

**STANDING COMMITTEE ON
ESTIMATES AND FINANCIAL OPERATIONS**

2017–18 BUDGET ESTIMATES HEARINGS



**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
THURSDAY, 19 OCTOBER 2017**

**SESSION TWO
DEPARTMENT OF COMMUNITIES — HOUSING AUTHORITY**

Members

**Hon Alanna Clohesy (Chair)
Hon Tjorn Sibma (Deputy Chair)
Hon Diane Evers
Hon Aaron Stonehouse
Hon Colin Tincknell**

Hearing commenced at 10.05 am

Hon STEPHEN DAWSON

Minister Representing the Minister for Housing, examined:

Mr PAUL WHYTE

Acting Director General, examined:

Mr GREG CASH

Assistant Director General, examined:

Mr STUART CLARKE

Acting Assistant Director General, Strategy and Policy, examined:

Mr LIAM CARREN

Chief Finance Officer, examined:

Mr PAUL ISAACHSEN

Executive Director, Reform and Transformation, examined:

Ms LUDISHA KALASOPATAN

Acting Senior Manager, Treasury and External Liaison, examined:

Mr NIGEL HINDMARSH

General Manager, Commercial Operations, examined:

Mr BRENDAN McSHANAG

Principal Policy Adviser, Minister for Housing, examined:

The CHAIR: On behalf of the Legislative Council Standing Committee on Estimates and Financial Operations, I would like to welcome you to today's hearing. Can the witnesses confirm that they have read, understood and signed a document headed "Information for Witnesses"?

The WITNESSES: Yes.

The CHAIR: Let us start then with Hon Diane Evers.

Hon DIANE EVERS: My first question is on page 261, under the statement of financial position. I note that at "Property, plant and equipment" there is a steady decline in the total of about 10 per cent over the six years from 2015 to 2021. I am just concerned as to why this is occurring, and is it expected to continue? Is there a planned decision to reduce property, plant and equipment?

Hon STEPHEN DAWSON: Thank you, member, for the question. I will ask the acting DG, Mr Paul Whyte to respond to that one.

Mr WHYTE: Thank you for the question. The Housing Authority books as part of its plant, property and equipment its land and property assets that it develops and sells. So the reduction is due to higher sales from the 2017–18 social housing investment package. That program concluded in 2017, so the reduction relates to that program being completed.

Hon DIANE EVERS: Okay. But then it still continues to decline into 2018–19 and forward for the next three years, so are there still intentions to sell further housing or is it just that we are not showing that we are going to be purchasing some or building some in that time?

Hon STEPHEN DAWSON: If I can ask Mr Whyte to respond to that.

Mr WHYTE: I would need to refer this matter to the chief financial officer, if I could, or otherwise take the question on notice for the out years. But certainly the significant reduction relates to the conclusion of the social housing investment package, and the fact that the Housing Authority for the past three years has booked its land and property assets as stock in trade, rather than as a fixed asset.

Hon STEPHEN DAWSON: If I can ask Mr Carren to provide further supplementary information.

[10.10 am]

Mr CARREN: I think probably what I will add to Mr Whyte's comments is that for the Housing Authority, as Mr Whyte mentioned, the assets that appear against property, plant and equipment are predicated on a number of assumptions. Every year the budget reviews those assumptions, and it is largely around, as the director general mentioned, the asset program—the development program—that the Housing Authority goes through. There is an annual churn of lots that are developed and sold, and the values that appear in the forward estimates are based on the current building program as it appears within the forward estimates. That is the largely the key assumption that drives it. Also there are some assumptions around land valuations—the annual valuation process that occurs. So I think that is probably what I will add in terms of that response.

Hon PETER COLLIER: I have nothing contentious, just a clarification on a couple of figures et cetera. I have accumulated a number of figures over the last six months, particularly with regard to social housing. There seems to be a bit of disparity between Housing Authority figures and ROGS data, which I would like to flesh out, if you do not mind.

First of all, just with regard to the social housing component, as far as the government is concerned—probably more of a policy issue that you might not be able to answer, minister—I understand it is currently around 20 per cent from the community housing sector and 80 per cent from the Housing Authority. That is the way it has been for some time. Is there any intent to change that?

Hon STEPHEN DAWSON: That is my understanding and there is no plan to change. Member, can I make a special request? If you have a line item in the budget paper that you can refer to —

Hon PETER COLLIER: Sorry.

