

Mr Peter Tinley; Mr Mark McGowan; Mr John Bowler; Mr Tom Stephens; Dr Tony Buti; Ms Rita Saffioti;  
Acting Speaker; Mr Fran Logan; Ms Adele Carles; Mr Peter Watson; Mr Bill Johnston; Ms Janine Freeman; Mr  
Bill Marmion; Mr Ben Wyatt; Mrs Liza Harvey

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**DEPARTMENT OF HOUSING — PROPERTY MAINTENANCE**

*Motion*

**MR P.C. TINLEY (Willagee)** [4.18 pm]: I move —

That the house condemns the Barnett government for its many failures in the area of housing, especially in the area of maintenance of Homeswest properties.

I rise today to speak to this motion in my name. Whilst the opposition has moved this motion against the government for the way it has conducted itself in relation to the maintenance of Homeswest's public housing stock of about 40 000 dwellings across the state, in fact, what we are saying today is that this is a failure of leadership. It is a failure of leadership of the Premier in appointing the Minister for Housing, and it is a failure of leadership of the Minister for Housing in the way that he has presided over the Department of Housing and how he has not asserted himself forthrightly to ensure that the people of Western Australia are delivered the service that they are due. For the benefit of members I should talk about exactly what is the head contractor model that the minister is presiding over. I will quote from his media statement so we can get as a baseline for the debate this afternoon exactly what his ambition was. This is a ministerial media statement from the Minister for Commerce; Science and Innovation; Housing; Minister Assisting the Treasurer of 6 June 2010, which reads —

Mr Marmion said the new model would deliver cost savings of more than \$20million over three years and increase the level of service for repairs and maintenance on the State's public housing stock.

A worthwhile ambition, no less. It states further on —

Under the previous system, the department had to manage up to 700 individual contracts across the different trades and regions of WA.

It goes on, and I may refer back to it. Basically, the department directly controlled or managed the subcontractors who provided the maintenance to the housing stock across a series of zones throughout the state. The department no longer wanted to do that. Some bright spark—some up-and-comer—decided that change was the best method of reflecting progress, but in this case, change is for change's sake, as we will see. It was put to tender and three head contractors were provided. The government basically privatised the way we undertake maintenance of our public housing stock in this state, with the ambition to create increased efficiency and decreased cost. The Minister for Housing also went on in this house —

**Mr W.R. Marmion:** There is privatisation of the management of a service, not the service delivery because the service delivery is by —

**Mr P.C. TINLEY:** I thank the minister for his interjection. Here we go. This will be one of those lovely moot points that could earn lawyers \$3 000 a day as they argue over it. Leaving aside whether this is outsourcing, privatisation or contracting, let us talk about the obviation of leadership responsibility in the management oversight. In a statement in this place, the minister acknowledged that the maintenance program was not running well and said, in part, that the important thing is that if Transfield—the contractor here, which we will specifically mention—does not perform as well as the department did, he will have to do something about it. Well, I am here to tell the minister, as will other members who speak after me, that Transfield is not going as well as he expected and it is highly unlikely that it will deliver the savings he expected. There is a litany of issues around the particular head contractor we are talking about today—Transfield. I am sure some other regional members will make a contribution about how the other two contractors are performing.

I suppose also at the fundamental philosophical end of this is: what is the government doing? Is it delivering public services, or is it supervising, managing, outsourcing or privatising the responsibility to others? What in fact has happened here is that the minister's department has outsourced in this particular zone—the one that takes in the majority of the metropolitan area—to a company called Transfield, and that company has engaged subcontractors. A subcontractor to the department has employed a sub-subcontractor. In the case of Transfield, those sub-subcontractors are companies such as Gen X and Colour Cladding, an east coast company that Transfield set up in Western Australia to undertake the work because it knows how Transfield works. We have now a pyramid of subcontractors. The minister said there would be a \$20 million saving over three years. I record that again—a \$20 million saving over three years. I wonder how that will translate when his department has increased its manning for the provision of these services by 24 people—11 full-time and 13 part-time workers. I am advised they are on short-term contract. I would like to know the nature of that contract, its duration and how long they stay. The department has outsourced to a company and there are obviously some FTE savings. I would like to know whether the minister is prepared to tell the house exactly how many FTEs have been saved inside the department, given the department has just taken on 23 people.

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Also at the heart of this issue is some disparity in the numbers. If I am dancing around between pieces of paper here it is because many sources of information have come to me that are freely available, in the words of the minister, the director general and Transfield, so we will focus on that. The director general of the Department of Housing put on the public record in this place that the department manages some 800 subcontractors across the state. The minister himself said it was 700 and Transfield in its media statement —

**Mr W.R. Marmion:** It probably varies, member, depending on the day of the week, month or year.

**Mr P.C. TINLEY:** I am sure it does and it varies depending on which question the minister wants to answer and how he wants to be accountable. In a media release in a local newspaper, Transfield CEO Mr Bruce James said —

... Transfield ... has expanded its subcontracting workforce from 350 to 1160.

He has a subcontracting workforce of 1 160 to do one-third of the Department of Housing's state maintenance, which the department did with 800 or 700—or is it 800 or is it 1 160 for Perth? We are not quite sure. We would love the minister to straighten the record and provide the house with some very clear guidance on his ambition for this model.

How are Transfield and its subcontractors performing? Members who have public housing in their electorates deal on a day-to-day basis with a range of Homeswest issues. This is a matter that is probably quite familiar to a lot of us, whether it relates to antisocial behaviour, maintenance, the waiting list—anyone can name it; it is in there. In this case, my office, and I am sure the offices of many other members on the minister's side, has had an inordinate number of contacts from the public and clients or tenants living in Homeswest houses who have not had the service they deserve. In my electorate alone, almost 12 people have priority 1 emergency claims. A priority 1 claim is something that under the system needs to be attended to within three hours. We are talking about broken hot water systems, things of a safety and hygiene nature such as septic et cetera. For example, one of my constituents rang after having been without hot water for more than a week. That constituent's partner has cystic fibrosis and an open wound that needed attending. Another constituent reported a faulty hot water system that blew up and caught fire. Almost a week after she first reported it, the fire brigade had to be called and she was traumatised at the possibility that her home could have been burnt down and someone seriously injured or killed. This woman had reported it and a week after that the hot water system blew up. It took a further week to get it fixed after the fire brigade had attended. Another tenant reported her faulty hot water system on a Wednesday and the contractor arrived at 6.30 on the Sunday evening, having only just received the job. A week later a second contractor arrived to repair the already fixed appliance. There are systemic issues. I have an email from a constituent concerning her 83-year-old father, a survivor of several heart attacks, who is partially deaf. He went 12 days without hot water. My constituent says in the email that I find the state of affairs unacceptable. The fact that the department can allow a person of his age and medical background to go for such a long time without assistance is deplorable. Each time he contacted the department to discuss the repairs he was told he had been put on a priority waiting list and would be attended within 48 hours. He says in his email that he finds the state of affairs unacceptable. He says the fact that the department can allow a person of his age and medical background to go for such a long time without assistance is deplorable. Each time he contacted the department to discuss the repairs he was told that he had been put on a priority waiting list and would be attended within 48 hours. If 48 hours equals 12 days, someone in the department cannot do the maths. The department is in a state of confusion. It does not know how many work orders are out there, by admission of the DG in this place. He said on the public record that the department cannot quantify whether there are 7 000 work orders, and neither can the minister. He attempted to answer that question in this place. It is, again, very difficult to get to the bottom of what is going on in the Department of Housing.

Now we move onto the subcontractors. We had 800 subcontractors working directly for the Department of Housing; we are now getting an inordinate number of calls to our electorate offices about the way those subcontractors are being handled. Transfield has said that it has paid its subcontractors in full, which is pretty interesting when one considers that I am looking at five different companies that are owed, in total, something in the region of \$560 000. These are not big businesses; these are small to medium-sized businesses with two or three people and a couple of apprentices helping them. How can I say that? It is because they have shown me the invoices. Obviously, I will deliberately not name those individuals because Transfield has already been heavy-handed in the way it has dealt with them in respect of public comment.

The terms of their contracts are particularly tough. I am sure that when the Department of Housing was running the contracts, it was a little more compassionate. We have small businesses that normally run on 14 days' payment, which is typical for a small business or sole trader, now being stretched by Transfield out to 90 days. How can they do that? How can Transfield say that all its invoices and accounts payable are up to date when we are hearing the opposite from the subcontractors? When we delve into this, we see some very cunning things

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going on. I hope that the minister has been apprised of this, because in my view this is a very bad way to do business. This is an insight into the way that Transfield does business, and if the minister can get to the bottom of it, I think it would be very instructive. For example, when there is a vacant property and Transfield has a list of jobs it has to go through from front door to back door when renovating or repairing a property, the entire “vacant”—as they call it—is considered a single job. All these various subcontractors go onto the job, be they carpenters, plumbers or painters, and do their work. They walk out and present their claim for payment within the system, and they are denied the claim; “claim withheld” is the term used. It is withheld for the reason that Transfield will not pay the subcontractors until the entire property is completed—that is, until every other tradie has left the place. I am also getting reports that, at the last minute, Transfield adds another order to the job to further delay the completion of the entire property and handing it over to the Department of Housing. As a consequence, we have plumbing contractors with a \$250 000 outstanding account. These people employ other people, and this is a direct assault on small businesses of the Perth metropolitan area. They really need the minister to insert himself into this process and to put this company in his crosshairs.

According to my notes, the minister stated in a letter to a concerned subcontractor —

“It is a condition of the contract that Transfield Services comply with all payment obligations under agreements between it and its personnel, including subcontractors and suppliers in carrying out the work, under this contract. Failure to do so, without good cause, to comply with any such payment obligations will constitute a substantial breach of contract”

Those are the minister’s words of 11 August. How can Transfield say that it is doing one thing, when the subcontractors, the people who are on the ground with the documentation, are telling us another thing?

There is this beautiful thing called “the portal”—that is, the IT interface between Transfield and the Department of Housing. One would have thought that when the Department of Housing went to tender, it would have ensured that it had road tested the IT, because regardless of what my good friend the member for Forrestfield might say, IT is always fallible, and one can always guarantee that two systems will not be compatible. Transfield turned up with a SAP system, suitable for the financial sector, to dovetail into a system that has a far greater degree of detail; of course it was never going to work. Who in the department decided that Transfield should get the tender, without first testing whether all its systems were compatible, and working out what the ramp-up or phase-in requirements would be? It is just irresponsible.

Subcontractors are now trying to learn how to work into a portal that is taking weeks to work out. As a result, one of them has put in a claim and has had it knocked back for six weeks at a time. Despite repeated requests to Transfield to tell them where they are going wrong and what they need to do to get paid, they are not being paid, and they have not been given the advice, because Transfield has not got it together. Transfield has fallen asleep at the wheel because the department has allowed it to. The department, in its great wisdom, decided that it did not want to have to handle 800 subcontractors and would let somebody else do it.

