

STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

2021–22 BUDGET ESTIMATES



**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
MONDAY, 18 OCTOBER 2021**

**SESSION TWO
DEPARTMENT OF COMMUNITIES — HOUSING**

Members

**Hon Peter Collier (Chair)
Hon Samantha Rowe (Deputy Chair)
Hon Jackie Jarvis
Hon Nick Goiran
Hon Dr Brad Pettitt**

Hearing commenced at 4.16 pm

HON SUE ELLERY

Minister representing the Minister for Housing, examined:

Mr MIKE ROWE

Director General, examined:

Mr MARK BRYDEN

Acting Deputy Director General, Housing and Assets, examined:

Mr PAUL ISAACHSEN

Assistant Director General, Capability, Reform and Government Priorities, examined:

Mr MATTHEW RICHARDSON

Director, Management Accounting and Financial Analysis, examined:

Mr DANIEL PETERS

Acting Director, Operations, examined:

Mr MICHAEL CREVOLA

Chief Finance Officer, examined:

Ms CLAIRE COMRIE

Chief of Staff, Minister for Housing, examined:

Ms EMMA COLOMBERA

Principal Policy Adviser, Minister for Housing, examined:

The CHAIR: Welcome to today's hearing, everyone. We have an hour and a half together. The committee acknowledges and honours the traditional owners of the ancestral lands upon which we meet today, the Whadjuk Noongar people, and pays its respects to their elders, both past and present. Can the witnesses please state whether they have read, understood and signed a document titled "Information for Witnesses"?

The WITNESSES: Yes.

The CHAIR: Your testimony before the committee must be complete and truthful to the best of your knowledge. This hearing is being recorded by Hansard and broadcast live on the Parliament's website. The committee will place the uncorrected transcript of your evidence on the internet a few days after the hearing. When the transcript is finalised, the uncorrected version will be replaced by the finalised version. This is a public hearing, but the committee can elect to hear evidence in private. If for some reason you wish to make a confidential statement, you should request that the evidence be taken in closed session before you answer the question.

To the members here, can I take it that everyone is interested in asking questions? We have an hour and a half, and I will share the love. The shadow minister will get a bit more time, and then if any time remains, we will go back to square one.

Minister, would you like to make an opening statement?

Hon SUE ELLERY: No; I am good to go, thank you.

The CHAIR: Members of the committee, does anyone have any questions? Hon Jackie Jarvis.

Hon JACKIE JARVIS: I refer to page 531 of budget paper No 2, volume 2. I am interested in the GROH program. I notice there is a significant increase in the forward estimates funding for GROH. I am just wondering whether there is any more detail about where those houses may be or in which particular regions.

[4.20 pm]

Hon SUE ELLERY: Thank you, honourable member. I expect we might be discussing GROH a little bit today. So, yes, capital expenditure has more than doubled in the budget year 2021–22 and has increased considerably over the forward estimates. In the last financial year, the government spent just over \$9 million, increasing to \$19.7 million in this budget, and just over \$97 million across the forward estimates. There is an increasing demand for GROH, particularly in major regional centres. There is an ongoing review of properties as well, of those that have been allocated to client agencies. As the honourable member would be aware, the department allocates certain numbers of properties to agencies—for example, the Department of Education, which might have a number and a rotation of staff looking for GROH housing. There is an ongoing review of those that have been allocated to client agencies that might be empty or could be available to other agencies. I think it is also important to note—I know that I have said this in a couple of answers to parliamentary questions, but I am not sure that people necessarily appreciate this—sometimes agencies have vacancies because they need to hold a certain number of houses because they have a turnover in staff. So with a workforce, for example, like the workforce in education, we have, because of the nature of our workforce, constant churn and turnover as our staff take maternity leave, for example, so we are constantly turning over staff.

The increased capital expenditure on GROH does respond to demand, but also because the department is looking to improve the forecasting of demand over a longer period and is doing that work with agencies across government. So, for the first time, a long-term demand forecast for GROH properties from 2021–22 through to 2024–25 has been established as well.

Hon SAMANTHA ROWE: Minister, I refer to page 8 of budget paper No 3 and, in particular, the \$13 million to improve the asset management of the state's social housing portfolio. Are you able to outline the purpose of this initiative and how it is going to improve the delivery of social housing?

Hon SUE ELLERY: Yes, I can. There is \$12.8 million for a building assessment program on more than 10 000 public housing and GROH properties. The portfolio of stock is an ageing one. The average age of public housing properties owned by the state is 30 years old and there is a significant proportion of stock that is over 40 years old. Over time, typically, they have had little or minimal preventive maintenance carried out on them. The previous business model for public housing has been to use the asset until it is no longer suitable for public housing—that is normally around about 50 years—dispose of it and then construct a replacement property, but that is not necessarily the best strategy and it does not necessarily deliver the best value for money for taxpayers. What we anticipate seeing as a result of the funding that has been allocated is a more holistic understanding of the material condition of properties, leading to a better ability to forecast, plan and schedule maintenance and maybe refurbishments. The thinking behind that is to keep the right properties in the system for longer. Where a property no longer presents value for money, we can essentially reduce losses and redirect funding to the delivery of housing.

Hon Dr BRAD PETTITT: Can I start on page 797, which is volume 2, and paragraph 5, and maybe just ask a quick —

Hon SUE ELLERY: Sorry; start again with the page number, honourable member.

Hon Dr BRAD PETTITT: Sorry; page 797. Can I just check this does fall in your remit? Now, the reason I think it might —

The CHAIR: Member, can we just get some clarity on that page number?

Hon Dr BRAD PETTITT: Page 797. The reason it might is it is around energy efficiency for social housing. Now, it may be that if it falls out of your remit and I will ask a separate question, but I wanted to check that. Sorry; it is at the end of volume 2.

Hon SUE ELLERY: Is it budget paper No 2?

Hon Dr BRAD PETTITT: Budget paper No 2, page 797.

Hon SUE ELLERY: There is not one! Budget paper No 2, volume 2 goes up to —

Hon Dr BRAD PETTITT: Volume 2, sorry.

Hon SUE ELLERY: It goes up to page 776. Honourable member, I might be able to help you. If you are going off the internet version, sometimes —

Hon JACKIE JARVIS: I have page 797 in volume 2 of budget paper No 2. "Asset Investment Program"—is that what you are talking about?

Hon Dr BRAD PETTITT: Yes, the asset investment program. The question is around social housing and investment in energy efficiency. I am not sure whether that is you or a different minister.

Hon SUE ELLERY: Take us there again. Where are you?

Hon Dr BRAD PETTITT: Page 797, paragraph 5.1.

Hon SUE ELLERY: In Synergy?

Hon Dr BRAD PETTITT: Even though it is energy investment in social housing?

Hon SUE ELLERY: To be absolutely clear, I have got page 797 —

Hon Dr BRAD PETTITT: Page 797, paragraph 5.1.

Hon SUE ELLERY: Honourable member, the agency is Synergy.