Hon STEPHEN DAWSON: You do not need to, but if you can, it is most helpful for me because quite often I will have notes in my file, but I will not be able to find them unless you tell me where you are referring to.

Hon PETER COLLIER: No worries. It is on page 238, the top dot point, and it really is just a dot point. It captures the whole of the social housing. I am sure that your advisers would be conscious of that. It captures just social housing in terms of the fact that there is a cohort of our community that will never have home ownership. Even if we have the greatest home ownership of any capital city in the nation, we are still going to have a cohort of the population that will always aspire or may not even aspire—will always rent or be assisted through social housing.

Hon STEPHEN DAWSON: Now that I have this line item, I can give you a bit more information, if you would like it.

Hon PETER COLLIER: You go for it!

Hon COLIN HOLT: I can help you out!

The CHAIR: I doubt it very much, honourable member!

Hon STEPHEN DAWSON: It is very helpful and collegiate in here. The former minister is in the house.

Hon COLIN HOLT: I think the question is —

The CHAIR: Order, members! Hansard is having trouble keeping up.

Hon STEPHEN DAWSON: If I can just allude to the affordable housing strategy and the Housing Authority's strategic plan 2020, they have driven the achievement of great social and economic outcomes, but there is definitely a lot more to do to address the issues. The Minister for Housing has requested a new action plan for affordable housing, which is being developed this year and will be developed over the remainder of this year, 2017. Absolutely, it is a very important issue and the minister has recognised that and is undertaking some work at the moment in relation to that.

Hon PETER COLLIER: I am not specifically of course talking about affordable housing; I am talking about social housing. They are two completely different things. But that is fine, I understand where you are coming from there. Can you please tell me, minister, or you might need one of your advisers to tell me, as a result of these budget papers, and I cannot see it within them, what will be the net increase of social housing—the net increase, no flowery figures—from this budget and also from the forward estimates?

Hon STEPHEN DAWSON: Can I ask my advisers whether we have this information with this or it needs provided by way of supplementary information? We have it. I will ask Mr Cash, the assistant director general of Housing to respond to this, please.

Mr CASH: Based on the current figures in the budget forecast, we are anticipating an additional 614 dwellings in public housing stock and there will be a reduction of 1 678 planned in demolition, sales and adjustments to public housing stock. So, at the moment there is a planned net decrease in the social housing stock.

Hon PETER COLLIER: That was my point. I think it needs to be emphasised that there is not going to be a net increase; there will in fact be a decrease in social housing.

The CHAIR: I assume that was a comment rather than a question, but I will see if the minister wants to respond.

Hon STEPHEN DAWSON: I think the assistant DG of housing, Mr Cash, was going to provide some more information, but essentially there are a number of houses being knocked down to rebuild, but I will let Mr Cash deal with this issue.

Mr CASH: In the last 12 months, we have completed the social housing investment package and we are currently working with the new government to determine what the next round of activity is. The last package was a three-year program to deliver 1 000 dwellings, which we were able to achieve and deliver on; we are now working on what is next in terms of addressing the social housing demand in this space.

Hon PETER COLLIER: Thanks very much for that, I appreciate that, but I just want to emphasise once again that the budget papers identify what I understood from the number of questions I have asked on the issue; that is, there will in fact be a net decrease in social housing as a result of this budget.

The CHAIR: Minister.

Hon STEPHEN DAWSON: I think the member was making a statement that time.

The CHAIR: I was just providing the minister with an opportunity to respond if he wanted to.

Hon STEPHEN DAWSON: I think your reading of the budget papers is correct.

Hon PETER COLLIER: Right, so that is correct.

I will take heed of the advice from the Chair from previous hearings with regard to this question. Of course, you do not have to respond if you do not have the information or you would prefer not to, but I am sure you will not have a problem with it, because it is readily available.

The CHAIR: Maybe we could have the question.

Hon PETER COLLIER: What is the waiting list for social housing for the last five years?

Hon STEPHEN DAWSON: I am advised that we do have that information with us, so we will give you that information now. I will ask Mr Cash to provide that.

Mr CASH: The number of housing applications as at 30 June 2017 is 16 516; for 30 June 2016, it is 18 530; for 30 June 2015, it is 20 127; for 30 June 2014, it is 20 013; and for 30 June 2013, it is 21 121.

Hon PETER COLLIER: Regarding the three-strikes policy introduced by the previous government, I asked the minister whether or not he intended to retain the policy and he said yes. Can you provide for me the number of residents that have been removed as a result of this policy for the last five years?