The other issue to hand is the fact that the margins for these subcontractors have been squeezed tightly. Some of the comments made by the director general are completely out of touch, and I urge the minister to have a look at the evidence that the director general has provided and what he has put on the public record to ensure that he understands how business actually operates. One subcontractor complained about being paid 27 per cent less than what he was previously paid by Homeswest. The director general is on the public record as saying that the subcontractor would not put his hand up for the job if he was making 27 per cent less than what he was making before, and that business does not work that way. That is the minister’s own director general. For many of these subcontractors, more than 60 per cent of their work comes single source from the Department of Housing, because many of them have been working for the Department of Housing for more than 20 years; some of the subcontractors in my patch have worked for the department for more than 30 years. Subcontractors cannot transition from 14 days to 90 days, still have unpaid invoices, and hope to survive. If they are doing single-source work for the Department of Housing, it takes time to transition away from unprofitable business to finding new markets.

This is particularly insensitive of the director general, especially if it reflects a culture within the Department of Housing of regarding it to be acceptable to treat small business people in this way. It is putting the squeeze on not just one but two layers of subcontractors, so what do these subcontractors do? The Department of Housing has washed its hands of it and has given it over to a single-source subcontractor—in this case, Transfield. Transfield has engaged a series of other sub-subcontractors to put the work in place, who are then re-engaging the very same tradespeople that previously worked directly for the department. As a result, there is a complete 27 per cent margin that people have just had to suck up. What does Transfield do? It takes an order from the department and farms it out to a sub-subcontractor, who then farms it out to another subcontractor who actually

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does the heavy lifting. They then put the claim in, in good faith, to the sub-subcontractor, who then puts a claim in to the subcontractor. This is looking like a real pyramid, or a house of cards.

Business is profit motivated, as it always should be. Everyone in this chamber who has been involved in business understands the motive of profit; it is to make more profit. Profit should beget more profit. How can a subcontractor take a 27 per cent hit to the margin? I do not care whether it is 27 per cent, 15 per cent, or 37 per cent; it does not matter. If a subcontractor is taking a substantial hit to his margin, how will he make it a sustainable business model into the future?

I want to know which bright spark in the department, before Transfield and any other subcontractors got the job, said, "Let's do this; let's create the illusion of progress through the management of change by introducing this really good system of outsourcing, subcontracting and privatising the maintenance"? We will agree to disagree on that. What happened during that thought process? Where was the leadership that said, "Hang on, if we are exceeding our budget for maintenance directly managing these 800 contractors across the entire state—not just in the one area—why do we have to do this? What is wrong with the efficiencies of our system?" I want to know what attempts were made internally within the department to be more professional and to directly drive down the cost. Why could the department not reset the margins and let the market decide? There were 800 subcontractors, and I am sure that another 800 subcontractors would be willing to do the work. There are other ways to test the parameters of the market than simply driving this blanket change. Transfield, which has a 17 per cent margin, has been employing a subcontractor with a 12 per cent margin. The poor old subcontractor has been running around in his van and paying for his tools and all the other things that come with being a sole trader. He has been trying to make it work while keeping one eye on trying to get some private business to make sure that he can get away with it. Companies in this city and this state would not have a bar of Transfield or the department during the entire process. They simply walked away because the scale of their business enabled them to take on private work and to take a hit. They tried to survive by dropping a few apprentices, not taking on any more employees and doing other things.

We now have anecdotes about the poor quality of work that has been done. I preface my remarks by being very clear that there is anecdotal evidence that sub-sub-subcontractors are turning up to do work for the sub-subcontractor. I am informed that they arrived in a sedan without having the right credentials. I now also want to know what quality controls will be placed over those people to ensure that the local handyman out of the paper does not do it on a very low cost and low quality basis.

There is a vast human impact on the tenant, the small businesses and the culture of the department as it tries to lurch from one crisis to another as we keep raising them. The department still cannot answer the questions even though it keeps throwing more resources at the matter. I look forward to the estimates hearings when we can look in the cold light of day at exactly what was spent on maintenance and contracting, because it will make some very interesting reading. I put the minister on notice that he must come armed with all the answers. I can tell him what will happen. The mainstream media will not run with this. The mainstream media will focus on one story at a time, if it interests them and they have the space. As complaints come to us from tenants and subcontractors, all members on this side of the house will be trotting those complaints out to the local community newspaper. In my case, it is the *Fremantle Herald*. If a house happens to be in the member for Jandakot's electorate, the member for Jandakot will be put in the crosshairs. Piece by piece, in guerrilla fashion, this will leach out and it will go beyond Howard Sattler or the morning radio and go directly to the newspapers that the people read the most. The readers will get the message that this contract, leadership and outsourcing model has not worked.

I will leave enough time for other members to speak. I bring the minister back to the question that he attempted to answer today during question time when he said, if I recall correctly—I am happy for the minister to interject if he believes I am wrong—that Transfield was not subject to the Builders' Registration Act because Transfield was managing the work. I have asked the legal officer of the Builders' Registration Board whether it is a requirement, in his opinion, for Transfield to be registered with the Western Australian Builders' Registration Board, and he referred me to the act. The preamble of the Builders' Registration Board states —

Applicants intending to operate a business as a company must apply for registration as it is an offence under the *Builders' Registration Act 1939* for a company that is not registered to:

enter into a contract for building work valued over \$20,000, regardless of whether the work is performed by a registered builder or in a workman like manner; or

perform building work, including the engagement and payment of subcontractors and materials.

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I look forward to the minister correcting the record.

**Mr W.R. Marmion:** I will chase that up. I do not have the act with me, but my recollection of the act is that the member is right. If you are building houses over \$20 000, you have to be registered under the act.

**Mr P.C. TINLEY:** A person who is undertaking building works must be registered. Let us leave it hanging in the air for a minute; I will not let the minister dig a deeper hole.

**Mr W.R. Marmion:** I will not be able to tell you any more unless I get legal advice.

**Mr P.C. TINLEY:** That is fine, and I am sure that the minister will do that.

**Mr W.R. Marmion:** That is all I will say now; I will not say any more on that particular point.

**Mr P.C. TINLEY:** It is in the Builders' Registration Act 1939. I look forward to the minister telling us why he has allowed his department to undertake something that would, on the face of it, appear to be an illegal act.

This will not be the end of the matter. Much will be trawled over in the coming weeks and months. The minister is on record as putting this company on notice that it has three months to sort it out. We are looking forward to seeing decisive leadership. If the company does not perform, we and the people of Western Australia will want to hear how the minister will assert himself in this process and ensure good leadership. As a mitigating factor for the minister, I know that he was sold a dummy. The previous Minister for Housing thought this was great and that he would give the illusion of progress through change. The current minister was handballed this issue. Now is the time for the minister to stand up and make a name for himself. Why does he not toss out the company and tell the department to scrap the current system and come up with a better model that delivers service and cost efficiencies? Let us see if we can get it right.

**MR M. MCGOWAN (Rockingham)** [4.47 pm]: I support the member for Willagee's motion, which is a wide-ranging motion on housing in Western Australia. It relates to the price and construction of housing by Homeswest and the cost of housing for Homeswest tenants. A number of issues relating to housing can be raised in this debate today. There are very significant issues in housing in Western Australia today. It would be fair to say that over the course of the Barnett government, housing has been a very significant issue. I believe there have been very major policy failings on the part of the government that have exacerbated the housing problems for ordinary folk in Western Australia over the past two years. All the empirical evidence demonstrates that there have been major failings on the part of the government. The cost of housing has become more difficult; the number of people waiting for public housing has grown massively; the cost of housing for people living in public housing has grown; the availability of house blocks and land for development has declined; and the cost of housing, particularly in those parts of the state that generate the most wealth—the Pilbara—has grown immensely during the course of the Barnett government. Lastly, of course, is the contracting-out model for Homeswest maintenance around Western Australia, which the member for Willagee has raised. That has been nothing short of a debacle and a disaster over the past couple of years both for Homeswest tenants and for all the subcontractors that the member for Willagee referred to.

I will provide members figures that show what has gone on in housing in Western Australia. Members might occasionally hear something on the radio or see something on the television about the waitlist for public housing for men, women and children. The last figures that I saw about a month ago show that 54 800 Western Australians are waiting for public housing. Roughly half of those people are children. The number of people waiting for public housing is equivalent to the population of a city the size of Bunbury. As I said, half of those people are children, and slightly fewer than 10 000—the most desperate and needy Western Australians—are on the priority list. The figure shows no sign of declining. There has been additional expenditure on public housing in this state. It is indisputable that the commonwealth government has put in additional funding for public housing in Western Australia. It put in an enormous amount of money—more than \$1 million—as part of its stimulus package. That money was not only for public housing but also for Indigenous housing in Western Australia. To its credit, the commonwealth government put in an enormous amount for additional resourcing to meet the needs of needy Western Australians. The state government brought forward some expenditure. It did not put in additional expenditure. If we look at the state budget, we will see that as of 2012, there is no money for capital works. When the commonwealth committed its money, the state government could have put in place a matching arrangement but it did not put anything in the back end of the arrangement. Expenditure was brought forward but was nothing like what the commonwealth put in.

It is particularly disturbing to look at the *Annual Report on State Finances*, which came out last week or the week before. It shows that of all that money put in by the commonwealth to deal with the public housing waitlist and the stimulus issues, making sure the economy kept kicking over, \$285 million was unspent. I repeat: last year in the state budget \$285 million was unspent. I would expect that that equates to at least 1 000 homes. When

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we take the figures of family members and so forth, that is not just 1 000 families; that is 2 000 or 3 000 Western Australian citizens unhoused because of the government's failure to spend the stimulus money given to it by the commonwealth. It was unexpected and unasked for. It did not require any effort on the government's behalf. That money was just given to the government and it was told to spend the money. It has not spent it, so \$285 million has gone unspent, which means that thousands of Western Australians are now not in suitable housing because of that failure by the government. We have that massive waitlist of nearly 55 000, half of whom are children, we have \$285 million unspent, the state budget has no money for capital works as of 2012 going forward and we have the factors identified the other week in which the Department of Housing holds around 6 800 hectares of undeveloped land around Western Australia. I saw some in Mirrabooka with the member for Nollamara the other week. This land is sitting there, awaiting development, awaiting the creation of house blocks, some of which will be public housing. Those 6 800 hectares equate to 80 000 undeveloped house blocks.

