggling with delivery we talk to the commonwealth about withdrawing those incentives and actually being able to reallocate to other people who can deliver.

Ms M.M. QUIRK: So have there been a few where the time has been extended, if you like?

Ms Loosley-Smith: Absolutely.

Ms M.M. QUIRK: How many of those?

Ms Loosley-Smith: I would have to take that on notice.

Ms M.M. QUIRK: What is the State Government's contribution to the NRAS properties that have been delivered?

Ms Loosley-Smith: It is indexed. It was \$2,000 per property per year over the 10 years of the program.

Ms M.M. QUIRK: Perhaps you could provide that on notice, if you would not mind?

Ms Loosley-Smith: Will do.

Ms M.M. QUIRK: Obviously, there is a lot more pressure on the priority housing process since people cannot get it through the ordinary waiting list. Has there been any thought about looking at the criteria and changing them? In terms of the priority housing list, in particular, has an aged or disadvantaged element been developed for eligibility for priority social housing?

Mr Searle: There has been a bit of work done to look at the eligibility criteria for the priorities, but it has not been brought to completion yet.

Mr Parry: We will continue to look at how we ration our housing. Obviously, the priority list is a date order system, so we are having a little bit of a look at a needs analysis on the priority list.

The CHAIRMAN: Have you done an assessment of the houses you have got that are under populated for the size, like four-bedroom and two-bathrooms, and what are you doing to move people into one bedroom or two-bedroom-type accommodation?

Mr Searle: We have done a lot of work around under occupancy and income ineligible tenants. One of the problems is having sufficient supply of one and two-bedroom units to move people into. There is insufficient supply in that market in WA; in fact, half of our waiting list is for one and two-bedroom product, which is a really stunning number given the lack of supply for one and two-bedroom units across the state.

Mr R.F. JOHNSON: Is that a particular age group?

Mr Searle: It is pretty much spread across the board. There are some interesting new groups coming into our waiting lists and have been shown up in the shared equity thing as well. Middle-age plus divorced—or middle-age recently singled are appearing—

Mr R.F. JOHNSON: That is a good way of putting it.

Mr Searle: I thought it was better than post-divorce. They are really significant in terms of the shared equity program. The people buying into that are significantly represented there. They are also becoming represented in our wait list, and they are a group that historically would not have been there. It is just a new socioeconomic phenomenon, if you like. We are finding them coming back. I think our compliance —

Ms M.M. QUIRK: You never know, some of the divorces might have been because of financial pressure too.

Mr Searle: Absolutely. There are all sorts of reasons. I think we have moved something like 1,400 people through the system over the last 18 months. That is not evictions; that is people we have worked with to move on.

The CHAIRMAN: What is the process? Is there a certain level of pressure? What if I say that I do not want to move; I have lived here for 30 years?

Mr Parry: Our initial contact is to say, “G’day, public housing is not for life; we have to have a conversation.” We firstly establish whether the facts are correct: this is what we think your income is and you are now ineligible for public housing. We have two groups. One, if you like, is the policeman or woman who goes out there and identifies the fact that they are no longer eligible for public housing. They make the initial contact and establish the facts. Then we have another group which is called the housing pathways unit, and they go out there and have a conversation and, basically, a cup of tea, about the variety of options that are available to them. We provide people with six months’ notice. Interestingly, north of the twenty-sixth parallel it is two years, to enable people to look at alternatives to move on. So, we have a conversation and we give them plenty of time. What we do not want to do is have people cut their hours—a workforce disincentive, if you like, and go part-time so they become eligible. The housing pathways unit will work with them and look at either NRAS products or Keystart loans or private rental and enable them to move on; they are the enablers, if you like.

The CHAIRMAN: You have dealt with the group that are earning money and have moved out of the bracket.

Mr Parry: Correct.

The CHAIRMAN: What about those that are still under the income levels?

Mr Parry: So, you are talking about the ones who have got the overlarge house—seniors in a large house?

The CHAIRMAN: In a four-bedroom house.

Ms M.M. QUIRK: Good, another corflute!

Ms Loosley-Smith: It is one of the reasons we are working with people like Bethanie and Southern Cross Care, say, for older people who might be under-occupying, who might be widowed et cetera,

living in a large house; it is an alternative in terms of appropriate seniors accommodation, which looks something like this.

Mr Searle: This poster I have shows something that we are doing with Bethanie, which is an aged-care provider. These are one and two-bedroom units down at Peel. It won the UDIA award for best retirement complex last year.

Mr R.F. JOHNSON: How many units in that?