Hon STEPHEN DAWSON: I will take the opportunity to make the point that, obviously, it is very important to me and certainly this government to ensure that we are treating vulnerable people in public housing as fairly and sensitively as possible. Evicting tenants is not an action that the McGowan government wants to see and every effort is made to assist tenants to succeed and protect their rights, so we are funding some agencies to help people live in their house, as opposed to having them move out and move on and become somebody else's problem. However, I will ask Mr Cash what he can provide in relation to that question, and some of it may well need to be taken on notice.

While he is looking for that, in relation to the last question about public housing stock, I should make the point that over the last while, the Feds have withdrawn a sizeable amount of funding. There was previously an agreement between the state and the Feds, but that money has been taken off the table and that is having a significant effect on the number of new social houses that is being built in Western Australia. I just wanted to place that on the record in relation to the last question, and I will ask Mr Cash to talk to the answer for this one.

[10.20 am]

Mr CASH: I can provide information on the numbers for the last three financial years. In terms of the number of bailiff evictions for disruptive behaviour and illegal use, we had 48 in 2016–17, 53 in 2015–16 and 32 in 2014–15.

Hon PETER COLLIER: Thank you for that information; and re the federal government, welcome to government, can I say.

Hon STEPHEN DAWSON: That is very kind of you!

Hon PETER COLLIER: I had to deal with that for nine years—all of a sudden you get your bottom line blown out!

Hon STEPHEN DAWSON: Member, you also asked about the final strike figure, the three-strike figure.

Hon PETER COLLIER: Yes, that is what it was.

Hon STEPHEN DAWSON: Did you get the final figure?

Hon PETER COLLIER: Yes. How many are currently existing on one or two strikes, as a matter of interest?

Mr CASH: I do not have that information.

Hon STEPHEN DAWSON: Just so that we can do this properly, Madam Chair, I will ask Mr Cash to provide an answer to that question. It is important that we do go through the Chair and keep a bit of decorum in the room.

Hon PETER COLLIER: I can actually ask the public servant; that is in the standing orders.

Hon STEPHEN DAWSON: You can, and he would refer to me and I would refer back to him.

The CHAIR: Thank you, honourable member. Rather than having a discussion about process, can we have a discussion on content?

Hon STEPHEN DAWSON: I will ask Mr Cash to respond.

Mr CASH: I am unable to provide the information on the number of tenancies that are at strike 2 or 3 at present. I can provide information supplementary in relation to that as at today's date because it is a rolling number, as you can imagine.

Hon STEPHEN DAWSON: If Mr Cash is happy to provide that, we will provide that by way of supplementary information

[Supplementary Information No A6.]

Hon PETER COLLIER: No-one wants to have to turf people out of their homes. I agree with you. I think any government would agree with that. Certainly, we do. But ultimately in some instances it is unavoidable. We have to do all we possibly can to prevent that. That is why, particularly when it comes to social housing—this is more of a comment than anything—we need more of them, and a net decrease is not helpful. I have some figures on social housing. According to a question that I asked on 15 August, there are 36 403 houses from the Housing Authority. That seems to be contradicted by ROGS data, which shows 37 533. Can the minister explain why there is the disparity between those figures?

Mr CASH: I believe that number would relate to specific management versus ownership, so the 36 000 would be day-to-day ownership and responsibility. We have several thousand properties that are owned by the Housing Authority and are head-leased by the non-government community housing sector, and that would reflect the disparity between the two numbers.

Hon PETER COLLIER: Okay. So are you saying that the shortfall would be those that are managed by the community housing sector?

Mr CASH: Yes, that is correct.

Hon PETER COLLIER: That is not what I have been told. Can you confirm that that is the case?

Mr CASH: Yes, I believe that is the case.

Hon PETER COLLIER: All right; I will follow up on that one. Re the additional properties that have been added to the public housing system since the end of 2010–11, the answer to the question that I asked on 15 August said that there had been an increase of 2 234, and the ROGS data shows in fact that there has been a decline of 307. Can the minister explain that disparity?

Hon STEPHEN DAWSON: I am not sure we have all those questions that you have asked over the past few months with us today, so I will ask Mr Cash if he is able to provide a response; and, if not, we can provide further information.

Mr CASH: We would need to investigate that. I would suggest that it does relate to the previous response I provided in relation to ownership versus management arrangements. But I am happy to answer that in a supplementary question.