We saw a headline in today's *The West Australian* saying that there will be a 20 per cent rise in house prices in the next couple of years. A huge bank of land that is owned by the Department of Housing, much of which is zoned appropriately to be developed, is sitting there undeveloped. I saw an eight-hectare site in an area in close proximity to commercial development, a medical centre, the freeway and the like. That area is now mid-suburban—almost inner suburbia. That land was desolate and covered in rubbish such as old drink containers and so forth, awaiting some sort of development but the government has nothing on its radar to deal with that. We have 6 800 hectares of land scattered around Western Australia, in particular, in the metropolitan area, of which 5 712 hectares is awaiting development. That is potentially 80 000 house blocks that the government has not done anything with. People wonder why there is the potential for another house price boom on the horizon, as we saw in the state's daily newspaper today, but is it any wonder when we have that sort of land availability out there that we could be using to combat these sorts of problems?

I want to turn to a few Homeswest issues, such as rent increases. I have seen articles in *The Australian* about New South Wales. The New South Wales government has rightfully copped a hammering over the proposed rent increase for public housing tenants because of the recent historic increase in the age pension. The New South Wales government has basically backtracked and said it will not include that pension increase in the calculation of the rents for public housing tenants. We have about 36 000 Homeswest tenants in Western Australia, many of whom—probably in excess of half—are age pensioners. They now know that other states are excluding the recent historic increase in the pension. These states have nothing like the success, wealth or the cost of living of Western Australia. Other states, perhaps not New South Wales, are not incorporating that increase in the pension in the calculation of rent. Their public housing recipients will receive the historic increase in the pension provided by the federal Labor government without a big slab of it being taken away by a rent increase. These people do not have much money and they have no prospect of making any in the future. What they have and what they live on is what provides them with their enjoyments in life—a cup of coffee, a meal at the pub on a Friday night, perhaps a trip to the cinema every now and then and an occasional visit to see a son or daughter somewhere else. That is their life. That is what they can afford. The federal government said it will increase the pension for the first time in decades in a significant way to provide those people with a few more comforts in life. This state government, contrary to what is happening in New South Wales and other states, is going to take some of that increase away and put it into the calculation of the Homeswest rent. Other governments in other, less wealthy states are saying they are not going to do that. Of all the states that could have afforded to be kind to the age pensioners living in Homeswest housing, I would have thought this one could have. I would have thought this would have been the one state government that could have been generous and kind to those people and excluded them from that Homeswest rental increase—yet we find that this government is probably the hardest. One of the things that this new minister will be remembered for—one of his cause célèbres—is ripping money out of the pockets of pensioners living in Homeswest housing. It will kick in in March next year. We will continue to remind the minister of that until then. When he has retired from this place, he will be able to look back proudly on the fact that he took more money out of the pockets of Homeswest pensioners—that was one of his significant achievements—and other states, poorer states, did not.

I also wanted to talk about the maintenance issue. It has been a disaster. I heard the minister's answer in question time today—full of generalities; nothing too specific. The member for Willagee has done a great job working with contractors around Western Australia to work out exactly what has gone on. We have had huge problems in this area. Anecdotally, we are always getting information from people who have done work for Homeswest for decades that they are suffering as a consequence of the changes that the minister has put in place. The government has basically put in place a changed model; it is different from the historic model. It has meant a blow-out in the time taken to repair properties. It has meant a blow-out in the payments to the small business operators and contractors around Western Australia, who are now not being paid with the promptness that I think they deserve. Homeswest tenants around the state now have to wait weeks, if not months, for basic work to be

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undertaken on their houses. There is a double whammy; the Homeswest tenants and the businesses and contractors around Western Australia are missing out as a consequence of the new model the minister has put in place. In question time today, the minister said the department is meeting its KPIs—key performance indicators—and that it is all getting better and so forth. However, the minister has not provided one single skerrick of evidence to show that that is the case—not one. He could not provide that evidence today in question time. Today, he could not tell the house or the people of Western Australia—including the plumbers and electricians, roof carpenters and painters, and the pest controllers who do this work around Western Australia for the Department of Housing—how the situation has improved. I look forward to the minister showing us in his response how the KPIs, as he puts it, show that —

**Mr M.P. Whitely:** Actually member, he said they are struggling to achieve the KPIs that they were previously achieving. He says they are inching towards them. They are doing far worse.

**Mr M. McGOWAN:** I appreciate the member for Bassendean's ears! He has better —

Several members interjected.

**Mr M. McGOWAN:** The member for Bassendean has better listening skills than I. We are dealing with a published author; the member for Bassendean is a published author. How many other people in this place have been published and appeared on the front page of *The New York Times*? Who else, apart from the member for Bassendean, has appeared on the front page of *The New York Times*? Or was it *The Australian*?

**Mr M.P. Whitely:** I was disappointed about that!

Several members interjected.

**Mr M. McGOWAN:** One day. Keep it up, member for Bassendean, and you will get there one day.

However, I appreciate the member for Bassendean's enhanced listening skills when he says the minister said that this government is creeping towards the KPIs that Homeswest has already achieved. I will be interested to hear the minister's answer about when this government and its new model will achieve the outcomes that Homeswest was previously achieving working with Western Australian contractors. I will be very interested in the outcome. I bet the minister will not be able to tell us or that he will tell us that it will be 2020 or 2025 or 2030 when we eventually get there. However, I wager that he will not be able to tell us.

The story of housing around Western Australia has been problematic and the cost of housing and the cost of rentals in the Pilbara in the north of the state, in the income and wealth producing areas of the state, has increased. The latest news from REIWA makes frightening reading. I remember all the carry-on during 2006–07 about the cost of housing, and it is massively worse now. The cost of housing and rentals in Karratha, Port Hedland, South Hedland and Newman is enormously worse today than it was in 2007. When the government says that it will fix all the problems, I recall the arguments about how difficult those problems are to fix. The evidence is that the government has not fixed the issues. The Minister for Regional Development is very good at putting out a press release every week about somewhere up in the north west. I have been there. Most of the housing estates, if not all of them in Karratha, were commenced under the former Minister for Planning and Infrastructure. I have seen the press releases about the high-rise buildings and looked around to the high-rise buildings, and after two years of a Liberal government in office I cannot see any and I cannot see any plans to begin building them either.

**Mr P. Papalia:** There are lots of pictures.

**Mr B.S. Wyatt:** And signs.

**Mr M. McGOWAN:** There are good pictures and good artists' drawings and some excellent signs around the place, but I cannot see the housing developments that the minister has been talking about. The people of the north west should realise that a lot of rubbish was spoken and that in terms of the cost of housing their lives have not become any easier since this government has been in office.

**MR J.J.M. BOWLER (Kalgoorlie)** [5.04 pm]: I rise in support of the member for Willagee's comments. I will speak briefly on this motion. If members think that there are problems in Perth with supply lines—those in the Army know how important supply lines are—when they go to Kalgoorlie, Leonora, Laverton, Warburton and then Wiluna, they will really find some problems, particularly when, in each of the towns that I have just mentioned, there is probably only one plumber and one electrician—if one is lucky! If either decide not to deal with someone on the other side of Australia, what do the local people do? I will tell members, because my office is full of people making these types of complaints. They have raw sewage running in their backyards or they have dangerous electrical faults going unfixed for days at a time. And this will only continue to get worse. I will

**Extract from *Hansard***

[ASSEMBLY - Wednesday, 13 October 2010]

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Mr Peter Tinley; Mr Mark McGowan; Mr John Bowler; Mr Tom Stephens; Dr Tony Buti; Ms Rita Saffioti; Acting Speaker; Mr Fran Logan; Ms Adele Carles; Mr Peter Watson; Mr Bill Johnston; Ms Janine Freeman; Mr Bill Marmion; Mr Ben Wyatt; Mrs Liza Harvey

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say, briefly, that in theory things can always be done cheaper. We can buy a car for \$10 000 or we can buy a car for half a million dollars. Why is there a difference? Because one is worth only \$10 000 and the other is worth half a million dollars. It is the same with insurance policies. We can always buy a cheaper insurance policy. But wait until the car is in a prang or until there is a house fire, because it is then and not when we are paying our premium that we find out how good that insurance policy is. I say to the minister—I think the member for Willagee said it very well—that this was not his doing and therefore he has an out. The minister should not cling to this as if it is a matter of personal pride. He should look at the problem with clear eyes and once he has come to the personal conclusion that this system is flawed, he should act accordingly.

I, with the member for Geraldton, who is sitting in front of me, the member for Albany, seated on the other side of the chamber, and my neighbour in the house, the member for North West, am investigating this state government's Buy Local campaign. We have found, without pre-empting the report that will be tabled in a few weeks, that the previous state government, and now this government, had very clearly defined, aggressive and well-thought out buy local policies. However, policies are one thing; what happens on the ground is another. How can this contract be a part of the Western Australian government's Buy Local policy?

I urge the minister to keep a clear mind on this. It was not his doing and he therefore has an out. Once the minister has looked clearly at this matter, he should act accordingly because although he may believe he is getting things done more cheaply, and the people in the bureaucracy may say that, he needs to look at the overall service.

**MR T.G. STEPHENS (Pilbara)** [5.07 pm]: I will be very quick. The contributions to the debate have, to this point, been very persuasive. I will add to the story because it is not just simply that which has been described by earlier speakers. The Pilbara is a case in point: despite the extraordinary goodwill, skill and talent the officers trying to handle these issues bring to their work, they are being overwhelmed by the combination of, firstly, the problems imposed on them by government and, secondly, the overheating of the Western Australian market. The minister and the government cannot take a steady as she goes business approach because the issue is explosive for those of us whose electorates contain significant public housing. I am one such member. I have never seen a situation in which so many people have come forward with maintenance issue complaints. I guess that this hits home harder to Labor members because Labor electorates typically have a larger spread of public housing than do the electorates of members opposite. The current build up of pressure is unprecedented, as are the complaints being made—not about the officers or about the goodwill of the people trying to handle the problems, but about the delays in the processes by which people are accessing the repairs and maintenance strategies for Homeswest properties. This is a frightening situation. In 2001 when I came in as the then Minister for Housing, I looked at the area of the Pilbara and could see a real opportunity to invest very dramatically, for instance into the town of Karratha, in additional public housing stock in order to make sure the public housing tenants were well positioned within that community to pick up the many job opportunities that were being created. There was a massive injection of public housing into that town specifically. What has happened instead in the time that this minister has been in office is that there has been a dramatic swing in all of the towns in the Pilbara. Regrettably, under this minister's watch, public housing stock has been thinned out and there has not been a construction program commensurate with it or a sufficient allocation of funds to speed up the maintenance program. There is therefore housing stock out of the market for increasingly longer periods of time and unavailable to the tenants on the waiting lists. It is not just happening in the Pilbara. Looking at the circumstances in Broome, quite clearly there is a pressure point in that town. Even in Derby, the place is simply exploding with house prices, house rentals and pressure on the housing stock, which is happening on this minister's watch. Kununurra is the same. We see a spread of the Kimberley communities facing this crisis that is descending on the state, involving maintenance issues and houses out of the housing stock, while tenants are waiting endless periods of time for simple maintenance before houses can be put back into the stock.