Hon Dr BRAD PETTITT: I understand that. The reason I thought it might be you—I am happy to ask that at a further point—is that it is about public housing and energy efficiency, but Synergy may entirely do that and you guys do not do that at all. The program saved 500 public housing tenants up to \$200 in six months, but the program was not expanded. The question is: why is this not a Department of Communities' program; why is it a Synergy program?

Hon SUE ELLERY: Honourable member, the way that estimates works is that I know sometimes things overlap between agencies—that is perfectly natural—but where that element is listed is in the agency that I have no advisers for and I am not the representative minister for, so I cannot answer that question, I am sorry.

Hon Dr BRAD PETTITT: That is no problem at all. I will move on.

Let us go back to page 515; more familiar territory. There is a question around modular housing in this case. It is paragraph 5 on page 515 of volume 2. Have any sites been identified for modular housing; if yes, which ones; and, if no, I would be interested to know what was the process for identifying those sites, please?

Hon SUE ELLERY: I am now going to try and drive this part of the file, so bear with me while I do that.

The information that I can give you is that in light of the heated construction market and delivery challenges, alternative procurement methods are being utilised, such as the use of modular as a procurement method. Modular is being used to assist with the delivery of housing as fast as possible. Communities has committed \$70.4 million to deliver 134 units in regional areas by bringing forward budgets from the outer years. I am sorry if I missed something specific that you wanted to ask about that.

Hon Dr BRAD PETTITT: The question was around whether any sites have yet been identified for this modular housing; if yes, where they were; and, if no, what was the process going to be for identifying those sites?

Hon SUE ELLERY: Good question. The program is currently in the design phase, with size, layout and location of each individual modular building being consistent within the Department of Communities' social housing functional brief. Locations will be determined based on waitlist demand, land availability and other factors, including local building industry capacity. The details of the contracts to be awarded for that modular construction will be publicly available when the program design phase and procurement processes are finalised.

Hon Dr BRAD PETTITT: Is it likely that these will be kind of a transportable modular style? The other part of it is: will they be culturally appropriate in terms of First Nations tenants? The last bit, going back to my very first question, is: will they be low carbon and climate appropriate around energy efficiency and those kinds of things; is that going to be part of that modular design?

The CHAIR: We have got a couple of questions there.

[4.30 pm]

Hon SUE ELLERY: Yes, we do. I might ask the deputy director general of housing and assets, Mark Bryden, to provide you with that information, honourable member.

Mr BRYDEN: Thank you, minister. I think if I captured the questions correctly, one of the questions was around the design of the modular construction and, firstly, whether it would be more of a transportable-type building and, secondly, whether it would be culturally appropriate. I will have to come back to the third element because it has just slipped my mind. In terms of the build of these particular buildings, we are seeking to design and construct them in a way that is as close to your typical in situ build as possible. These are not going to be cheap dongas that you would otherwise see on mine sites. You will see a level of amenity and finish that we expect to be consistent with our functional brief for social housing. I guess our goal is that they are not discernible from ordinary stock that people might see in neighbourhoods. You will see, I guess, different textures and finishes to the front and you will see layouts that you would probably see in a normal home. In terms of culturally appropriate design, we have, I guess, a large social housing stock that you will see quite a bit in the north west, and we will follow our typical design brief for those properties. Some of those properties have hardened elements—kitchens, substructures and the like—so we would expect that anything that goes into the north west of the state would be, I guess, constructed in a way that is similar to our in situ builds.

Hon Dr BRAD PETTITT: The last bit of that was around low carbon. The energy efficiency side of those buildings is obviously a good opportunity in modular to make sure that they are very sustainable.

Hon SUE ELLERY: Mark is happy to take that question.

Mr BRYDEN: Thank you, minister. So, not that long ago in August this year, I approved a change to our design brief. There are a couple of elements to that. First and foremost, that we seek to achieve seven-star NatHERS builds. That is obviously about thermal heating and cooling. We are hopeful that that can come through into modular construction; it is yet to be tested. In terms of our design briefs more generally, you may be aware that we have moved towards LED lighting and other sustainable measures. We are hopeful that we will see that in the design brief. This panel—because it is really a first for us—is likely to be a design and construct panel, meaning that builders will be able to come back and propose some alternative methods of construction, and no doubt they will come back with, I guess, design elements that differ a little bit and we will have to consider those on a case-by-case basis.

Hon NICK GOIRAN: I have a number of questions, but I might yield my questions to the shadow minister at this point and reserve my questions for later in the session.

The CHAIR: Thank you, so we will now move to the shadow minister and you will get a bit of extra time, Hon Steve Martin, so go for it.

Hon STEVE MARTIN: Thank you, chair. I have a couple of questions, minister, regarding the SHERP program. I am nervous about giving you page numbers, but I think these are from the internet. I refer to the 2020–21 budget paper No. 2, volume 2, page 535 and also to SHERP in the 2021–22 budget paper No. 2, volume 2, page 531. There is a \$52 million reduction from 2020–21 to 2021–22 under “New Builds” and “Refurbishments”. The number was \$96 million and \$135 million for refurbishments, and then it dropped to new builds, \$79 million, and refurbishments, \$101 million. If I could seek some clarification about where that \$52 million has gone—if it has been reallocated or if the SHERP program needed less money.

Hon SUE ELLERY: Is the difference in numbers you are talking about, honourable member, on page 531?

Hon STEVE MARTIN: Correct.

Hon SUE ELLERY: It is sort of about halfway down the “Works in Progress”; is that what you are talking about honourable member?

Hon STEVE MARTIN: I apologise; I do not have the actual budget papers. I have bits that are cut out. New builds and refurbishments in 2021–22 are \$79 million and \$101 million.

Hon SUE ELLERY: Yes; I can see it right here.

Hon STEVE MARTIN: Yes; and in the previous budget it was new builds, \$96 million, and refurbs, \$135 million approximately. I am just finding out where that number has gone to.

Hon SUE ELLERY: Perhaps I can start while the officers are providing some additional information, or going to the specifics of the difference in the numbers across that line item. The SHERP program will deliver around 250 new social housing properties, keeping approximately 1 500 ageing social housing assets in the system, and will deliver maintenance on over 4 700 properties. There are a number of factors, honourable member, including the successful uptake of the recent state and commonwealth residential building grants, which are presenting challenges. SHERP incurred an underspend of \$163 million in 2020–21 against the \$180 million in the 2020–21 approved budget. As part of this budget process, the SHERP budget has been re-profiled to reflect current new build and refurbishment time frames as a result of the heated construction market and current constraints sourcing trades and materials. That will provide a sustained pipeline of work for industry over the next four years. Approximately \$31.3 million has been re-flowed from the SHERP maintenance stream to meet cost escalations in both SHERP and the HHIP new build and refurbishment streams. SHERP is an important initiative supporting a range of strategies currently

being implemented to reduce the social housing waitlist and provide a much-needed boost to the social housing stock across WA. But, effectively, it is re-profiling and spreading some of the spend out to take account of the significant heat in the building market.

Hon STEVE MARTIN: Thank you, minister. You mentioned the word “re-profile”. I am not entirely sure what that means. So, in effect, there is less money in the SHERP than there was. I am keen to see where it has gone.