Hon STEPHEN DAWSON: Member, would you just repeat what we are providing so that we can be clear for the record?

Hon PETER COLLIER: I inquired as to the additional properties that have been added to the public housing system since the end of 2010–11. The response I received on 15 August from the minister was that there had been an increase of 2 234, whereas the identical information that is contained in the ROGS data shows that there had been a decline of 307. I want clarification.

Hon STEPHEN DAWSON: We can provide that information by way of supplementary.

[Supplementary Information No A7.]

Hon AARON STONEHOUSE: I have a question about the National Rental Affordability Scheme. I cannot find it in the budget papers, so I am not sure what page to refer to. Can the minister tell me how many homes have been built under that scheme in the last year for the 2015–16 run and for 2016–17 if he has the numbers here?

Hon STEPHEN DAWSON: Member, I have some information I can give you. I make the point that the National Rental Affordability Scheme was a commonwealth government initiative and obviously an important part of our affordable housing continuum. As at 30 June 2017, 4 082 NRAS dwellings have been delivered and made available for rent across Western Australia. NRAS provides an annual incentive to investors who rent housing at a rate that is at least 20 per cent below market. The total annual incentive for NRAS year 2017–18 is \$11 114.33 per dwelling. That comprises a commonwealth government contribution of \$8 335.75 per dwelling per year as a refundable tax offset or payment, and a state contribution in this case of \$2 778.58 per dwelling per year in cash or in-kind financial support.

Hon AARON STONEHOUSE: Does that appear in the papers we have here?

Hon STEPHEN DAWSON: There is no specific line item, but not every specific line item appears in the budget. I have further breakdowns for the regions if the member is interested.

Hon AARON STONEHOUSE: I have a couple of specific questions, and I may have more about what we are spending on that scheme, and, if it is not in here, I would be interested in that. However, for now, can the minister give me a breakdown or an indication of how many of those 4 082 dwellings were freestanding homes and how many were studio apartments?

The CHAIR: Perhaps, minister, if you do not have those figures, or even if you do have them here, it would be quite complex.

Hon AARON STONEHOUSE: Could the minister give me a rough indication as a percentage of how many of those dwellings were freestanding homes?

Hon STEPHEN DAWSON: It is sitting right in front of me, member. I will give the figures as at 30 June 2017. Of the NRAS dwellings that were delivered, 1 085 were studios, 792 were one bedroom, 1 181 were two bedroom, 856 were three bedroom, 166 were four bedroom, and two were five or more bedroom.

Hon AARON STONEHOUSE: I have anecdotal evidence that suggests that universities and colleges are using NRAS to build cheap student accommodation. I have even been told that the leafy and affluent suburb of Nedlands has one of the highest concentrations of NRAS-built homes. Can the minister confirm any of that or can he speak to any of that, perhaps?

[10.30 am]

Hon STEPHEN DAWSON: Member, I think you are correct that that has happened previously. However, I might hand over to Mr Paul Whyte, the acting DG.

Mr WHYTE: You are correct. Student accommodation is included in the NRAS scheme; that is because it falls within the auspices of that scheme. All applications for NRAS are required to meet the criteria. Student accommodation, again, and student housing is a part of the housing continuum for which there is unmet demand, in particular for students coming from regional Western Australia seeking to have affordable, appropriate accommodation. All of the housing that is being provided under the NRAS scheme is required to meet the criteria and be acquitted against the commonwealth requirements.

Hon AARON STONEHOUSE: About the concentration of NRAS in Nedlands, can you speak to that at all? Do you have any data there? If you have a breakdown of the regions, minister, I would be happy to take that as supplementary information.

Hon STEPHEN DAWSON: It is actually quick, member, so I can give it to you now. Of those 4 082 NRAS dwellings that have been made available for rent across the state, there are 2 154 in metro north, 799 in metro south, 565 in metro south east, 70 in the great southern, 185 in the south west, seven in the goldfields, 136 in the midwest–Gascoyne region, 33 in the Pilbara, 124 in the Kimberley and nine in the wheatbelt. In relation to Nedlands itself, we would not have that information with us here. I guess we would be able to provide it by way of supplementary in the future if the member would like it.

Hon AARON STONEHOUSE: No, that is okay for now.

Hon COLIN HOLT: As an extension of Hon Peter Collier's question earlier on asset transfers to the community housing sector, has that been completed? The nub of this question is: is there going to be any asset transfers to the community housing sector into the future; and, if so, how many?