There is then the question of the handling of maintenance, which tenants are raising with us, with the department, with one's officers, and directly with members of Parliament. Quite frankly, I did not get elected to simply be the complaints department for this minister's portfolio, but that is what increasingly we are becoming because of his department's, his portfolio's and his government's failure to have within their grasp the resources and the strategies and the policy settings to tackle this crisis. It is big, it is growing bigger, and it is not a case of "steady as she goes".

**DR A.D. BUTI (Armadale)** [5.12 pm]: I am not sure whether the minister knows where Armadale is, but it is south of the Mason–Dixon line!

**Mr W.R. Marmion**: I lived there. My grandfather lived there.

Mr Peter Tinley; Mr Mark McGowan; Mr John Bowler; Mr Tom Stephens; Dr Tony Buti; Ms Rita Saffioti;  
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**Dr A.D. BUTI:** Did the minister? The minister did not have the opportunity to visit during the by-election because there was no Liberal candidate. As usual, Armadale was neglected by the Liberal Party, as it has been for many years.

**Dr M.D. Nahan:** What about Don Randall?

**Dr A.D. BUTI:** Don Randall may be the federal member, but he neglects Armadale.

**Dr M.D. Nahan:** He got re-elected.

**Dr A.D. BUTI:** Yes, but if we look at the results in Armadale, he did not get re-elected in Armadale. During the by-election campaign, I door-knocked day in and day out. Many of the houses where I knocked were occupied by Homeswest tenants. I thank the member for Willagee for moving this very important motion. What has been expressed by many other members is the despair that many of these Homeswest tenants feel. There is despair about the lack of maintenance. A number of times I knocked on a Homeswest house where tenants stated that they ring up Homeswest but no maintenance occurs. Maintenance may occur when they have an emergency, but it only may occur, and often it is too late. Urgent plumbing and electricity issues are not attended to.

The member for Kalgoorlie talked about the dire straits that he faces in his electorate. They are very dire straits, and I am not saying that I witnessed such dire straits in my door-knocking, but I did witness many families who are really begging the minister, who is responsible for the condition of these homes, to do something about it. They ring up Homeswest and nothing is done. The government may call it privatising or not call it privatising, but the fact is that the service is not taking place. What are the consequences? In Kalgoorlie the consequences are dire. In my electorate, and I am sure in the electorates of many of the other speakers today, families are under increased pressure to maintain a stable family environment. As a result, often the kids do not go to school. If people do not have a stable, happy environment, other things do not operate. Often these people who lived in Homeswest homes abandon the Homeswest home and live in a car because they have more control over the condition of their car than they do a Homeswest home. Of course, a house is better than a car, but it depends on the condition of the house.

**Mr A. Krsticevic** interjected.

**Dr A.D. BUTI:** Hopefully, yes, but it is not always the case. The member for Rockingham talked about pensioners in Homeswest houses. In one particular house I knocked on there was a pensioner who really did his best to look after his Homeswest house. Everything he did was off his own bat. Homeswest was not helping him with maintenance; it was coming out of his pension. What does this government do? It decides that it will increase his rent from 23 per cent to 25 per cent of his income. Government members may say, with some justification, that now he is on an equitable standing with other tenants after 1997. I take that point, but what about the increase, as was mentioned by the member for Rockingham, that the government is imposing as of March 2011? It is increasing the rent that must be paid by pensioners. The federal government increased the pension allowance, but what did this government do? It took some of it away.

**Mr W.J. Johnston:** Shame!

**Dr A.D. BUTI:** It is shame for a state as rich as Western Australia. The member for Victoria Park mentioned today the very generous increases in executive salaries. The government can find money for that, but at the same time it will take money that pensioners have earned in previous years and is now being repaid. We as a society are tested and judged on how we treat our young people and our elderly. This government with Homeswest is not treating our elderly very well. It is not fulfilling its obligation for the maintenance of the homes, and it is also imposing heartless and unnecessary increases in the rents that pensioners have to pay. The minister has a number of problems on his hands. I would urge him to take up the suggestion made by the member for Kalgoorlie. It may not have been a problem that the minister instigated, but he is now the minister responsible. He can actually take the lead on this. The member for Willagee has raised this issue today and is encouraging the minister to do something about it, as have other speakers. I hope the minister will take it up and please reconsider the issue of the increase that he will impose next year on pensioners.

**MS R. SAFFIOTI (West Swan)** [5.18 pm]: I support the motion moved by the member for Willagee, who has raised very serious issues of maintenance in Homeswest properties. During question time today we heard a specific issue on the full contracting out of maintenance services in the Department of Housing for Homeswest. It is a serious issue. I think that during question time, to be frank, the minister was not that well briefed. I hope that in his response he can give us some better detail of what is happening in his department.

This government is undertaking a massive contracting out and privatisation program. It is an agenda that was pushed in the 1990s and is being pushed again under this government. Last time we saw some massive failures

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in service delivery. Of course, we also saw a reduction in the expertise and knowledge in government departments. We saw it with Main Roads during the 1990s. If all services are contracted out, not enough expertise and knowledge is retained within government to do a good job. That must be acknowledged and not repeated, because it takes a long time to recover that expertise and knowledge. There is a massive backlog of maintenance throughout the suburbs. Of course, people come to our offices. As the newly elected member for Armadale has said, they come into our offices asking that we do something about addressing maintenance issues in their homes. Again, these people have to live with serious issues with their houses. I have sat around many people's kitchen tables and talked with them, understanding and acknowledging some of the significant maintenance issues they have in their houses. As I said, contracting out does not reduce the government's responsibility. The government still has a responsibility to ensure that our properties are maintained well and are safe, secure places for people to live. That is a key government responsibility. Contracting out does not mean that the government's responsibility is contracted out. It is important that this minister takes this debate seriously, that he understands what is happening in his department and that he acts to try to correct it.

On the issue of housing more generally, this government made many promises when it won office in September 2008. It promised some sort of record housing program. All these promises were made, but all we have seen is a blow-out in maintenance jobs, a reduction in the quality of maintenance and a blow-out in the Homeswest waiting list.

**Mr I.C. Blayney:** You want to come up to Geraldton and see how many houses we have!

**Mr P. Papalia:** It is federal government funding.

**Mr I.C. Blayney:** It is our money. Just half of our money comes back to us.

**Ms R. SAFFIOTI:** I thank the member for Geraldton. I love interjections. There has been some increased effort, and that, of course, was by the federal government through its economic stimulus package. All members would acknowledge that. It is acknowledged in this government's budget papers. The state government acknowledges that. The only increased effort has come from the federal government. While the promises were huge, we have seen a reduction in the level of maintenance out there. We have seen an increased backlog in maintenance and an increase in the waiting lists. This is something that all members in this place face every day with members from our local communities coming to us saying that they need assistance in finding housing. It is just not happening.

The latest figures tabled in the Parliament in relation to the waiting list in the north metropolitan area show that 9 838 people, including children, are waiting for public housing in Western Australia, with 1 676 and 1 914 respectively on priority waiting lists. That figure is simply too high and it has increased under this government. Real action needs to be taken to try to address this issue. We cannot be fobbed off with "We are working on it", when the issue is out there. As the economic boom comes to us and as a resources boom is occurring, the issue will get worse unless some proactive initiatives are taken. As I said, a lot of promises were made, as well as clear commitments about what members opposite would do about public housing in Western Australia. This is clear example of the government's failure. What this government is doing in relation to public housing in Western Australia is probably having as significant an impact in the community as are increased household charges. Fees and charges are going up for ordinary households and waiting lists are going up for our community.

I have a number of examples, which I do not want to go through in a lot of detail today because I know that a number of speakers on our side want to talk about this serious issue here in Western Australia. All members in this place have examples of people who have been on priority waiting lists for years and who are living in substandard accommodation as they wait for some accommodation from this government. I have an example of someone who has been living in his sister's shed since December 2008 and who wants some accommodation, and only a couple of months ago he was told again that he was not going to get that accommodation.

I hope in the minister's response to the motion today that he can give us some indication of some clear plan forward of how he will address this issue. This is a massive failure by this government. The member for Willagee explained that not only do we have backlogs and increased numbers on the waiting lists, but also now we have substandard delivery of services. That is the trifecta of the housing failure this government is delivering.

**The ACTING SPEAKER (Mr J.M. Francis):** Member for Cannington—I meant to say the member for Cockburn.

**MR F.M. LOGAN (Cockburn) [5.24 pm]:** The member for Cannington knows there is a list. He is continuing to jump the list. If the member for Cannington goes back to the list, he will find I am the next speaker. Let us carry on.

**Extract from *Hansard***

[ASSEMBLY - Wednesday, 13 October 2010]

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Mr Peter Tinley; Mr Mark McGowan; Mr John Bowler; Mr Tom Stephens; Dr Tony Buti; Ms Rita Saffioti; Acting Speaker; Mr Fran Logan; Ms Adele Carles; Mr Peter Watson; Mr Bill Johnston; Ms Janine Freeman; Mr Bill Marmion; Mr Ben Wyatt; Mrs Liza Harvey

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I rise to also contribute to this debate on the issue of maintenance. The savings that the Minister for Housing is looking for from these new contracts are estimated at \$20 million. The minister has not been able provide any evidence to the house so far on how exactly he expects to achieve that saving, except from stating that the government expects \$20 million of savings through cost efficiencies from the way in which work is going to be organised through a single contractor—let us take a single contractor in the Perth metropolitan region—who will then be able to control costs for and on behalf of the department. That is effectively how the minister sees those processes taking place. The thing with contractors—certainly, I know about this from my experience of working closely with industry for well over 20 years—is that the use of contractors tends to follow a particular fashion. Sometimes a major company or a principal will go to a single-point major contractor; the company will gather up all the contracts it has with other companies and put them all with a single contractor to maintain control of the efficacy of the delivery of the service and costs. Over a period of time they get bored with that or it does not work or there is a fallout between the principal and the principal contractor and the next minute we go back to the stand-alone scheme in which the principal has a number of major contractors in place and they compete with each other to drive down costs. I have seen that with a significant number of companies over the years that tend to go from one form of contracting, through to a stand-alone single-point contract service to a multiplicity of contractors who then compete with each other.