Hon SUE ELLERY: I will get Mr Bryden to respond to you. It is about an element of funds that was in there originally around the purchase of land. I will get Mr Bryden to give you a bit more of an explanation.

Mr BRYDEN: Thank you, minister. If I understood the member’s question correctly, I do not have the previous budget papers in front of me, but I believe there was around about \$97 million shown under new build. What we have done to provide greater transparency in these budget papers is we have separated a land acquisition budget. The program provides for a significant number of new dwellings. If we are otherwise required to build those dwellings without replenishing our land bank, we would obviously deplete the land bank over time, so we have pulled that budget out. That budget is about \$27.6 million.

Hon SUE ELLERY: Honourable member, it might help you if we are able to show you where those funds appear elsewhere in the budget. Mr Bryden.

Mr BRYDEN: Thank you. It appears immediately above the \$79 million in the asset investment program, and it reads \$27 519 000.

Hon STEVE MARTIN: I have seen the \$27 519 000, thank you.

Minister, this is some further clarification in response to a question that I submitted prior to the hearing. I refer to page 519, item 7 of budget paper No 2. It talks about —

Although the time-limited SHERP draws to a close in 2023–24, funding remains available in the New Social Housing Investment Fund for the Department of Communities to draw upon in future years.

Can I just clarify: is that money that we anticipate not spending in the SHERP that will then be available, or is this a new funding stream?

Hon SUE ELLERY: We just need to double-check. On page 519 of the budget papers there are three elements listed—items 7, 8 and 9—which are housing matters. If I go to your question that you put on notice before the hearings, you are referring to—is it part (c) of your question that you are now asking about?

[4.40 pm]

Hon STEVE MARTIN: Yes. It is just the clarification between SHERP and SHIF, I suppose, is the new fund.

Hon SUE ELLERY: It does go to moneys that are held in a special purpose account, but I will get Mr Bryden to explain that to you.

Mr BRYDEN: Again, apologies if I have misunderstood the question. I believe you are asking primarily about the social housing investment fund. That is \$522.5 million, which is provisionally allocated over 2022–23, 2023–24 and 2024–25, with \$22.5 million in 2022–23 and \$250 million in the latter out years. That money will be drawn down as specific business cases are approved by government.

Hon STEVE MARTIN: In part (a) of that response, minister, you talk about a boost in 2021–22 above typical baseline trend levels. I am assuming that is around maintenance. Then it is not maintained

in 2022–23. Could you explain why that would not be maintained, given building costs and maintenance costs et cetera?

Hon SUE ELLERY: Sure. It is a one-off injection of funds, but I will get Mr Bryden perhaps to add a bit to that.

Mr BRYDEN: Year on year, we spend around about \$150 million to \$170 million on maintenance, primarily across our public housing and GROH properties. SHERP was a one-off funding investment. Notwithstanding, it has been re-profiled over the years. That program is starting to come to its natural conclusion. There is a profile shift as part of the budget, which you will see, and that is primarily as a result of trade scarcity and our ability to get in and do work on void properties. As you can imagine with public housing, the best time for us to undertake those works is once a property has been vacated. In the current climate, properties are not being turned over as they ordinarily would. That has been re-profiled, which has pushed that funding profile out, but as a one-off funding program, it is coming to its natural conclusion.

Hon STEVE MARTIN: If you could just indulge me for one or two more. I am just following up on some questions around GROH, I believe asked by Hon Jackie Jarvis. In response to a question that, again, I submitted prior to the hearing, where I refer to page 531, paragraph 1.2, of budget paper No 2. I assume this will need to be put on notice, minister. Could I get a breakdown of the 158 properties that are forecast across the forward estimates with new builds and spot purchases planned in various occasions, and a where and when please—so a breakdown of how many in each of those mentioned locations and when.

Hon SUE ELLERY: We might not give you the actual address, but Mr Bryden can give you some answer now and if there is more that needs to be taken on notice, we can, but let us start with Mr Bryden.

Hon STEVE MARTIN: They do refer to regions rather than towns, so the midwest can be anywhere from Carnarvon to Dongara.

Hon SUE ELLERY: True.

Mr BRYDEN: As you will appreciate, towards the out years, we do not always have property or locations or towns identified. What we will do is we will plan around greatest demand. In 2021–22, we anticipate to construct around about 17 properties and spot purchase five. We have already spot purchased and settled three and 16 are currently in negotiation. In 2022–23, we expect to construct around about 26 properties and spot purchase a further 29, noting, however, that in relation to the 26, we will commence construction. We are looking to bring around 20 of those forward, which means that we will be, effectively, constructing around about 37 this year. They will not all complete this year.

In 2023–24, we are looking to construct around about 33 properties and spot purchase five, and in 2024–25, we are aiming to construct around about 44. That is at least 158 over the forward estimates period. In terms of location, we have got 17 new builds, as I mentioned, scheduled for 2021–22. Five of those have already commenced, with three in Bidyadanga and two in Laverton. We are targeting one for Pingelly, one for Wagin, two for Eucla, one for Munglinup, two for Meekatharra, two for Southern Cross, one for Halls Creek and two in Wickham.

The CHAIR: I think that pretty much covers what you request, does it not?

Hon STEVE MARTIN: Yes, it does. Just one more quick one and then I will let other people have a go. Minister, with regard to GROH housing, we had a discussion in the house when I asked a question recently about teachers and police—mainly teachers—living in caravans and motel accommodation. Does the department have a number currently or at the most recent time; is that still happening?

Hon SUE ELLERY: You are asking the wrong agency. As I said before, and I have said it in a number of the answers that I have provided on behalf of the minister, part of how GROH operates is that allocations are given to agencies, and the agencies then manage them. If you want to know about teachers and their current allocation of GROH, you need to ask me when I appear here in my own right as the Minister for Education and Training. This agency would not have that information.

Hon STEVE MARTIN: Thank you, minister.

The CHAIR: You can do that for each of the ministers.

Hon SANDRA CARR: Most of my questions have been answered.

The CHAIR: I will go to Hon Lorna Harper?

Hon SANDRA CARR: Yes; most of my questions have been addressed.

Hon LORNA HARPER: Minister, I refer to page 205 of budget paper No 3, and in particular the social housing investment fund. What was the purpose of provisioning a large proportion of the fund to the out years?

Hon SUE ELLERY: Budget paper No 3, page 205; is that the question you were asking about?

Hon LORNA HARPER: Yes, minister.

Hon SUE ELLERY: Thank you. You asked the purpose of provisioning a large proportion of the fund to the out years. This is a record investment, some \$875 million, and the total spend over the forward estimates is \$2.1 billion. As the honourable member would be aware, we are in a heated construction market and we have challenges getting skilled workers as well. Some people are predicting that this current boom could last around 18 months. We want to ensure a pipeline of work for the construction industry, which employs well over 100 000 Western Australians and produces billions in broader economic activity. The investment will help with the sustained health of the sector over the next four years, keep people in jobs, and, importantly, continue to train and skill our future workforce, although, of course, its prime objective is to deliver new social housing from 2022–23. The idea is that the government has announced a kind of extension of the pipeline of work. The proposition that is sort of talked about I guess generally is that when private investment in infrastructure is running so hot and there is such a heated market, it makes sense for public investment in infrastructure to be slowed down. Public investment in infrastructure meets the gaps when the private sector perhaps is not as strong as it currently is. It is about spreading out the pipeline of work and investment.