Mr Searle: There are 96.

Ms Loosley-Smith: There are 96 one and two-bedroom units, but with support services on site, so that is starting to provide a pathway and a different option for people.

The CHAIRMAN: If I am somebody who is living in my Department of Housing house and I have been there 20 or 30 years and I am now 55 or 60 years of age and I am still not earning an income that puts me over the income threshold, what sort of pressure is put on me to hand over my four-bedroom house for a younger family, and where can I be moved to?

Mr Parry: If the question is, “Do we evict people”, the answer is no, we do not. There certainly is a discussion about eviction and we may actually go down that path if we really have to, although we have not done that yet. This is about having conversations and trying to convince them that there are alternative places for them to go. It is about having somewhere to go; it is about the continuum, if you like. That is what Grahame is talking about—actually having something, whether or not it is an incentive, and we have provided people with incentives before. It really is about conversations about another family needing the house. We talk about the needs of other people and we try to offer them something better.

Mr R.F. JOHNSON: In that situation, is that for a person who is left on their own and the kids have grown up and moved away and the wife has run off with the milkman and you are left on your own at aged 60—

The CHAIRMAN: No, we are talking about a couple.

Mr R.F. JOHNSON: Is there different criteria for a couple in a four-bedroom home than for a single person, albeit the circumstance means they are on their own? Let us say they are aged 60.

Mr Searle: No, we would regard the couple as under-occupying. When people get older, they want to keep their same doctor, dentist and network of friends. Through our strategic asset management program, each time a house falls vacant we are looking at it to see whether it is sensible to keep it. We are assessing that dwelling as an asset rather than just re-tenanting it. In some cases, we are trying to pull them down if we can and build one or two-bedroom complexes so that the older people have somewhere they can go where they can keep all their social infrastructure, if you like. That is a long-term program. We will never be able to do it fast enough but that is the sort of thing we are starting to work on so that the new strategic asset management group is making that decision house by house as they become vacant. We think that will start to change and give people places to go. Sometimes you just have to be sensible about it.

One of my favourite stories is about a regional manager who had an elderly woman living in a four-bedroom house. She had raised 11 kids in the house and did not want to move because it was the family home. After a lot of discussion it became apparent that the reason she did not want to move is that she was still the matriarch of the family and at Christmas and on birthdays everyone would go to her place and if she was living in a one-bedroom apartment they could not go to her place. That was the social fabric of her life, in effect. In the end, they negotiated to move her from a four-bedroom home to a three-bedroom home. It was not much, but it gave us an additional house for a larger family but let her continue to be the matriarch of the family and provide that social fabric. Although it was a not a perfect result, it was a really sensible and balanced result in which everybody won.

The CHAIRMAN: Can I push it one further? What is your relationship like with local governments when they are on-selling or offloading parcels of land? Every local government around the state, or in the metro area for sure, has community purpose sites that were handed to them at some point by a developer for a community purpose. The City of Joondalup, for example, is now selling 12 or 14 of those. They are 2,000-square metre sites. Is there any negotiation with local governments? Again, they are in lower socioeconomic areas, which are ideal for what you are talking about. The department could build four, six or eight units for seniors. It is the City's wish that they be built for seniors by developers. Is there any interaction with the Department of Housing on chasing those 2,000-square metre lots?

Mr Searle: Not necessarily directly. Indirectly, a number of councils are starting to develop their own affordable housing strategies and we are working with them to help them work up their strategies. We also have a couple of people in the department whose job it is to talk about what is prospectively possible with local governments and regional development commissions around the regions. That is starting to get some traction as well. I do not know about the ones you are talking about in particular. Councils have very mixed views about social and affordable housing. Some councils and mayors are very supportive and understand what we are trying to achieve but other councils are not.

The CHAIRMAN: I have just tipped you off about Joondalup. There are 14, 2,000-square metre sites going.

Mr Searle: Thank you; notes are being taken down that end. The reality is that we try very hard to work with the councils where we can.

Mr Whyte: I may have mentioned this at a previous session, but it is very, very difficult to find a one-bedroom unit anywhere. In fact, for some reason it can cost more to build a one-bedroom unit than a two-bedroom unit. Through the expression of interest process, we are looking at different ways to get that product back into the market. It is okay to say that you have a four-bedroom house with one person in it, but unless we have the one-bedroom product—I think the blight of the 1960s and 1970s and the way one-bedroom units were put together, they were predominantly blocks of flats—without Grahame pulling up another board or the one on Aberdeen —

Ms M.M. QUIRK: I was going to ask him to do the rest before we finish.