What we have here is that the minister has received advice from the Department of Housing, which has followed the current fashion in the department; that is, the department believes it is best to go to the single-point source of contracting through Transfield. I am sure there will be people who will argue for and against both types of contracting arrangements, but what is in place with the model that is in existence currently, the new model, is that the Department of Housing, with all its staff, is overseeing the contract and liaising between regional and district Homeswest offices and the head office and then with Transfield, the principal contractor for the Perth metropolitan region, which we are using as an example. Transfield subcontracts a lot of its work to mid-sized, mid-tier contractors in building, painting, electrical and whatever companies, who in turn subcontract further to other, smaller companies to deliver those services. As the minister knows, there are plenty of examples of those smaller companies subcontracting out again to local tradespeople, the “Dad ‘n’ Daves” that we find in our local newspapers who will come along and fix a lock or a fence or repair a roof tile and who operate out of the back of a ute. Whichever way the minister wants to cut it, that is pyramid subcontracting. It is something that major companies will not have a bar of. Some of the major mining and processing companies will not go down that path because they lose control of the process, of efficiencies and of the quality. Our major companies in Western Australia, which may well have a single-point-source contractor in place, ensure they have absolute control over the contractor and over who they subcontract their services to. But whoever they subcontract their services to delivers the whole package, so there is a very close and effective level of communication between the job done on the ground, the cost of that job and the control of that through the principal contractor and, ultimately, through the principal that is paying the money. There are usually a maximum of two steps in the process. The model the minister has introduced into the Department of Housing has at least four, possibly five, steps. I will not criticise the department because I have a very good working relationship with the officers in the department’s district office in Fremantle, who I know do a great job. I cannot speak more highly of them; they work under extreme circumstances with a massive backlog of demand for housing in the south western suburbs. They have to deal with a number of unruly tenants. In my view they are effective in dealing with those unruly tenants, albeit it takes a little longer than we would expect. Of course, there are the maintenance issues on top of that. Honestly, those officers at Homeswest do the best they can. I know tenants get very critical of them and very frustrated with them. However, having previously been the Minister for Housing and Works, I know what they go through and, as a local member of Parliament, I know on the ground level what they go through, so I will not criticise those public servants for the work they do. I think they do a fantastic job. However, on this issue of the maintenance of Homeswest homes, their ability to influence the speed and quality of the service is minor. They have virtually no ability to control the speed and quality of the delivery of maintenance services on the ground. All they can do is pass on that information to the head office—the Department of Housing—by way of computer; nevertheless, they pass it on. From there it goes to the Transfield system and into a queue. The only way the departmental officers can influence it is by speaking to someone in head office and asking that the matter be made a priority. But the control of that priority ends as soon as the matter gets into the Transfield system. It is a private company so it will prioritise as it sees fit, albeit under the guidelines provided by the Department of Housing. Nevertheless, Transfield has complete control over it. The public servants who work for Homeswest, whom we would like to influence to get these jobs done, have virtually no control over it. That is a problem for the public servants, for Homeswest and, ultimately, now for the minister because they have no pull or sway to be able to identify what is very important to fix and what is not. They may well request it, but that does not mean it will be done. For example, a Homeswest tenant in my electorate had grass literally growing more than a metre tall throughout the whole of his property. People were still living there.

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**Mr W.R. Marmion:** Is that recently?

**Mr F.M. LOGAN:** Yes. However, the lady who was living next door in her own private property, a pensioner, was paranoid about the length of the grass and the rubbish next door to her. She believed that if it caught fire, her property would be at risk. She had spent months and months trying to get the maintenance people to come out and cut the grass.

**The ACTING SPEAKER (Mr J.M. Francis):** Members, if you are going to have private conversations, take them outside.

**Mr F.M. LOGAN:** I notice in the new maintenance contract that the contracts for lawn mowing ended on 30 June 2010. I was wondering whether those contracts had been renewed or whether the process of renewing them had led to the situation that this poor woman was facing. My office worked with the Department of Housing in Fremantle to try to get that grass cut and, despite their own efforts in Fremantle, they could not get maintenance to do it. We eventually had to get the City of Cockburn, the local council, to cut the grass because it was concerned from a local council perspective about the length of the grass as a fire hazard for the whole area, not just for the lady next door. We could not get Homeswest to cut the grass on its own property. A similar situation occurred in Hamilton Hill, where part of a super 6 fence had broken off and fallen over on a Homeswest property. The tenant of the property simply could not get Homeswest maintenance to put up a new fence. His entire backyard was exposed. This particular tenant is in a wheelchair, so there was no way he could put up the fence himself. Living alone in a wheelchair, he felt isolated and vulnerable because the whole backyard was completely open to the street and a park next door. We eventually got it fixed through the Department of Housing in Fremantle, but it took months and months. That, too, was this year.

There are a number of other examples, particularly from South Lake, where the current Acting Speaker (Mr J.M. Francis) has subcontracted out his work to me! I will be delivering him a bill very soon for all the constituents who come to me to fix up their problems! I can provide quite a number of other examples that I know of just at the moment, minister. The member for Willagee has highlighted well a number of other problems. I think those problems will grow and the minister will have great difficulty trying to resolve them because he has the contract with Transfield. Does he know how long it is for?

**Mr W.R. Marmion:** No; I'm not sure.

**Mr F.M. LOGAN:** I assume it is for an extensive period. It would not be for one or two years.

**Mr W.R. Marmion:** No; I think it is at least three.

**Mr F.M. LOGAN:** I imagine there will be an option to renew the contract. The minister has the problem with the principal contractor that, unless he is able to be extremely firm in enforcing on the contractors the provisions of the contract, he will be in a fair bit of trouble. I believe those problems will only get worse for him because of the model he has created with the Department of Housing; that is, a model of pyramid subcontracting. As I say, that model does not work because of the breakdown in communication between the tenant, the Department of Housing regional or district office and the system that sits on top of them, ultimately leading to possibly "Dad 'n' Dave", the local sub-sub-subcontractors that come dawdling down the road to fix the problem months and months after it was requested to be done.

The other question I have for the minister is about the inspection process. The Department of Housing highlights that it conducts regular building condition assessments to undertake maintenance and to prolong the life of properties. My question to the minister—he might answer by way of interjection—is: how often do those building assessment and maintenance inspections take place?

**Mr W.R. Marmion:** You'd be aware that they're done on an annual basis.

**Mr F.M. LOGAN:** No, those are the property inspections; this is particularly maintenance inspections for the life of the building. There is a property inspection to make sure that tenants are looking after the property, but there is also a building maintenance inspection to look at the asset itself.

**Mr W.R. Marmion:** I understand that. I thought they were supposed to be done at the same time, so you can plan long-term maintenance when you do the condition assessment report. That was my understanding before I even came into Parliament.

**Mr F.M. LOGAN:** I think the minister had better check that, because that is not how the Department of Housing describes it in its own information. There appears to be two inspections: one is the normal property inspection to make sure the tenants are behaving, and the other is an inspection for the life of the asset.

**Mr W.R. Marmion:** That is the one that is, I believe, an annual inspection.

**Extract from *Hansard***

[ASSEMBLY - Wednesday, 13 October 2010]

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Mr Peter Tinley; Mr Mark McGowan; Mr John Bowler; Mr Tom Stephens; Dr Tony Buti; Ms Rita Saffioti; Acting Speaker; Mr Fran Logan; Ms Adele Carles; Mr Peter Watson; Mr Bill Johnston; Ms Janine Freeman; Mr Bill Marmion; Mr Ben Wyatt; Mrs Liza Harvey

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**Mr F.M. LOGAN:** I think it would be appropriate for the minister to put on the record what he intends to do and what he would expect the Department of Housing to do to ensure that there is a basic understanding of the maintenance problems across all the housing stock the department owns.

**Mr W.R. Marmion:** I think it's been a problem for a long time.

**Mr F.M. LOGAN:** No, this is the whole point of the matter that has been brought before the minister. The model that was in place up until now worked relatively well; I would not say that it was the best in the world, but it worked relatively well. It was a diffuse maintenance system, but it nevertheless worked pretty well. The timeliness of delivery of services was successful. With the move to the current model, there has been a blow-out in the timeliness of the maintenance program. We will be watching the minister very closely to see whether the \$20 million cost savings he expects from this maintenance program will actually be delivered, because there are already problems with the timeliness of delivery of services. If we find out that he has not actually achieved his \$20 million, we will come after him again and do our best to chop him to pieces on this, which is our job! With those kind words, I wish the minister all the best with his maintenance programs!

**MS A.S. CARLES (Fremantle)** [5.43 pm]: I rise to support this motion moved by the member for Willagee and to briefly talk about the lack of affordable housing being a huge issue in my electorate of Fremantle. My office is absolutely inundated with inquiries from people trying to climb up the Homeswest waiting list. In fact, we have calculated that my electorate officer, who sits on the front line, dealing with this, is spending two-thirds of her working time dealing specifically with people desperate for housing assistance. They have nowhere else to turn; some face mental health issues and some are Indigenous Australians. There are entire Indigenous families—grandmothers, grandfathers, parents and little children—who have absolutely nowhere to live. I have seen my electorate officer sometimes spend hours in the afternoons trying to find short-term accommodation solutions for people. There is no Homeswest housing for them, and she will ring all the agencies around Perth trying to find accommodation for one or two nights; these people are just so grateful to have somewhere to go for one night, but then the problem is still there the next day and the next week. Only two weeks ago a woman came to my office with her three children and sat on the floor and wept. She sat there for three hours until we could find someone who could accommodate her that night. She wept again when we actually found a room for her; they agreed to take her family for about three nights.

In my electorate of Fremantle, several hundred people are living rough on the streets every night. I do not know whether the minister is aware of this, but my local charities have told me that these are the statistics—several hundred people. These people are living under bridges and sleeping in cars in the beach car parks from South Beach to Port Coogee, and they are also living in tents down there. I walk along that strip some mornings and I have seen the tents for myself.

There is also the issue of failing to maintain the old heritage houses Homeswest owns in Fremantle. I have written to the minister about the unsafe heritage houses near the Fremantle markets along Henderson Street. Constituents have alerted me to the fact that the old verandas are accidents waiting to happen. I ask the minister when maintenance will take place on those homes so that we are not looking at a serious accident some day soon.

However, if the minister hears anything from me today, it is about homelessness. The fact that we have people sleeping under bridges and along beaches in a wealthy state like Western Australia is absolutely astounding.

**MR P.B. WATSON (Albany)** [5.46 pm]: I rise to speak on behalf of my constituents about the situation of Transfield taking over the maintenance of Department of Housing homes in my area. I wish I had a dollar for every time someone came to my office looking for a house and I have told them that there are no houses available, to which they reply, "What about the houses in Broughton Street or Angove Road? No-one's been in there for three to four months." I then go to Homeswest to be told that it is still waiting on maintenance to fix them. When people have a complaint, they have to make a phone call, and I think they either go to Queensland or New Zealand. I know the government has been pushing privatisation of hospitals in a lot of areas, but now it is looking at privatising one of the most common things that people want—a roof over their heads. If a government cannot provide that, it has failed.

About two weeks ago, a young mother with three children came to my office; she had nowhere to go and had been sleeping in her car. Before that, she had been staying with her extended family. She had been bashed, and one of the children had been attacked, so she had to move into her car. There is no emergency housing in Albany. There used to be emergency arrangements when people had to be moved into a house straightaway after having been referred by the courts or something like that. We used to provide a roof over people's heads. If we

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cannot provide that most basic thing, given the boom we are experiencing at the moment, it is a failure. When my children were young, the fact that we could put a roof over their heads meant that they were safe at night. Now we have people living in cars or up in the forts in Albany. There are young people and families living up there, in cold and unsafe conditions. We do not have the basic facilities to provide a roof over their heads.