Hon NEIL THOMSON: My question is in relation to page 513 and note (a) under the first table. It refers to the impact of the machinery-of-government changes, which took effect from 1 July 2021, and the transfer of commercial land development functions from the Housing Authority to DevelopmentWA. What I would like to do, minister, if it is okay with you, is to put on notice part of this question, and that would be, if you would indulge me: can the agency provide a more transparent breakdown of the impact of that with the change? It is obviously quite a complex issue. I can see how we have adjusted the figures there—for example, “Expenses”. I imagine that line in the table above would have been adjusted because of this transfer of the commercial land development component. But I suppose just a high-level question, if you could answer today: has the impact of that transfer resulted in a positive outcome in terms of the delivery of social housing, noting the commercial aspects of DevelopmentWA’s role in relation to land development?

[4.50 pm]

Hon SUE ELLERY: It is a pretty subjective question. I am going to say yes; I am not going to say no! Yes, it has resulted in a positive outcome, but I am not sure that I am going to be able to quantify

that. Maybe we will take the question on notice, but I am not sure that we are in a position just yet, in the split of various roles and the particular really significant allocations that have been made in this budget, to be able to identify against specific KPIs as to what you might deem is a reasonable way of measuring whether the outcome has been a positive one or not. That is a judgement call that you will have to make. I am happy to take it as supplementary, but I am not sure that we will be able to provide much detail.

The CHAIR: I need some clarification here, also. Are you looking at numbers of houses? It is quite a subjective term. If you are talking about improvements, what response is required?

Hon NEIL THOMSON: I am looking for the total investment in social housing. It is my understanding that in the past, there was revenue gained from the land development arm, which then was net appropriated into the social housing component. This has been pared out. It is quite hard to fathom from here the exact impact of that in relation to land development, so is it possible to have an explanation and maybe some sort of detailed table of how that has impacted? It says that the data has been recast and revised for comparative purposes. I assume there is a detailed table that the department has. It would be helpful if I were able to have that to understand how that impacts on these numbers, because all we have are the headline numbers in the budget.

Hon SUE ELLERY: We can provide you with some comments now and then if you still want further information, I will take it as a supplementary, but with the caveat that I am not sure that we can provide you with the kind of detail you are looking for. We will start with some comments from Mr Bryden and see how we go.

Mr BRYDEN: As you would be aware, the machinery-of-government changes occurred primarily in two tranches. The first tranche was 16 February 2021, which involved the transfer of the Housing Authority's underdeveloped Landbank assets and a handful of in-house land developments. This included major projects such as Glen Iris, Amble Estate, Jindowie, Kinlock, McKail, Keralup, South Hedland and Redcliffe Connect. That equates to approximately 336 lots of land with a total book value of \$163.7 million. It also involved 14 positions, with eight staff transferring across to DevelopmentWA.

The second tranche, which occurred on 1 July 2020, included eight joint ventures and nine development management agreements, remaining in-house land development, and commercially focused built-form projects, with an estimated 1 011 lots with a total book value of \$412.2 million. That is a total of 1 347 lots with a book value of around \$575.9 million. As part of that second tranche there was also a transfer of 15 positions.

In terms of impact on the agency, I have only been with the agency for a short time—about four months now—and I have not seen a tremendous impact on the agency. In fact, we work quite closely with DevelopmentWA. We have retained I guess the role of establishing housing policy, particularly in relation to social housing and, I guess, developing and constructing social housing. Most of our engagement with DevelopmentWA is in relation to, I guess, projects that were underway and the sharing of knowledge. Realistically, they hold a large land bank now, where we are effectively going to purchase back land for the purposes of constructing social housing. I do not see any considerable impact on the agency. In fact, it has enabled us to focus on public housing.

Hon NEIL THOMSON: That was very helpful; thank you.

The other issue that is a significant matter is in relation to Aboriginal housing generally. There are some programs which are outlined in the budget here on page 534. There is the North-West Aboriginal Housing Fund and various other grants; they are quite minor. I am just pointing that out in terms of a preamble to this question; they are quite minor.

Just seeking through this budget, looking for more detail in relation to the status of Aboriginal housing generally, I note there was \$813 million in capital funding by the commonwealth through the national partnership agreement for Aboriginal housing over the last 10 years to 2018. I have been looking through the table here and I am trying to get an understanding in relation to the asset table. If we go to page 536, there is “Property, plant and equipment”. We have the total asset value of the department at \$11.389 billion. Does that asset value have a valuation for those houses that were built during the NPARIH program?

Hon SUE ELLERY: If we are working off page 536—is that the budget paper page that you are talking about?

Hon NEIL THOMSON: Have I got the right one? Yes, page 536, “Communities”. That is financial position, controlled “Non-current assets”.

Hon SUE ELLERY: Yes; that bit is not part of the agency that is before you now, so we are not in a position to answer that.

Hon NEIL THOMSON: Sorry, minister; maybe you could help me here and draw me to —

The CHAIR: We are going to have to hurry up, because we have a few more members.

Hon NEIL THOMSON: I will finish on this one. I am looking for the asset position and the social housing stock and wondering whether Aboriginal housing is included?

Hon SUE ELLERY: We are going to ask Mr Isaachsen to see whether he can give you an answer to that part of the question.

Mr ISAACHSEN: Thank you for the question. Those housing assets are not assets of the Department of Communities; they are managed by the department under housing management agreements, which is a specific part of the Housing Act and, so, are not included in that figure.

Hon JAMES HAYWARD: I refer to page 132 of budget paper No 3, “Social Housing Strategy Package”. Of the \$123.3 million of additional spending in 2020–21, is there any allowance for temporary, short-term, medium-term accommodation options to be provided for homeless people across the regions—Bunbury, Albany, Geraldton et cetera?

Hon SUE ELLERY: Sorry, because we had to go to budget paper No 3, can I get you to ask your question again?

Hon JAMES HAYWARD: I refer to page 132 of budget paper No 3, “Social Housing Strategy Package”. I ask: of the \$125.3 million of additional spending in 2021, is there any allowance for temporary, short-term or medium-term accommodations options to be provided for homeless people in the regions—Albany, Bunbury, Geraldton et cetera.

Hon SUE ELLERY: I am sorry to do this to you, but that is the Communities part of looking after homeless. Short-term accommodation sits under Communities, so I do not have the relevant officers here to provide you with an answer to that, and I am not here representing that minister.

Hon JAMES HAYWARD: No problem. I have nothing further.

Hon WILSON TUCKER: My question is related to budget paper No 2, volume 2, part 8, page 515. Paragraph 3 refers to the total waitlist for social housing and the total investment in social housing over the forward estimates. I am really interested in the government’s \$2.1 billion investment in social housing, which is estimated to create 3 300 new homes. Before the hearings, I asked for the expected allocation of new social housing per region—the breakdown. The answer I received indicated that the department was still planning how the 3 300 homes would be allocated. My

question is: if the department does not know where these houses are needed, how did it arrive at the \$2.1 billion figure?