Hon STEPHEN DAWSON: I might go to Mr Hindmarsh, who could provide an answer to that. I have some figures; in fact, I can probably give them to you. In relation to social and affordable housing stock growth delivered by CHOs to 30 June 2017, I understand Access Housing Australia had 190, Foundation Housing Ltd had 117, Stellar Living Ltd had 25, Advance Housing Ltd had 19, Community Housing Ltd had 16, Bethanie Housing Ltd had 53 and Alliance Housing WA, which is also known as the Bunbury Housing Association, had 10. In relation to additional growth committed for delivery by 2020—that is forward stuff—there are 70 committed to Access Housing Australia, 10 to Foundation Housing Ltd, 10 to Advance Housing Ltd, 16 to Bethanie Housing Ltd and 16 to Southern Cross Housing Ltd. Does that answer your question?

Hon COLIN HOLT: Not really, but good try—that is good information too, though. What is the total amount of growth in that delivery that you read out?

Hon STEPHEN DAWSON: I will hand over to Mr Hindmarsh, who can probably give you a more fulsome response. I was trying to give you a response.

Hon COLIN HOLT: I understand.

Mr HINDMARSH: To this point, the Housing Authority has transferred 2 295 assets to the community housing sector and that is of a total of 2 315 planned. The planned asset transfer is almost complete, and against that asset transfer, we have achieved the growth that the minister referred to previously.

Hon COLIN HOLT: What did those figures add up to in that growth?

Mr HINDMARSH: The total growth to June 2017 was 430 against a plan of 552.

Hon COLIN HOLT: My question then was: is there any plan to do further asset transfers to the community housing sector to instigate more growth contribution? It is a policy question, probably. I am happy for you to take it on notice as supplementary.

Hon STEPHEN DAWSON: I can ask Mr Cash to provide an answer to that.

Mr CASH: We want to make sure that the current commitments are delivered and we are currently investigating what opportunities there are for further partnerships with the community housing sector. We have not yet committed to anything significant beyond the current plans.

Hon COLIN HOLT: I will go to page 257, down to the service workers program and a commitment of \$5.107 million in 2018–19. Is that royalties for regions funding, and what actually is that going to be for?

Hon STEPHEN DAWSON: I might ask Mr Hindmarsh to provide a response to that, if he can; otherwise, we will take it on notice.

Mr HINDMARSH: I will have to take that as supplementary. I do not have that detail to hand.

[Supplementary Information No A8.]

Hon COLIN HOLT: I refer to page 241 and line item 18, “Rental Housing”. It is a fairly consistent figure until we get to about 2017–18, when there is a slight jump and then a real drop off in those figures up to 2020–21. Can you explain what that means in reality? Why is there a change in the figures throughout the forward estimates?

Hon STEPHEN DAWSON: I am happy to give it a go to start off with and then I will hand it over to one of my advisers. I am advised that the 2018–19 forward estimate is forecasting a reduction in the cost of services mainly due to a decrease in the Aboriginal housing expenditure, resulting mostly from the reduction in the commonwealth national partnership on remote housing, or the NPARIH, funding, which concludes in 2017–18. To date, there is no further commonwealth funding commitment beyond 2017–18 in relation to housing in remote communities after the current national partnership on remote housing concludes on 30 June 2018.

Hon COLIN HOLT: That makes sense to me; that is good. Keeping on that page number, can you give a similar explanation for item 20, “Land and Housing Supply”, which again sees a bit of a jump in 2017–18 and then tails off towards the end of the forward estimates?

[10.40 am]

Mr HINDMARSH: There is an increase between the 2017–18 budget estimate and actual of \$47 million, primarily due to an increase in the cost of goods sold. This was the sales in the social housing investment package, which caused an increase in that period. With that SHIP completed, it decreases again as the housing entries from the social housing investment package is sold off. As we go further into the forward estimates, there are forecast higher sales in 2019–20 through the SharedStart program, and then it decreases in 2020–21, primarily due to a decreased cost in sales. The programs of our sales are quite lumpy, so you will find that there are bumps according to when that particular stock comes onto the market and is sold through, and that is reflected in the decrease over that period.

Hon COLIN HOLT: Would I be accurate in saying that the social housing investment program kick-started a fair bit of activity, and that is reflected in these figures, and now it is returning to a level of normality for the Housing Authority?

Mr HINDMARSH: That is certainly true for the immediate years. There is also a reflection that not all activity over the forward estimates is planned to the end of the forward estimates in terms of

individual sales programs or individual dwellings, so not all of those will necessarily be reflected and will be revised at each budget cycle.