I agree with the member for Cockburn: people in the department do a tremendous job under very trying circumstances, and I know that some people are referred to me because they cannot go any further. When I first became a member of Parliament, we always used to be able to write a letter and maybe help if there was a very serious situation. If the local member wrote a letter, something could be done. I know that that changed when we were in government; I am not saying that this is something that has happened since. The people at the Department of Housing now say, "Don't write a letter; it's not going to make any difference. There's just nothing to do." This is the most basic thing. We have really good contractors in Albany. We have people on the ground and ready to go. Previously, whenever there was an issue with a house and it needed to be fixed, it was fixed in a short time. Now our local contractors have been screwed to the ground. Transfield subcontracted work out to a major company and told the contractors that they would work for a certain rate or they would not work at all. Some of the good contractors walked away because they could not survive. I am talking about a big area that goes right from Denmark, Mt Barker, Katanning, Gnowangerup and Jerramungup. I am getting complaints from all those places, not just Albany. That is not good enough in today's society. The member for Fremantle said someone was coming in. I have put up people at the backpackers hostel. The backpackers hostel has been really good. It is very hard for a mother with two children to have to stay at a hotel, but when they have to be put in a backpackers hostel, they must be very quiet because they sleep in a single room with a double bed with the rest of the backpackers.

I do not know what the answer is but Transfield has been a huge mistake. I do not believe that we can privatise the most essential services for our people, which is the maintenance of their houses. This is not for rich people; it is for the poorest people who need the houses the most. They are struggling and are in difficult situations that are not necessarily their own fault, such as marriage breakdowns and abusive relationships, and they want to find a safe place. If we cannot do this as a Parliament or as a government, we have failed. Transfield has been an absolute disaster. The contractors who have been brave enough to stay do not get paid on time. A lot of businesses, especially in the Great Southern, are going to the wall. Only the big businesses are surviving, and they are just about ready to pull the pin. They have contracts but some are saying that it would be cheaper for them to pay out the contractor and get someone else to do it. When people in Albany are living in cars and at backpackers hostels and sleeping under the stars at the Princess Royal Fortress, there is something wrong with the system. The minister should make this his number one priority. It is all right for the minister to open a new building in Perth and to put in new office blocks, but we must look after the most vulnerable in our society, and they are under the minister's umbrella.

**MR W.J. JOHNSTON (Cannington)** [5.53 pm]: I support the motion moved by the member for Willagee that the house condemn the Barnett government for its many failures in the area of housing, especially the maintenance of Homeswest properties. I will turn in a couple of moments to a particular issue in my electorate in the suburb of Langford, but I will make a couple of comments first. I want to comment on the member for Pilbara's contribution. There have been many good contributions, but the Minister for Housing should carefully consider the member for Pilbara's contribution. The member was a housing minister for quite some time. I think he was a very effective Minister for Housing. We have had other very effective ministers for housing, but the minister should very carefully consider the things that the member for Pilbara raised. I know from personal experience of the great work he did as the Minister for Housing and the great care he took and the personal engagement that he brought to the portfolio. The minister could do far worse than carefully consider the member for Pilbara's contribution. I was very moved by the member for Kalgoorlie's contribution also. Although I do not come from the Goldfields, my wife does. I know from that family connection the problems that occur in the Goldfields. In a few moments, I will talk about the issues that I know of in Langford, so I can only imagine the depths of problems in the remote areas. I think that those members' contributions were very important.

The Labor Party is very proud of the care we have given public tenants and of the fact that we advocate for people who need the support and assistance of the state. We are very happy to do that. I referred to these matters in my inaugural speech: I grew up in public housing and I know the support that my widowed mother required to raise her eight children while living in public housing. That was very important and I am proud to be on the Labor side. I will be interested to hear the contributions of members opposite in support of the Homeswest tenants in their electorates. Supporting people who need public housing is a very important part of the work that we do as members of Parliament. I will finish my opening remarks with two little issues that are a reminder of the comments made by the member for Kalgoorlie, who said that we should not tie ourselves to the things of the

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past but should look to the future. I know that the government does not like to use the word “privatisation” for its privatisation activities; it prefers to use the term “contracting out”. However, we are talking about the privatisation of the management of the maintenance services. The Liberal Party says potato when it means potato. This is privatisation. This is giving to the private sector the responsibility for ensuring that the maintenance is done properly. The minister’s defence in question time today was that because Transfield Services was not nailing the nails into the wall, it was not doing it. The minister is saying that all Transfield Services is doing is managing the contracts, which was previously done by the Department of Housing. That is privatisation. The minister should not get too tied up in that. Finally in my preamble, I draw the minister’s attention to a media statement of the previous Minister for Housing and Works on 15 August 2001 under the heading “Crackdown on social housing cheats”, which states —

An investigation by the Department of Housing has identified up to 1,350 social housing tenants whose income or assets may make them ineligible for social housing.

Preliminary results of the eligibility audit uncovered up to 50 tenants believed to own properties and a further 1,300 tenants whose income was potentially more than the eligibility threshold.

The then minister was trying to say that he was being tough and that even though there were 50 000 people on the list, he was going to generate extra houses for people in need. On 15 February 2010, the former Minister for Housing and Works put out another media release under the heading “Update on ineligible tenancies investigation”, which states —

More than 30 public housing tenants have been evicted in the past five months after being caught exceeding income limits for taxpayer funded accommodation.

Department officials involved in the crackdown on public housing eligibility have so far interviewed 76 tenants and issued 31 notices of eviction to tenants whose income or assets exceeded the allowable limits.

Housing Minister Troy Buswell said many more homes would be available for people on the waiting list if this 40 per cent strike rate was repeated across the remaining 743 cases of potentially ineligible tenants.

That is very interesting, but what happened to the other 607? The original announcement stated that 1 350 tenants were involved in the review but in February, five months later, there were only 743. According to the media statement, 76 tenants had been interviewed and there were 743 to go. What happened to the other 607? It was not a 40 per cent strike rate but a five per cent strike rate. A very small percentage of tenants in Homeswest houses were being reviewed and only a very tiny percentage of that small percentage was not eligible for tenancy. The reason I raise that with the minister is it is easy to get a headline and come up with a statement to get the minister on the news for a couple of minutes but it is a lot harder to do the work. The Premier has joined us now. He has had to pick up the reins as Treasurer after the former Treasurer could not perform his duties, and the Minister for Housing is in the same position.

I bring to the minister’s attention the units at 23 Choseley Place, Langford. There are about 18 units in the complex. The tenants have contacted me over the past couple of weeks and I have been out there twice to talk to them. They have problems with their back fence, outdoor lighting and tree lopping. They have serious problems also with drainage and with the gutters on their roofs, which has led to water ingress into their homes, creating mould inside their roofs as well as in the eaves. One gentleman pointed out that his bathroom light did not work. When the contractor arrived, he would not replace the light because it was too dangerous to work in the ceiling because of the water ingress. Fretting brickwork has been caused by water running out of the gutters, and the downpipes do not work because they are full of leaf litter. One of my constituents told me that she had a problem with a cupboard door falling off. I understand that she reported it to the call centre in New Zealand to try to get the problem fixed. Subsequent to that problem being reported, another door fell off. The first door was fixed. When she reported the second door, nothing happened. She rang again and they said they had fixed it. Actually, they had not fixed it; they fixed a different problem! These problems would not have occurred if the Department of Housing was managing the maintenance because previously the tenants were dealing with the department in a much more direct fashion. These silly mistakes that were made by the contractors would not have been made by the department. I have been told that it will cost three times as much to get the trees lopped than it would have if the department was still managing the contracts directly.

There are no savings to be made in this process. When the minister says that a dollar saved in maintenance will mean an extra dollar for the construction of houses, it will never happen because the government will not save money through this process. It might meet a political and ideological agenda to put the work out in the private

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sector as opposed to the public sector but it is not improving the service. I made a note of what the minister said in question time. He can correct me if I am wrong. He said that not only are the contractors not meeting their KPIs in their contract, but also they are not meeting the standards that were previously put in place by the Department of Housing when it was managing the contracts itself. That is ridiculous. Why contract out a service that is apparently not saving any money, according to people in the department? Not only that, but contractors are not meeting the contract's KPIs and not meeting the standards that were being met by the department.

I know that many members on this side of the house want to speak so I will not go on much longer. I want to draw the minister's attention to the question of shared equity. I have a resident in the suburb of Langford who is in a shared equity arrangement; she owns 60 per cent of a property while the other 40 per cent is owned by the department. I think the department needs to review how capital investment is made in these properties. This woman is having trouble with old water pipes. For some reason these water pipes are wearing out much faster than we would expect. She is a low-income earner. She will have to bear 100 per cent of the cost of fixing the problem but the Department of Housing gets 40 per cent of the benefit because it has 40 per cent equity in the property. For example, if this woman puts up a pergola or does some work on the house, she pays the full cost but the department gets 40 per cent of the increased capital value.

**Mr W.R. Marmion:** That is a good scheme. I had not thought of that one!

**Mr W.J. JOHNSTON:** This is a very broad motion that has been moved by the member, and I raise this matter with the minister so he can consider these important issues on behalf of constituents in my electorate. If the minister missed the address, it is 23 Choseley Place, Langford. The back fence is a classic example. The residents said that they were having trouble with people committing criminal offences. They would run through the property, jump the back fence into a park and run off. The residents were saying that the fence should be made higher but the department said it could not do that as it was a standard fence height. In the end, the department heightened the fence by putting latticework on top, which is really not adequate. It also stopped it exactly at the end of the park where there is space for a privately owned home. The height of the fence was not extended. Rather than these people running through a particular Homeswest property, they will run through another one. It was not well thought out. If a bit more of a holistic approach were taken to what is happening here, we would have a better outcome. With those few comments, I will allow other members to speak.

**MS J.M. FREEMAN (Nollamara)** [6.05 pm]: I support the motion. I thank the member for Willagee for raising this issue. One of the points just raised by the member for Cannington was the need for a holistic approach, which is a really important thing to take into account. Twenty-odd years ago I was lucky enough to work for the then Minister for Housing as a liaison officer. As the minister would know, that is the person who takes numerous phone calls from tenants and who gets the eviction files.