[5.00 pm]

Hon SUE ELLERY: I will get Mr Bryden to talk you through how that number was reached.

Mr BRYDEN: As you would appreciate, over the forward estimates period that is a significant program. I think there is about \$1.1 billion in there in terms of just capital. Clearly, we have programs underway already. If I just look at my notes, we have somewhere in the order of 682 social housing properties currently under construction. Those programs are statewide, particularly in respect of the housing and homelessness package and SHERP. Over the next two years, we expect that we will deliver somewhere in the order of about 276 properties in regional WA. Over the forward estimates, that will increase to 408, and that is part of our known program at this point in time. The 3 300 includes a provisional amount as a rough estimate, drawing down on the social housing investment fund. We have used, just for the purposes of, I guess, costing what might come out of that fund, a reasonable estimate of around about \$400 000. We expect that fund, once drawn down, will deliver around 1 306 properties. Coupled with our existing program, that is where you get the 3 300. So, not all of those programs are currently underway and they will be progressively rolled out, but they are statewide, with a reasonable percentage in the regions. I think it is around 20 to 25 per cent at present for regional areas, which lines up pretty well with priority waitlist demand.

Hon WILSON TUCKER: Thank you for the breakdown. I think you mentioned 267 houses being allocated to the regions. Is that correct?

Hon SUE ELLERY: Yes.

Hon WILSON TUCKER: Do you have a more granular breakdown; and, if yes, how did you determine where those houses will be allocated in the regions?

Hon SUE ELLERY: What I can advise is that part of that 276 is the modular that we talked about. I think it was one of the first questions, and we talked about where those might be. I am not sure that we can give you any more detail because the planning work is still being done on those. Mr Bryden can provide you with a bit more detail as to where the ones that are under construction now are, but I think there is still more planning to be done for the rest of those. So, if it is helpful to you, we can tell you where some of those 600-odd are being built now? I just want to check; I do not know whether that is helpful to the member.

Hon WILSON TUCKER: Yes, it is. I am also curious around the methodology for how these houses are allocated. What is the formula for determining where these houses are going to be built in the regions?

Mr BRYDEN: I guess in its simplest form, we build houses where they are needed most. Obviously, we cannot service every area at the same time, but if I look at priority waitlist demand, with around about 20 to 25 per cent of that coming from regional areas, we will often look, firstly, to address unmet demand, and, probably secondly, to seek to optimise the portfolio to the extent possible. If we have, for example, two people living in a four-by-two and we have a spot purchase program, what we will try and do is stretch the spot purchase budget as far as we can by purchasing a two-by-one and moving the family out of the four-by-two into the two-by-one. That creates churn in the system, which is good for a range of reasons, and sometimes it enables us to undertake maintenance works in the larger home at the same time. Through spot purchase and the regional modular program, we are aiming to meet as much demand as we can, particularly in pressure points. That is in really simple terms how we do it.

Obviously, we take feedback from our regional staff. They are acutely aware of where there are pressures in the existing system. One of the things that often goes unsaid is that quite a few of our applicants—I think most of our applicants on the waitlist—actually have access to properties at the moment. Notwithstanding you might see a number where there is a significant waitlist, many of those people are currently housed. What we try and do is match immediate supply with immediate demand. That is not always possible, particularly when you are building traditional double brick and tile. We will also look at industry capability and capacity to deliver those projects. That is one of the reasons we have turned to a modular program, so that we can build, I guess, in Perth, but we will still commission those projects locally. I guess it is matching, as best we can, supply with demand and typology with requirements.

Hon WILSON TUCKER: Thank you for the answer. The second part of that question was around the waitlist for public housing. Under paragraph 3, you state that the public housing total waitlist, as of July 2021, was 17 320. If we accept your estimate of 3 300 new homes, will that not leave the state 14 000 homes short of meeting demand, and how will the department respond to those still on the waitlist?

Hon SUE ELLERY: I guess the first point that needs to be made is that the vast majority of people on the waitlist are already housed. Now, it might not be the most ideal housing situation for them to be in—they might be staying with family et cetera—but the vast majority of them are housed. I think it is accurate to say that it is never going to be the case that you will immediately match demand with what you build. We do more than build: people move through the system, and houses become available as they move through the system. I will get Mr Bryden perhaps to add a bit more to that.

Mr BRYDEN: With the government's commitment of \$875 million over the forward estimates, that is effectively the response to the demand. As the minister pointed out, our typical focus is on the priority waitlist, and they are those people who are at greatest risk of being homeless, and there are quite a few. As I mentioned before and the minister reiterated, most of the people on our waitlist actually have access to housing. Our solution is to focus on quick-to-market options, spot purchase, repurposing existing properties that might otherwise be turned over for private sale and regional modular. We are bringing properties to market as quickly as we can, notwithstanding the challenges in the industry.

The CHAIR: On that, what has been the waitlist for the last four years?

Mr BRYDEN: To provide some context, we have not seen numbers like we currently have since about 2009–10. In 2009–10, the priority waitlist was 3 577. As at June this year, it was 3 354. The wait turn list, which also includes the priority list—the broader list—in 2009–10, it was 24 136, and at 30 June 2021, it was 17 194. The last four years the waitlist has increased, so the priority wait list has progressively increased from 1 437 to 3 354, and the wait turn list has increased from 13 912 to 17 194, in large part, obviously, because of the tightening in the market and net migration.

The CHAIR: What impact will the \$800 million have on that waitlist?

Hon SUE ELLERY: Just before I ask Mr Bryden to add to his response can I just add, because I think it is important to get it on the public record, the waitlist now remains below the level that we inherited coming into government. As at 30 June this year, the average waitlist time is 102 weeks and the priority waitlist is 45 weeks. The current waitlist remains a long way below the peak of 24 136, which it was in November 2010.

[5.10 pm]

I think we also need to keep in mind that we are getting people into homes much quicker than was the case previously, so around 50 weeks quicker than before. I might get Mr Bryden to make some further comments.

The CHAIR: Just with regard to the impact of the \$800 million on the waitlist.

Mr BRYDEN: In terms of impact, I guess the easiest way to talk about that is the number of dwellings that we anticipate to deliver this year, and that is 674. We recognise that will be a challenge. For that reason, we are minded to remain flexible in terms of new construction versus spot purchase. If we can deliver good value through spot purchase, we might ramp that program up. There are 708 next year. That is 1 300 dwellings over a relatively short period of time.

Hon WILSON TUCKER: I have one quick question that will probably be put on notice. It relates to GROH on page 531. I previously asked a question in Parliament, on 2 September, to get the vacancy rates for Kalgoorlie GROH properties. At the time, it was indicated there were 31 vacant properties in Kalgoorlie. I am curious; could you please provide the reason these properties were vacant at that time?