Mr Whyte: You will not see them there, but embedded in there are a number of one-bedroom units. They do not look like the traditional one-bedroom units. It is a matter of having a real alternative for people and trialling it and making sure that it works. The Girrawheen site is a prime site for us. We want to get it right and get the design right.

Ms M.M. QUIRK: Prime but not a priority.

Mr Whyte: It is. We have looked at a public housing retirement village concept. The way we approach it now is that instead of prescribing it all and tendering, we put out an expression of interest to the private sector to come back to us. There are experts in the lifestyle villages and the ageing accommodation space. They come back to us with their best ideas and then we try to replicate it. The one in Aberdeen will be replicated where appropriate and the one-bedroom unit product will be delivered where appropriate. We are also very aware that once we use a parcel of land, it is gone for 50 years and we want to make sure that we get it right.

The CHAIRMAN: I think we have to watch the time. Grahame, can you very quickly run through your boards you have there?

Mr Searle: I will. This is commonwealth stimulus at Cockburn. They are one, two and three-bedroom apartments with a minimum six-star rating and sometimes more, all with accessible design. We think it will be the first complex of its kind anywhere in the country to have the broadband network. That development has 131 units and is literally across the car park from the railway station. It is a great location. We will sell 40% of them to market, rent 40% as affordable

rentals and the remaining 20% will be public housing. There will also be six commercial units on the ground floor. We think that the idea of mixed developments and mixed tenure is really important in the future. We have proved with Brownlie Towers that consolidations of disadvantage do not work. We think this mixed model is really important.

There is a redevelopment in South Hedland with the New Living program. That part of the country was pretty much blighted by what we had done previously. We have spent a lot of money up there revitalising South Hedland, including a significant contribution to the playground and water park that the department made, which is making a difference to a fairly ordinary part of the world.

These are important. The department piloted, to a large degree, small frontage lots. These are five-metre frontages with two bedrooms, one bathroom and a carport out the back. They are air-conditioned and have vaulted ceilings in Ellenbrook and sell for \$268,000. It is putting a new and different price point in the market. Across the road is a park. There is just a pathway and then the park. Vehicle access is via the back.

In terms of promoting it and pushing affordable housing, one of my personal favourites is the Halls Creek workers' hostel for Aboriginal apprentices and trainees so that they have somewhere safe and secure to live. The quarters contain a mixture of single and married people. A lot of young Aboriginal people have families and children and they can live here in a great location securely out of town while they complete their apprenticeships and traineeships. An on-site mentor gets them up and to work.

Mr R.F. JOHNSON: You said "quarters"; do they have communal eating, cooking and washing facilities? Are they basically quarters that we would ordinarily think of or are they units?

Mr Searle: They are basically units with shared kitchens. In each of the gaps between the units is a shared kitchen. There are five shared kitchen facilities. They basically provide independent living.

I spoke about the ones in Aberdeen and Perth. The real issue for me is that we are building good quality accommodation now, not the sorts of things we necessarily built in the past, and they are parts of mixed communities rather than concentrations of disadvantage.

The CHAIRMAN: Grahame, the question is: when are you going to hit our corridor? We all look after ourselves!

Mr Searle: We are already doing a number of things in your corridor. In the land development space, we are doing more in your corridor than anywhere else in the state. Between Butler and Brighton with Satterley, Banksia Grove and Ellenbrook there is a significant amount of land development happening in that part of the world. The shared equity program is happening in all those places and the New Living program is in Balga, Girraween and Koondoola. We have made significant changes to those suburbs.

Ms M.M. QUIRK: Twenty years ago.

Mr Searle: They are ongoing; we are still working on them today.

Mr R.F. JOHNSON: She is very hard to please.

Mr Searle: Could we do things quicker? Probably. We are trying to develop new ways of doing business. If we get the models right, the work will flow much quicker, and we are experimenting with models.

The CHAIRMAN: Thank you very much for coming in. I will read the closing statement. Thank you very much for answering all the questions. I know it got a bit testy at times but that is the nature of housing these days.

Thank you for your evidence before the committee this morning. A transcript of the hearing will be forwarded to you for the correction of minor errors. Any such corrections must be made and the transcript returned within seven days from the date of the letter attached to the transcript. If the

transcript is not returned within this period, it will be deemed to be correct. New material cannot be added via these corrections and the sense of your evidence cannot be altered. Should you wish to provide additional information or elaborate on particular points, please include a supplementary submission for the committee's consideration when you return your corrected transcript of evidence.

Hearing concluded at 11.26 am