**Mr W.R. Marmion:** Who was the minister then?

**Ms J.M. FREEMAN:** Mr McGinty was the minister then. It always seemed to me and it still appears to me to be the case that the Department of Housing, which I always think of as Homeswest, had a great capacity to work in the community and work with the community. That is one of the issues with maintenance and the maintenance contractors. The department had long ongoing contractual relationships with maintenance, which meant that it was able to quickly address the needs of turning over housing and getting housing available. This is what we are raising with the minister. The government is using a fundamentally flawed model because it no longer gives the department that direct contact. I will outline how that impacts directly on contractors that I am aware of in the Department of Housing. One of the big issues was something that I saw after I left the minister's office and went to work for the Liquor, Hospitality and Miscellaneous Union. I was the contract cleaning organiser when the Minister for Industrial Relations contracted out cleaning of schools and other areas. Suddenly I saw the impact of contracting out, which is privatisation by stealth. It undermines people's confidence in the work that they do. It takes good people who have a commitment to that sort of public good and the public benefit of such housing to do this work, or in the case of cleaning of public schools and TAFEs, such people become single-minded because they become the workers at the end of a process.

Transfield Services got the contract that the government will supposedly make money out of by undercutting the market. As the head contractor, it did a mean average of the scheduled rates. The minister would know about the scheduled rates. They get gazetted. I understand that Transfield basically undercut the government scheduled rates by two and a half per cent. It went to the companies that had previously tendered directly to Homeswest and said, "You need to contract to us on this lesser scheduled rate but you have to do it for less than you did before, but that is okay because we can provide you with more consistent work and ongoing work."

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**The ACTING SPEAKER (Mr P.B. Watson):** Members, if you want to talk, go outside. This is a very, very important motion. I cannot hear the member speaking, and I am sure Hansard is having trouble, too.

**Ms J.M. FREEMAN:** I understand that as a result, many long-term companies that had been contracted to Homeswest for many years, including a gyprocking company, actually folded because Homeswest had pretty much provided the majority of their work. They were basically promised lots but Transfield gave false promises to the contractors. They have received less money, have greater distances to travel and have inconsistent work. Today the computers crashed again. We now have maintenance issues that are outstanding again. When people rang today, they could not get their maintenance problems logged. No work went out to any contractors today because the computers crashed.

The other problem we have is this system where people are calling in to a call centre that does not have that on-the-ground knowledge of what is going on and where contractors are. I will give two examples of where this is going horribly wrong. First, we get cases of a doubling up. In one case in Mirrabooka, two electricians turned up—one to fix the exhaust fan and one to fix the smoke alarm. When they put in their invoices, there were payment problems because there was one address and Transfield basically only wanted to pay one invoice for one address, but two contractors had been sent out for two very simple jobs. So that causes difficulties.

I also understand, in talking about that sort of doubling up, that previously, if a tenant needed a new hot water system, the Department of Housing would arrange for an electrician to come in and unhook the old water system, a plumber would come in the next day and take out the old hot water system and put in the new hot water system, and the electrician would come back the next day to connect up the new hot water system. What is happening now is that the electrician needs to get an authority to come in and unhook the electrics. Another authority is then issued two weeks later for a plumber to put in the new hot water system, and another authority is then issued for the electrician to come back to connect the new hot water system.

Also, previously, the contractors would work in regions, and there would be coordination between the contractors in those regions. I understand that the contractors no longer work in regions and are sent hither and thither all around Perth. One contractor who works in the northern suburbs was telephoned and asked to do a job in the southern suburbs. He asked the call centre whether any other contractor would be called to pick up the job, and he was told no. He was having a bit of a chat to the young woman at the end of the phone, and he asked what would happen if he had said that he could not do the job, and she said that their instructions now are to go to the *Yellow Pages* and look for a contractor. There is no induction, and there is no police clearance. They are just going to the *Yellow Pages*.

I also understand that because of the undercutting in the scheduled rates, carpenters and painters are saying that it is not worth their while to do the work. That has led to about 1 000 overdue jobs in my area. Because of that, I now have two Homeswest tenants who have been asked to do routine painting maintenance before they will be allowed to transfer to another property. One of these tenants is a single man who is living in a three-bedroom house. He has lived there for 20-odd years. The government wants him to move, because it wants to have that three-bedroom house, but it wants him to paint it before he leaves.

**Mrs L.M. Harvey:** How unreasonable! For how long has he lived there—20 years?

**Ms J.M. FREEMAN:** He has lived there for 20-odd years, done reasonable maintenance, and paid rent on an ongoing basis. If the member for Scarborough rented out a house, she would paint it, because it is her asset. This is Homeswest's asset, and Homeswest should paint it. If the member for Scarborough rented out a house, she would paint it. She would not expect her tenant to paint it when he moved out.

**Mr R.H. Cook:** If it was a private rental, the tenant would not have to paint it.

**Ms J.M. FREEMAN:** That is exactly right.

**Mr W.R. Marmion:** What is the address?

**Ms J.M. FREEMAN:** It is in Nollamara Avenue. I can get the address for the minister.

One issue which the member for Cannington pointed out, and which is also an issue that we are facing at another property in Nollamara, is vandalism to security lights. In the case of this property, it took two weeks to get the authority. It then took two days for the job allocation. Meanwhile, there were repeated phone calls from the tenants, who were worried because their security lights were not working, in an area that is not a particularly salubrious part of the world but is nevertheless a good part of the world. The tenants had raised this issue with a contractor who had been on site to do another job, but the contractor would not pick up that job. That is because it takes contractors 30 minutes to get through to the call centre to ask whether they can fix something at the same

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time as they are doing another job. I understand also from my investigations that the reason it took two weeks to get the authority is that the computer at the call centre would not accept the complex into the system because it did not have a unit number. This is the same computer as the one that crashed today.

Another security issue that really concerns me is that I understand that Transfield has yet to provide identification tags to its contractors. That means that Homeswest tenants are getting contractors come to their door, and even though those contractors have a letter that looks as though it is from Transfield, they do not have an ID tag. That not only places the contractors at risk, because, frankly, they are going into a person's home, and they want to know that the person is accepting them in and is not going to make false allegations about them, but also the tenants are having to let these contractors come into their home without any identification. There is also great concern in the industry that because of the undercutting that Transfield is doing, and because it has bared to the bone what the contractors have to do, there is a risk that they will inflate the time that it takes them to do a job, and overcharge.

I started my speech by saying that the relationship between Homeswest and its contractors—a relationship in which the contractors believed that they were working for a public good—has now been completely undermined. Basically, the only reason the minister is saving money is the backlog of jobs.

I have another question for the minister. I understand that tenants have to ring a 1300 number, but that may cost more than a local call. It is certainly the case that many members are now getting calls to their offices about maintenance.

**Mr W.R. Marmion:** If I may give you an answer now, I think that if people use a mobile phone to call that 1300 number, they are charged. The Department of Housing is looking at that, so that people will not be charged if they ring from a mobile phone.

**Ms J.M. FREEMAN:** So if people ring the 1300 number from a mobile, it costs them, but if they ring from a landline, they are not charged. They probably all have problems with ringing Telstra to keep their landline. Has the minister ever tried to ring Telstra? It is probably worse than ringing Transfield.

**Mr W.R. Marmion:** That issue has been raised with me, and I have asked the department to make sure that there is no charge.

**Ms J.M. FREEMAN:** I thank the minister for that.

Another issue is that recently a tenant in my electorate received an eviction notice on the grounds of maintenance. That maintenance included painting and fencing, both of which were long-term maintenance issues, not neglect issues.

Because this is somewhat of a general debate, there is another problem that I also want to get off my chest. Other members may have experienced the same problem. During the winter months, Homeswest was replacing gas heaters that had broken. However, it was replacing them not with gas heaters but with electric heaters. That meant that many aged tenants were suddenly asked to pay additional costs for what is a very inefficient way of heating, because gas heaters are more efficient and less costly to run. In one case we were able to push Homeswest to replace the old gas heater with a new gas heater. However, replacing gas heaters with electric heaters seems ludicrous when it comes to maintenance of these facilities.

I reiterate the member for Fremantle's concern about the lack of public housing. She set out very eloquently the stresses and strains that is placing on our electorate staff. I have to say that I would hate to be a liaison officer in the minister's office at the moment. When I was working in the office of the Minister for Housing, "priority" meant that a person would be allocated a house within four days. That is when we had real priority housing. At that time, the waiting list was at a reasonable level. Basically, there was an 18-month to two-year wait. We thought at the time that it was terrible that people had to wait so long for Homeswest housing. It was obviously the heyday of public housing when I worked in the office of the minister. The public housing system is now in crisis, and it is a crisis that the minister needs to address, because it is on his hands.

Recently I spoke to a contractor whom I see when I am out and about talking to people in my electorate. He has been doing work for Homeswest for a long time and he has served the organisation well. However, he is now doing a business plan so that he can get out of doing Homeswest work, because he no longer believes that he is working for a public organisation and for the public good. I do not think he is alone. That is the crisis that the minister has on his hands. It is because the Transfield system does not work. It is privatisation. The only cost is the cost that is being imposed on good, hardworking people, and on the good small business people that the Liberal Party says it represents. It is ripping them off.

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**MR W.R. MARMION (Nedlands — Minister for Housing)** [6.18 pm]: This debate has been a bit general, so I will make some general comments first before I go to the issue of maintenance. I acknowledge the points that members have made. Some of those points have been quite good and quite helpful. The provision of public housing is a major issue. It is a number one priority for me. It is one of the big priorities for this state.

There is the issue of waitlists going up and there is the issue of homelessness, which I work closely on with the Minister for Community Services.

In terms of the broad issue, we need to look at the whole continuum of housing, not just the social houses that I am responsible for. We have to look at the continuum that starts at homelessness and goes to social and community housing. There is a gap. That gap varies depending upon where one lives in Western Australia. We then move into private ownership of houses. I am looking at a strategy to make sure we have a continuum of people moving through social housing so we can free up places for people on the waiting list. The community housing sector is a more profitable model. The strategy allows the community housing sector to grow. We are looking at transferring some of our assets to the community housing sector. They can borrow against those assets. We also want to have control so they cannot be sold, and remain affordable houses. We hope we will be able to leverage 20 per cent off the community housing sector. We need to grow the community housing sector so there are not only houses that the Department of Housing owns but also houses that the community housing sector owns.

Keystart is another way to try to get people out of social housing. If people's incomes go up, we can provide loans and assist them with shared equity loans to move into home ownership. That program has been going for many years. It has been beefed up a lot in the past two years. It has gone from \$1.5 billion worth of loans to around \$4 billion now. I do not have the exact numbers, but in the past two years it has assisted about 10 000 people to move into shared equity arrangements. We will look at increasing the rental assistance scheme. Private developers will provide houses and we can lift our state contribution with the commonwealth to assist in providing lower rentals.

Getting back to the motion and maintenance, all speakers spoke to some extent on the motion and expressed their concerns about maintenance contracts. All members gave particular examples. Transfield was the contractor that most members mentioned. We are not delivering, in their view, in terms of timeliness, quality et cetera. To put the issue in context before I address some of the many points I have from the many members that spoke, I will refer to the situation in 2003. What we are dealing with now is not new. Indeed the data, in terms of performance of maintenance, over the past seven years, I admit, has not really changed much. In the first four months of the term contracts there has been a drop, but the aim, obviously, is for it to pick up. We have things we are measuring against.