Hon SUE ELLERY: I do not know if we can give you a precise reason for each of those 31, but if I can make the point—I have made it before and I am sorry if I am repeating myself—that it is the case that this agency would not necessarily know, because it may well be the case that those houses have been allocated, say, to Education or Police. In the case of Education, for example, it is often the case that Education will keep a number of houses vacant because we have the churn. We know that we have staff that go off on maternity leave and a whole range of reasons why teaching staff turnover, and we always want to have the capacity to house them quickly if we need to, or an agency knows that it is going to be recruiting for some particular reason, so it wants to keep houses free for that purpose. I am just going to check if we have any more information here about Kalgoorlie, but it may well be this agency does not know because it may be that those 31 houses are held by Police and Education.

Hon WILSON TUCKER: If that is the case, minister, is this department in a position to give the breakdown of which departments have those houses allocated to them?

Hon SUE ELLERY: They might know that; I will find out for you. We can. I can take, as supplementary, the allocation of those 31 houses, whether or not they are allocated to a specific agency, and how many to each agency.

[Supplementary Information No B1]

Hon MARTIN PRITCHARD: The page number is 531. I want to get a little bit of information in regard to the investment in new social housing. I apologise if you may have answered this, but it has been a bit convoluted so I will ask the question again. The SHIF program obviously has been put into the out years because of the difficulty in building new houses. This program, the investment in new social housing, sees a significant boost in this coming financial year and in the following financial year, and I presume that is spot purchase mainly. I wonder if you could give me any information on how significant that might be in improving the stocks and shortening the list, and where those spot purchases may be.

Hon SUE ELLERY: If we can. Honourable member, are you talking about page 531, where under social housing it says “Investment into New Social Housing”?

Hon MARTIN PRITCHARD: That is correct.

Hon SUE ELLERY: I will get Mr Bryden to make some comments on that.

Mr BRYDEN: If you can just indulge me for a second, I will try and make the budget papers a bit simpler to understand. Obviously, page 531 relates to the asset investment program. Just so I am clear about the number of properties we are bringing online, some of those come through other means because we are no longer selling properties. So I might talk to the increase in social housing across a range of programs.

I guess, in the simplest form, the \$750 million commitment, which is a subset of the \$875 million that was announced as part of the budget, \$227 million of that has already been committed. It has been committed to a range of things, which includes repurposing what we call built inventory, which is affordable housing which might otherwise be sold to the private market. The government has recognised the need to convert that into social housing in the short term. In terms of repurposing and that \$227.5 million commitment, that will result in around about 432 properties being added in terms of social housing stock.

There is also a spot purchase program which is mentioned in the budget papers. That program is cited at \$40 million. That \$40 million is actually combined with an additional \$10 million which has been reprioritised from the agency's budget. That will see an increase of around about 66 properties, but it actually includes the purchase of 97.

There is another element in there which is an earlier repurposing which government decided on earlier in the year. That is 72 properties from Metronet and the increased investment in the Perth and Mandurah common ground. The Perth and Mandurah investment will see an increase in 72 placements. Across those programs, when coupled with the unallocated amount from the social housing investment fund, that is around about 1 948 properties over the forward estimates, with around about 367 of those in 2020–21 and 162 in 2021–22. The large portion comes across in 2022–23, 2023–24 and 2024–25 once we start to draw down on the SHIF, which is the social housing investment fund.

Hon MARTIN PRITCHARD: Thank you. Just a quick follow-up, you mentioned the Metronet program. I presume that is high density housing near train stations?

Mr BRYDEN: It is a mix of things. There are four programs under Metronet. Streams 1 and 2 transferred across to DevelopmentWA, and streams 3 and 4 are a mix of social and affordable housing, largely around these transport precincts. Some of the properties under Metronet were always going to be social housing. What has happened as part of this budget process is that more of those properties have been converted to social housing.

Hon MARTIN PRITCHARD: Thank you.

The CHAIR: We will go back now to Hon Nick Goiran, who so graciously gave up his spot.

Hon NICK GOIRAN: Mr Chair, I am still very keen to ask my question, but if you could go to the shadow Minister for Housing first and then I will ask my question immediately after that.

Hon STEVE MARTIN: Minister, just following up from some questions around the waitlist, which is a note under "Significant Issues Impacting the Agency" on page 515 at the third paragraph, can I clarify a response that the minister just gave about inheriting a smaller waitlist than the one today. Was that correct?

Hon SUE ELLERY: No; it was the opposite. What I said was that the current waitlist remains a long way below the peak of 24 136 applications in 2010 under the Liberal–National government.

Hon STEVE MARTIN: I thought I heard the minister say higher than the one her government inherited, but I will move on.

Minister, in response to a question submitted prior to the hearing on the waitlist issue, the department's response talks about a large number of Western Australians returning home from interstate and overseas due to uncertain economic conditions elsewhere as one of the reasons for the pressure on the waitlist.

That is described as a key factor. That would be one side of the equation. Does the department know the net figure? I assume a large number have returned, but I am guessing a fair few have left.

[5.20 pm]

Hon SUE ELLERY: There are a combination of factors, honourable member. I will get Mr Bryden to make some comments, but I am not sure that we have access to a number here in respect to net migration, which is I think what you were asking about. But I will get Mr Bryden to make some comment.

Mr BRYDEN: As the minister has pointed out, I do not have that figure with me. What I can say, though, is the waitlist is a product of many things, including a tight rental market and uncertainty and people not willing or unable to move into rental properties as a result of low vacancy rates and high rents.

Hon STEVE MARTIN: Referring to a comment that was made recently by a person with the department about the spot purchase program, you said you have added \$10 million to what was a \$40 million program, so that would be \$50 million, to purchase 66 homes? By my rough maths, that is about \$750 000 a home. Can I clarify that?

Hon SUE ELLERY: I will get Mr Bryden to assist you.

Mr BRYDEN: Apologies, member. I should have clarified. So we have allocated, reallocated and reprioritised \$10 million. Obviously, as we purchase new properties, the operating costs for those properties go up. We have got holding costs; we have got land rates; and we have other things—ongoing maintenance. Out of the \$50 million program, we will purchase 97 properties. But because we have brought forward funding, what we expect to be the net increase as a result of the \$40 million is 66 properties.

Hon SUE ELLERY: If I can also add to the comment about the pressure points, if you like, and what we are doing about it. The important task is to get that property market back into some form of equilibrium so that we rebuild that confidence that people can get affordable homes to rent in the private market and not think that the only viable option for them is public housing. Now, we are well on the way to doing that. The \$20 000 building bonus grant and the expansion of the eligibility of Keystart, and you add to that the commonwealth's assistance programs, have seen rapid growth in the number of new home-building approvals. Around 27 000 new homes have been approved to construction in the past 12 months. That is the strongest annual growth on record. Many of those properties will be occupied by first home buyers, and when they move in, we will see more homes becoming available and the squeeze in the rental market will begin to ease as well.

Hon STEVE MARTIN: Minister, thank you. Just getting to the details of the waitlist, in the response provided by the department, it mentioned that a single applicant had been on the waiting list for 17 years. Now, I understand, as detailed in the response, that there are a number of reasons why that might be the case, but 17 years does seem a stretch, I have got to say. Without going into the personal situation of that applicant, could you perhaps more broadly outline, first of all, why someone might be on a priority list and the usefulness of having someone on a list for 17 years?