Hon COLIN HOLT: I refer again to page 241, the next item down, Government Regional Officers' Housing. The budget in 2016–17 is \$184 million and the estimated actual is \$164 million, which is maintained into the out years. Can the minister explain why we did not meet the budget target in 2016–17, and is there any major reason why it does not go back to those sorts of levels? What is happening out there?

Mr HINDMARSH: That decrease reflects the proportion of our growth stock that comes from the private market through leases. Due to the decrease in rental prices in many of the regional areas in which the GROH portfolio operates, we are spending less on those private leases.

Hon COLIN HOLT: I refer to page 236, "Election Commitments", and the line item for remote swimming pools, Balgo and Kalumburu. It is quite a large expenditure. I know the Housing Authority has been involved with swimming pools in remote communities before. Is the Housing Authority involved in this line item? If the minister can answer the question, is the \$615 000 in the forward estimates to do only with construction or does it also include operating costs into the future?

Hon STEPHEN DAWSON: I can provide a response to that. Initially, I will say that this is obviously a 2017 state election commitment. Seven swimming pools currently operate in remote communities across WA. Under this commitment, the state government has approved a \$14 million capital provision for the construction of two additional pools—in Balgo and Kalumburu—and operational expenses of \$300 000 in 2018–19 and \$615 000 per annum from 2019–20 for those two pools. So that \$615 000 is operational expenses for those two pools.

Hon COLIN HOLT: Is that royalties for regions funding?

Hon STEPHEN DAWSON: It is.

Hon KYLE McGINN: I have heard the minister say at least twice today that there have been federal government funding cuts in housing. Can the minister give me a sense of how widespread this is across the public and social housing programs and the total impact on the state budget?

Hon STEPHEN DAWSON: I am happy to provide that information. I will just get some advice from people in relation to it. While we are waiting for the information, I will say that the commonwealth has been a large funder in this area for the last 10 years. Over the last year or so, we have seen the commonwealth move away from this or let agreements lapse and not negotiate with us for new agreements. I am happy to ask Mr Cash to give a more fulsome response to that question.

Mr CASH: The Housing Authority's exposure to commonwealth negotiations sits largely in two agreements—the National Affordable Housing Agreement and the National Partnership on Homelessness, which are joined together as one agreement; and the National Partnership on Remote Housing, which relates to the provision of housing services and capital builds in remote Aboriginal communities. The funding for the National Partnership on Remote Housing is funded up until June 18, and at this point in time there is no commitment in the federal budget beyond that period. Negotiations are ongoing with the commonwealth and discussions are positive; however, there is no funding commitment beyond that time at the moment.

Hon STEPHEN DAWSON: If I can just supplement that and be a bit more political, obviously it is a major concern for the state and for people living in remote communities that there is a lack of commitment thus far from the commonwealth government for ongoing funding past that June 2018 date. The state, under all governments, has had a long-held view that the commonwealth has an ongoing role in partnering with us to provide safe and appropriate accommodation for people living in regional and remote communities, particularly in remote communities. I understand the Minister

for Housing has been pressing the state's position with his commonwealth counterparts, and hopefully we will see a new agreement arrive at some stage soon.

Hon AARON STONEHOUSE: Let's secede!

The CHAIR: That is on the record!

Hon TJORN SIBMA: I refer to two aspects of the budget papers that I assume are related. The reference is pages 256 and 257, the "Asset Investment Program", and it concerns land acquisition and lot development. At page 257 under "New Works", from my rough calculation about \$640 million has been allocated over the estimates period for acquiring and developing land. To date, two-thirds of the lots that are developed are with joint venture partners. Is that likely to be standard practice? I am curious to know who the joint venture partners are and the terms of that commercial engagement, and also where the lots are located.

Hon STEPHEN DAWSON: I will ask Mr Hindmarsh to provide as much of that information as he can now and we will see what we need to do afterwards.

Mr HINDMARSH: I can certainly confirm that we intend to continue partnering with the private sector. It has been a very successful method by which we develop affordable product to the market and it plays to the strengths of both the private sector in its development and commercial acumen and of the agency in terms of getting the social outcomes that we want to achieve from the private sector. I can confirm that we will continue to work through joint ventures in a number of areas. I will have to take as supplementary the detail of the joint ventures and the locations and the numbers that are produced from those.