Hon SUE ELLERY: I will get Mr Bryden to make some comments, but it is important to realise there is the priority waitlist and the other waitlist. People are on both of those waitlists for—in respect to the priority waitlist, there are some reasonably specific criteria, but people go onto the waitlist for

all sorts of reasons. So I do not think we can be, kind of, particularly specific, but Mr Bryden might be able to give you a general sense of the two different lists.

Mr BRYDEN: Thank you. So, as the member would be aware, the department has advised that that situation is an outlier. I asked for some internal advice in relation to the matter and I was advised that that individual had turned down five properties over the course of being on a waitlist. When the department makes its annual assessment, there are a range of reasons why we might recommend that someone leave a waitlist. Individuals are able to appeal decisions to remove them from the waitlist, so that is not uncommon. In relation to waitlists generally, I expect if that individual was taken out or that application was taken out of the mix, the longest would be around about eight years, which is still a considerable period of time. Coming back to the earlier comments, most of the people on the waitlist currently have a house. They may turn down a property for a range of reasons, including that they are in more favourable conditions at this time; they might be staying with friends or families or they might have specific needs.

Hon SUE ELLERY: Honourable member, if I can add to that, you may have—maybe not, because you are a relatively new member, but I am sure over the course of your political life, people will come to your electorate office. I have had them come to my electorate office and say, “I’ve been offered property X and it’s not suitable to me.” When I ask why it is not suitable to them, it is not always the case that the reasons are what you and I might think are entirely reasonable. There are a range of reasons why people stay on the list if they do not accept what is being offered to them. If I can give you some information about the Priority Housing Need policy, to be identified as having a priority housing need, they have to be eligible for public housing; they have to be able to demonstrate that they are experiencing barriers in securing or sustaining appropriate housing and have no other viable option other than public housing; and they have to be able to demonstrate risk factors and ongoing housing needs that are caused or aggregated by their current housing situation. Some of the key factors might be homelessness; threat to personal safety; a severe and ongoing medical condition that is either caused or aggravated by the current housing situation; and the current housing situation is having some impact on their general wellbeing.

The CHAIR: We might need to move on.

Hon SANDRA CARR: I refer to page 515, volume 2 of budget paper No 2, “Significant Issues Impacting the Agency”. I note that we have discussed this, but I am interested in some of the specifics of the funding allocation. I note there is a funding allocation to deliver additional housing in regional areas. How were decisions on the amount of funding allocated per region?

Hon SUE ELLERY: Mr Bryden has made the point already that in a general sense it is about looking to where demand is. The funding allocations are \$40 million to spot purchase under the social housing investment fund to provide an immediate boost and then take pressure off the housing waitlist; and \$11.6 million to regional WA. Funding is allocated based on need. That is the fairest way to spread it across the state. Spot purchasing is not a big part of the spending, but it is part of the make-up of—Mr Bryden talked about this earlier—quick-to-market options that are being funded as part of this year’s budget.

Hon SANDRA CARR: I have a follow-up question that is regionally based. I refer to page 137 of budget paper No 3, in particular the \$20 million that is allocated for regional renewable projects in places like Geraldton, Bunbury and Albany. I am wondering whether you can detail what that investment will do in terms of the liveability of those regional areas—Geraldton, Bunbury and Albany?

Hon SUE ELLERY: I will ask Mr Bryden to make some comments about that.

Mr BRYDEN: Thank you, minister. As you may be aware, the Minister for Housing made announcements around these three projects. The objective was fairly clear, and that was to improve liveability and connectedness in some high-density public housing areas. If I look at Spalding, for example, in Geraldton, there is a social housing presence of about 20 per cent. If you go into streets like Bogle Way and others, you will see quite a number of public housing properties that we would call void. They can be re-let or they require maintenance works to bring them up to standard. In the case of Spalding, the \$9 million will go to a range of things including pushing some roads through to increase connectedness. You will see in some of the older estates that it is one way in and one way out, which can, I guess—not promote antisocial behaviour but make it harder to deal with. We are very keen to increase natural surveillance and connectedness.

In terms of Spencer Park, the social housing presence there is about 15 per cent. That is in Albany. Again, a number of properties there are void. What we are looking to do, because of the waitlist in Spencer Park, is actually add some stock, but to do that, I guess, in a thoughtful way, including refurbishing about 14 properties and do some public open space works.

It was remiss of me also not to mention that the plan at Spalding is to refurb around about 47 properties as well. In relation to Withers, down in Bunbury, the social housing presence is around about 33 per cent and the plan there is to actually push through quite a number of roads just to increase connectedness and foot traffic as well as to bring online some new properties and refurb around about 18 properties. We are trying to lift the standard of the areas. We are very keen to do street works and footpaths so that kids are not walking on the road and, really, just to make them a nicer place to live.

[5.30 pm]

The CHAIR: I have two more to go.

With regard to Spalding, just as a matter of interest, I am glad you are doing something about that. I was in Geraldton just recently. I think I may have seen these places that are closed at the moment in Spalding. You really have to get on to that because a lot of the homeless are actually squatting in a disused motel—that three-storey motel. You have this social housing that was boarded up, essentially, so it is good to hear you are doing something with that.

Hon NICK GOIRAN: Minister, just following up on a question from Hon Steve Martin and this discussion about the outlier of 17 years. We take that away and apparently the next highest number is eight years, which is the equivalent to two terms of government. Is information currently available today as to the number of people who have been on the waiting list in excess of four years—one term of government?

Hon SUE ELLERY: Honourable member, we are just checking. We think we might have provided that—yes we did—to a question put on notice before the hearing to Hon Steve Martin.

Hon NICK GOIRAN: Excellent; that is why he is shadow Minister for Housing.

I refer the minister to page 136 of budget paper No 3 where there is this discussion with respect to the \$750 million for the social housing investment fund. The government has kindly set out there some form of a breakdown with respect to the \$227.5 million of funds to be supporting the social housing strategy package. Can a similar breakdown be provided for the remaining \$522.5 million?

Hon SUE ELLERY: I can tell the honourable member that those funds are being held in a special purpose account to be drawn down as projects are approved and business cases, for example, are developed and put through. I cannot give you a breakdown now because decisions have not been made on how those funds will be spent.

Hon NICK GOIRAN: That \$522.5 million, which is in a special purpose account, is it intended that the money will be used by this department?

Hon SUE ELLERY: It is yet to be determined. I understand there is a ministerial oversight committee that will consider submissions, and then decisions will need to be made about whether those funds, for example, are spent by, in this case, housing; spent by community housing; or whoever. Those decisions are yet to be made.

Hon NICK GOIRAN: Who is on the oversight committee?

Hon SUE ELLERY: It is chaired by the Minister for Housing. The membership is the Minister for Housing, the Minister for Planning and the Minister for Lands.

Hon NICK GOIRAN: How frequently does the committee meet?

Hon SUE ELLERY: Fortnightly.

Hon NICK GOIRAN: My last question, chairman, through you to the minister, is: on page 136 of that same budget paper there is a breakdown with respect to the \$222 million of the \$227.5 million to support the social housing strategy package. What is the other \$5.5 million to be used for?

Hon SUE ELLERY: It is available to be allocated to agencies to accelerate business cases on how to address social housing. It cannot be used for the business-as-usual approach to business case development. It has got to be demonstrated that the additional funds are required to accelerate the work that needs to be done to put propositions up about how we can better and more quickly address social housing meeting demand.

Hon NICK GOIRAN: Which agencies?

Hon SUE ELLERY: I have to write a list, otherwise I will not remember. It is Housing, DevelopmentWA and the Department of Planning, Lands and Heritage.

Hon Dr BRAD PETTITT: My question relates to volume 2, page 515 and paragraph 5.5.4 regarding the 120 properties flagged for demolition that will now be retained. I assume that some public housing properties will still be demolished in coming years. How many public housing dwellings have been flagged for demolition this financial year and how many have been flagged for demolition in the years over the forward estimates?

Hon SUE ELLERY: I will get Mr Bryden to make some comments on that.

Mr BRYDEN: It is very difficult to predict the number of demolitions this year, which is in part why the government has committed to \$12.8 million for the building condition assessment so that we can have a better line of sight on the properties. We do not have a specific number. The amount that is being allocated is effectively to refurbish around about 30 properties per year for the next four years, which will see around about 120 diverted from demolition. I expect the number—it is very hard for me to predict the number, which is why we are doing the BCA program.

Hon Dr BRAD PETTITT: I have one more separate question on affordable housing. I refer to the same page but paragraph 5.5.3. It is around the definition of “affordable housing”. Is the definition based on the percentage of income or is it a dollar figure for living costs?

Hon SUE ELLERY: The general definition that is used, honourable member—I think we gave it to you in an answer—is generally used to describe rental or owned housing that households on low and moderate incomes can afford while they meet their other living costs.

Hon Dr BRAD PETTITT: Is there no particular number? I feel that is quite general. Is there a specific number? I am after what the actual calculation is that the department uses to consider an affordable home.

[5.40 pm]

Hon SUE ELLERY: I do not think I can give you a precise definition, honourable member, because I have just been advised, of course, that it is essentially different across different regions in Western Australia as well and probably at different times. So, what might be a difficult period of time for region X now may not be a difficult period of time for region X in five years' time. I am not sure I can give you anything more specific than that.

Hon Dr BRAD PETTITT: A more standardised one for the metropolitan area at least?

Hon SUE ELLERY: I do not know that there is one. Honourable member, I do not know that I can give you a precise definition but I am prepared to take your question as a supplementary and see if the minister is able to give you some more information. I will put the caveat on it but I do not know that we are going to be able to give you a precise definition.

[Supplementary Information No B2.]

Hon STEVE MARTIN: Minister, if I could ask a question on the Keystart program.

Hon SUE ELLERY: Before you start on Keystart, I am not sure that I have the people here to answer your questions about Keystart.

The CHAIR: If not, we can take the question.

Hon SUE ELLERY: It does not fit neatly within this division. It has its own separate division in the budget papers, immediately after the housing section. Because I am a kind person, honourable member, I am happy to take it as supplementary. It does actually appear in its own separate bit in the budget papers but because the minister is the same minister, I am happy to take it as a supplementary.

Hon STEVE MARTIN: Thank you, minister. It is some general questions regarding some notes—some explanation of significant movements. It talks about lower financing costs, which have lowered Keystart's cost of borrowings. I am keen to know if that has been passed on to the people with the loans.

The CHAIR: Is that a supplementary?

Hon SUE ELLERY: I will ask the minister, if you want to call that a supplementary. The caveat is this is a separate division and the minister might take a different view from the one I am taking.

Hon STEVE MARTIN: I appreciate that explanation.

[Supplementary Information No B3.]

Hon STEVE MARTIN: Secondly, there was some recent movement from the federal government around some APRA stress tests on the private loan market for housing. I think they put a three per cent number on the existing loan rate to see if you can qualify. Is something similar done with Keystart applicants?

Hon SUE ELLERY: I am not in a position to answer that question now, but, again, I will take it as a supplementary. Effectively, I am giving an undertaking that I will ask the minister to provide you with that answer, but, technically, because it is in a different division, he is not required to but I will ask him.

Hon LORNA HARPER: Minister, I refer you to page 129 of volume 1 of the *Budget statements*. In particular, I note that this budget actually contains an unprecedented boost to funding of social housing. How will this funding boost supply social housing across WA?

Hon SUE ELLERY: We have touched a bit on this already, but this is a record investment of \$875 million, \$750 million on the social housing investment fund, so the total spend over the

forward estimates is \$2.1 billion. That will deliver around 3 300 social homes. Then we have allocated \$227.5 million for immediate projects to provide an immediate boost, including regional modular and spot purchasing. Then you heard us talking about Spalding in Geraldton. We are also doing similar work in Albany and Bunbury. A maintenance inspection package, around \$12.8 million, is really trying to seriously boost the supply of social housing across Western Australia.

Hon NEIL THOMSON: I note that on page 515, point 4 talks about “Existing ageing dwellings form a high proportion of overall stock”, and I also refer to page 531 in relation to the refurbishments. Does the agency, minister, through you, have an idea of the average age of our social housing stock and the impact that is having on that figure in relation to refurbishments?

Hon SUE ELLERY: I think I provided this perhaps in the earliest questions. Much of the housing is over 30 years, some is over 40 years and some is over 50 years, so it is significantly ageing stock. Of course, some of the stock is affected by the conditions in the particular areas, so even though a house may be a bit younger, in some of our more extreme climates, obviously, the impact of the climate might be different there than it is elsewhere.

The CHAIR: You have time for one quick one, but it will need to be quick.

Hon NEIL THOMSON: I guess, that refurbishment part, the social housing economy recovery package, I note that there is \$28 million. My question is: What proportion of the cost is directly related to the ageing stock? Have you made an assessment of that?

Hon SUE ELLERY: I will get Mr Bryden to make some comments on that.

Mr BRYDEN: It is difficult to, I guess, draw a correlation between the age of the property and refurbishments generally. As you would imagine, some of our tenants are fairly robust in their use of the properties, so you can actually have a relatively new property that requires a significant refurbishment and overhaul. As the minister has pointed out, the average age of a property in the public housing stock is around about 29.2 years, and the useful life is around about 50 years, just as a rough guide. The refurbishments will see a property stay in the system a lot longer. We estimate that there will be thousands of properties staying in the system longer as a result of programs such as SHERP, but, again, it is difficult to draw a conclusion and a correlation between the age of the property and refurbs, given the way in which some of those properties are used.

The CHAIR: Thank you very much for that very discreet response, Mr Bryden.

Thank you for your attendance today.

Members, you may submit your remaining questions through the Electronic Lodgement System, which will close at 5.00 pm on 29 October 2021.

Witnesses, can I thank you. The committee will forward the uncorrected transcript of evidence, with questions taken on notice highlighted—there are only three—as soon as possible after the hearing. Responses to questions on notice are due by 5.00 pm on 17 November 2021. Should you be unable to meet the due date, please advise the committee in writing as soon as possible before the due date. The advice is to include specific reasons why the due date cannot be met. Once again, I thank you very much for your attendance today.

Hearing concluded at 5.47 pm