[10.50 am]

Hon STEPHEN DAWSON: Before I agree to take that as supplementary information, I think the member wants to say something further.

Hon TJORN SIBMA: I just want to know—if not, I am happy to take this as supplementary also—what the commercial value of each of those partnerships is.

Hon STEPHEN DAWSON: I think the acting director general might be able to give an answer to that, and then we will agree on what we are providing by way of supplementary information.

Mr WHYTE: You are correct in saying that the Housing Authority has a number of joint arrangements. Some are official structured joint ventures; some are partnering in other forms. The Housing Authority is required to include in its budget its forward estimate of the revenues that are generated through those joint arrangements. In the main, the return that the authority receives is through its profit share or distribution, and that is included in the forward estimates. In terms of the details of each of the commercial agreements, that may be subject to a level of confidentiality. However, we can provide the detail on each of the joint ventures in terms of the joint venture partner or, as we said, the type of partnering arrangement we have, and we can provide information on the expected revenue share that the Housing Authority expects to receive. The annual report for the Housing Authority details each of those.

Hon TJORN SIBMA: I might look there, then, and I am happy to not take supplementary information. If I do not find what I want, I can seek that information at another time. Just as a quick follow-up, the minister may be able to answer this or refer it. With regard to the location of these developments, is there some measure of consistency between where these lots will be developed in respect of public transport, particularly Metronet destinations or lines?

Hon STEPHEN DAWSON: I will hand over to the acting director general in a second, but certainly moving forward, that is the state government's intention. The Minister for Transport, who is the key

minister in relation to Metronet, is very keen to ensure that we are building communities around train stations. I will ask Mr Whyte to comment.

Mr WHYTE: Certainly, the Housing Authority has joint venture arrangements in a lot of locations that are going to be part of the Metronet plan, including Ellenbrook, Wellard and Golden Bay. There are a number of joint ventures and land developments that exist already that are on either heritage or proposed transport routes. In terms of the planning that the authority is doing, it would be more responsive, I believe, to the opportunity to develop transport-oriented development, providing density around train stations and the proposed Metronet locations, whereas in the past, without the Metronet plan, the developments were somewhat isolated.

Hon STEPHEN DAWSON: If I just answer that, there has been a Metronet task force established for Metronet. Obviously, that does not sit within this portfolio. However, there is a representative from this agency on that taskforce —

Hon TJORN SIBMA: The agencies are linked up.

Hon STEPHEN DAWSON: Absolutely—joined-up government, so there is a representative of this agency on that task force to ensure that we are all moving in the same direction going forward.

Hon DIANE EVERS: Just one other question on the balance sheet, page 261, under “Statement of Financial Position”. Under the heading “Non-Current Assets”, there is a line item called “Other”, and it is \$4 billion. I am just wondering what “Other” could be. If it is not in property, plant or equipment, why is it not shown separately?

Hon STEPHEN DAWSON: I just want to confirm that we are on page 261. There are lots of “Others”. What was it under?

Hon DIANE EVERS: “Non-Current Assets”.

Hon STEPHEN DAWSON: It is “Non-Current Assets”, two blocks down, and “Other”. I will ask Ms Kalasopatan to provide a response to that question.

Ms KALASOPATAN: This relates mainly to the increase in Keystart’s borrowings. Keystart has a borrowing of about \$4 billion, and that is in the category “Other”.

Hon DIANE EVERS: So that is people borrowing from us, and —

Ms KALASOPATAN: From Keystart.

Hon DIANE EVERS: Well, from Keystart, but it is our asset. Is it possible that it should maybe not be called “Other” and that we should actually note what that is in the financial statements, just to make it more clear?

Hon STEPHEN DAWSON: I will just make a comment before I hand over to Mr Carren. This has been mentioned previously in some of the other estimates. The way the budget papers are set out is obviously done in conjunction with the Auditor General, so there is a kind of process that needs to be gone through in relation to what goes where. I might ask Mr Carren to elaborate further.

Mr CARREN: I think the minister answered the question pretty well; I will just elaborate a bit further. The format that is prescribed within the statements is consistent and in line with the accounting standards, and Treasury prescribes the format. I think the member is right. It would be good to have that greater level of detail. Certainly, when it comes to the annual report, if you want to refer to the annual report, there are quite a lot of notes there around what makes up each of those amounts; it goes into great detail. That is probably a good place to look.

The CHAIR: You might find that will be followed up in the annual report hearings in February.

Hon PETER COLLIER: I just want to refer to some responses to questions from Hon Tjorn Sibma with regard to a collaborative approach towards preparing for Metronet, particularly with regard to the housing sector and public housing. Is the government considering some form of inclusionary zoning for social housing around Metronet?

Hon STEPHEN DAWSON: My advice is: not at this stage. I cannot really talk about the whole Metronet process and program here. All I can say, member, is that the Metronet task force, which has representatives from a number of agencies, including the Department of Housing, in it, is dealing with the whole Metronet policy. I cannot give you more of an answer than that, unfortunately.

Hon PETER COLLIER: Yes. It was worth a try, though! Given the responses we just got in terms of social housing et cetera, particularly around Metronet, I thought that would have been something that the government might have been considering. Anyway, we will follow —

The CHAIR: Two minutes, member.

Hon PETER COLLIER: Two minutes. I might have to put a couple of these on notice, and I think I will probably have to take them on notice anyway, just with regard to the Housing Authority's public housing stock redevelopment strategy.

The CHAIR: What page number are you on, member?

Hon PETER COLLIER: The same thing; it is basically on that dot point on social housing, on page 238.

Hon STEPHEN DAWSON: Let me go to page 238 and see what I have.

Hon PETER COLLIER: It is just the dot point about public housing and providing public and social housing in a generic sense. This has to be part of it, surely—the Housing Authority's public housing stock redevelopment strategy. As I said, I may need to take it on notice.

The CHAIR: Member, why not ask your question and then we will see where we can direct it.

Hon PETER COLLIER: First of all, how many public housing dwellings in total were sold and demolished under the strategy?

The CHAIR: For the last financial year?

Hon PETER COLLIER: Yes, under the actual strategy.

The CHAIR: Overall?

Hon PETER COLLIER: Yes.

Hon STEPHEN DAWSON: So, under the strategy, how many houses were sold or demolished in the last financial year —

The CHAIR: Over the life of the strategy, he is asking.

Hon STEPHEN DAWSON: We will have to take that on notice. I am happy to provide that by way of supplementary.

Hon PETER COLLIER: You might also take this one on notice: how many public housing dwellings were built to replace those properties sold or demolished under the strategy?

The CHAIR: Why not keep going with your question and then we will see?

Hon PETER COLLIER: Sorry?

The CHAIR: We will just get on the record all your questions in relation to the strategy.

[11.00 am]

Hon PETER COLLIER: Okay, I will do that. Are you up with that? I will deal with all the questions. There are three more to do.

Hon STEPHEN DAWSON: Mr Hindmarsh is indicating that he wants to make a general comment in relation to that one.

Mr HINDMARSH: Thank you, minister and Chair. I will just make a general comment that a stock redevelopment program is one of a number of strategies that we are now using regularly. For the particular program referred to in here, I will be able to provide one answer. Under the social housing investment package, we use public housing stock redevelopment as a strategy as well to produce additional houses and it is now an ongoing strategy. Can I just confirm that in your supplementary question you are requesting specific to that public housing stock redevelopment program that is mentioned in the budget?

Hon PETER COLLIER: Yes, it is.

Mr HINDMARSH: Thank you.

Hon PETER COLLIER: My question continues: Were all the properties sold or demolished under the strategy replaced with new dwellings in the public housing system, again adjust accordingly? Did the Housing Authority succeed in building and selling 500 affordable properties as was anticipated; and, if so, how many were sold at market price and how many were sold as a shared-equity housing product? It was estimated that the delivery of the 500 properties under the program would be cost neutral after receipt of sales revenue. Can the minister confirm that this was the case—it was cost revenue? Finally, has the strategy at this stage made a profit or a loss? I think that can all be taken on notice and I look forward to your responses.

[Supplementary Information No A9.]

Hon STEPHEN DAWSON: I just confirm, Madam Chair, that we are happy to take those on notice and provide them by way of supplementary.

The CHAIR: On behalf of the committee, I thank you for your attendance today. The committee will forward the transcript of evidence, which includes the questions you have taken on notice highlighted on the transcript within seven days of the hearing. Responses to these questions are requested within 10 working days of receipt of the questions. Should you be unable to meet this due date, please advise the committee in writing as soon as possible before the due date. The advice is to include specific reasons as to why the due date cannot be met. If members have any unasked questions, I ask them to submit these via the new electronic lodging system on the POWAnet site by 12 noon, 23 October 2017. Once again, I thank you for your attendance today.

Hearing concluded at 11.01 am