**Mr B.S. Wyatt:** When the minister says there has been a drop, what is the drop?

**Mr W.R. MARMION:** In the actual complaints and timeliness of addressing maintenance.

**Mr B.S. Wyatt:** The minister is saying timeliness and response has increased?

**Mr W.R. MARMION:** With the start-up of the contract, it has gone down. Over time the timeliness has been dropping a little bit anyway, but it has dropped a bit more. It is now picking up again. It has not picked up, in all cases, to where the department was before.

I want to make the point that there have been problems with previous arrangements. The Auditor General put out a report in 2003. I will quote some of his findings. He said —

Homeswest is satisfactorily managing the maintenance of public housing properties in a challenging environment. Nevertheless there is scope for Homeswest to improve the way it administers its maintenance processes. These include:

- revising budget models and making more use of property inspections to plan maintenance;

That is a point that the member for Cockburn mentioned, which was an issue way back in 2003. The report continues —

- more comprehensive recording and monitoring of responses to maintenance requests;

**Mr B.S. Wyatt:** But that is a 2003 document, minister.

**Mr W.R. MARMION:** Yes. I am going to point out that these issues have not changed much. It continues —

- tighter controls over the commissioning of maintenance work;

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These were things the department was addressing via the term contract. The Auditor General added —

- managing contractor performance by regularly testing the marketplace and using available sanctions for poor performance;

They were most of the key findings in 2003. I want to mention a sentence from the report —

Public housing maintenance figures highly in tenant complaints to Homeswest, —

So, what is new —

the Parliamentary Commissioner for Administrative Investigations, and the Equal Opportunity Commissioner.

Those three: Homeswest, Parliamentary Commissioner for Administrative Investigations, which I do not think exists anymore, and the Equal Opportunity Commissioner. The report goes on —

Homeswest has been criticised for the standard of its housing properties, the timeliness of urgent maintenance and repairs, the quality of work conducted by contractors, discrimination in the allocation and conduct of maintenance funding ...

That 2003 report was quite critical of the way maintenance was undertaken. I have asked the Department of Housing to provide me with information on the timeliness of the different types of maintenance. There is emergency maintenance, priority maintenance and routine maintenance. I am happy to table this information. I have the data for each of the three maintenance categories of emergency, priority and routine before the Auditor General completed his report. They also provided a summation of the total jobs. The member for Victoria Park probably cannot see the graph very well.

**Ms J.M. Freeman:** Will the minister table it?

**Mr W.R. MARMION:** I will table it.

**Mr P.C. Tinley:** Talk us through it!

**Mr W.R. MARMION:** I will talk through it a little bit. This is the Department of Housing's figures. It is fair to say that under emergency maintenance it stayed on about 80 per cent. Eighty per cent of emergency maintenance is met within three hours. That has been pretty consistent since 1999 right through to 2010. In terms of priority maintenance, which is 48 hours, it has drifted down from a high of 75 per cent in 2000 to about 65 per cent in 2009–10. For routine maintenance, which is a couple of weeks, that has drifted down from a high in 2000–01 of a little over 80 per cent, say 81 per cent, down to 70 per cent. In pulling all the figures together, there is a figure for the combination of maintenance categories. Obviously, weighting must be small on the emergency maintenance because that is quite high. That was as high as 80 per cent in 2000–01. In 2009–10 it drifted down to about 69 per cent. That is the data. It is not good. The data shows that historically, even though it might have sounded like it was good, it was not that good.

**The ACTING SPEAKER (Mr P.B. Watson):** Minister, do you want to table that paper?

**Mr W.R. MARMION:** Yes. Can I table it later in case I want to refer to it again?

**Mr B.S. Wyatt:** Table it at the end.

**Mr W.R. MARMION:** I will table it at the end.

**The ACTING SPEAKER:** Thank you, member for Victoria Park.

**Mr W.R. MARMION:** We have moved from a situation in which the department handled all the maintenance as outlined in the basic A3-size chart that I have here and that I am happy to table, Mr Acting Speaker. The old model consisted of 700 maintenance contracts and 300 contractors and we have moved to 10 contracts—all the contracts went out to tender—and now have only three contractors. As I previously said, we anticipate —

**Ms J.M. Freeman:** So three tendered and only one was successful.

**Mr W.R. MARMION:** No; there are 10 regions in the state and Transfield picked up five contracts, a second contractor picked up one contract and a third picked up three contracts.

**Ms J.M. Freeman:** So only three people put in a tender for it.

**Mr W.R. MARMION:** No; I do not know that data. The outcome was that there were three separate successful tenderers.

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The Auditor General's 2003 report noted that substandard work was being produced and identified over and undercharging in 16 per cent of the work being done. It was also noted in that report that 67 per cent of the job orders examined were completed on time. A previous report identified that some elements of the delivery of Homeswest maintenance services were deficient and that the system was not operating efficiently or effectively on behalf of taxpayers or tenants.

The department began the process of designing a new system by investigating the approaches of similar agencies in other states as well as by considering the unique circumstances of our state, Western Australia. As I was saying, the model is based on 10 zones for maintenance, with three in the metropolitan area and seven in the country. The model provides for a single head contractor in each region to deal with almost all maintenance requirements on an emergency, priority and routine basis, and by the undertaking of multiple-trade works on vacant properties to return them to a lettable condition. Someone made a very good point; it might have been the member for Willagee who said that the subcontractor was not paid for work carried out at a vacant premises until the whole job was completed. I am not aware of that, but I can understand how that could be an issue. The member for Willagee mentioned the problem in terms of a small business operator. I was a small business operator and I remember on one job that the subcontractors to the major contractor had to wait until the major contractor was paid by the department, and that was a Department of Housing and Works job! I agree that there may be an issue around that.

**Mr P.C. Tinley:** Minister, it is so much of an issue that Transfield no longer gets vacants.

**Mr W.R. MARMION:** Sorry; they no longer get what?

**Mr P.C. Tinley:** Vacant houses to work on.

**Mr W.R. MARMION:** The member is saying that Transfield no longer works on vacant properties. I am not aware of that.

**Mr P.C. Tinley:** In fact, the department is moving to separately tender out the renovation tenders for all vacancies.

**Mr W.R. MARMION:** Thanks for that. I am hoping that someone at the department is listening to the debate and taking notes. They will certainly be getting a copy of the *Hansard*.

Of the tenders called, Lake Maintenance Pty Ltd won the tenders for the Kimberley, Goldfields and Wheatbelt regions. Programmed Facility Management won the tender for the South West region and Transfield Services (Australia) won the three metropolitan tenders as well as the Great Southern, Pilbara and the Mid West. Although two companies are undertaking work in multiple regions, each region is a stand-alone contract that was tendered out separately.

Each of these companies has experience in large-scale maintenance contracts, including direct experience with Housing New South Wales, which implemented a similar model in 2008 managing 143 000 properties across 16 zones in New South Wales. The Western Australian Department of Housing now has to deal with only these three companies, instead of a range of contractors and subcontractors across the whole state. As these contracts mature, this will lead to significant efficiencies, faster response times and better outcomes for tenants. As the member is aware, under this model the department does not communicate with or issue instructions directly to tenants. Because the issues are dealt with by the subcontractor, the department does not have to micromanage each job. The agency role now is to focus on quality assurance and monitoring performance to achieve cost savings over time and improve compliance. I admit that the scale of this change is enormous and that the department has faced a number of challenges, many of which have been raised in Parliament this afternoon. I acknowledge the key difficulties included systems issues for the processing of job orders that caused significant delays and a substantial backlog of work; a lack of tradespeople at start-up that contributed to delays in having work attended to in a timely manner; the inability of some multi-trade contractors to deliver the required level of performance; the engagement of some tradespeople who were unfamiliar with the department's maintenance standards; some work quality issues for particular trades, although I point out that if an issue was one of safety, it was dealt with immediately; and problems with the department's business system rules that delayed the approval and payment of many jobs that had been completed. I must admit that I was impressed by the member for Willagee's level of knowledge of the SAP computer system in his contribution this afternoon; he certainly knows a little more than I about computers. I know of the SAP system; I do not know how it works. However, it was obviously a problem. I agree with the member for Willagee that those sorts of problems should have been acknowledged and that probably systems should have been trialled.

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There has also been an increase in the number of vacant properties awaiting maintenance. It would obviously be better if these issues had not arisen. I fully acknowledge the head contractors and the department, who have been working to deal with these issues, and there has been a demonstrable improvement in performance. I will elaborate further in a moment, if I have not lost my chart.

What has the department done about these problems? Once again, I acknowledge the significance of the member for Willagee's contribution; everything he said was to the point of the motion. In the knowledge that there has been a temporary increase in staff and that the contract has not been performing as we would have liked, the department has put in resources to project manage these issues. These resources include four project teams. Team 1 is working on resolving the immediate issues and it aims to achieve early improvements in performance by head contractors. The team is focusing on getting rapid improvements in the response rate by the head contractors in emergency, priority and routine maintenance jobs. It is also working on ways to increase the turnover of vacant properties to reduce the time taken to relet those properties. Obviously, if what the member has said is true, that will be a bit of a disappointment. Team 2 is working on planning for longer term and sustained performance issues. This team is working to ensure that the operations of the head contractor model are sustainable and that when the project teams complete their work the new maintenance system is able to continue delivering benefits into the future. Team 3 is working on resolving information systems issues and developing reliable systems to manage operational issues. The head contractor model relies on robust computer systems and software to achieve the efficiencies and cost savings contemplated by the new model. Therefore the team working in this area is working to deliver permanent solutions to the systems challenges in this complex model. Team 4 is working on contract management issues. This team is responsible for monitoring the contracts at the core of this model and for ensuring that the department has proper oversight of the contracts. The four teams have been formed specifically to deal with the implementation phase of this contract and should have largely completed this work by early in the new year.

While the department works on its systems and processes, the head contractors have continued to recruit subcontractors and have steadily increased the number of tradespeople undertaking job orders.

**Ms J.M. Freeman:** Do you reckon?

**Mr W.R. MARMION:** This is the advice I have from the department.

Several members interjected.

**Mr W.R. MARMION:** During the transition phase, departmental regional officers have been following up on all emergency job orders, making direct contact with tenants to confirm attendance by contractors. I have been to the regions and I know that they are doing this. Regional management teams and staff have been directly contacting tenants when there have been significant delays, making visits and phone calls or writing to affected tenants. As I mentioned earlier, the Auditor General's report of 2003 noted that there was about 67 per cent compliance with the department's requirement for jobs to be completed within the required time frames. Members might be interested to know, as I was, that the target for the new contract once the key performance indicators are in place is 95 per cent compliance. The experience of Housing NSW is that after a little more than two years of its new maintenance model, it is now achieving compliance of more than 90 per cent for reactive maintenance. This demonstrates the potential of this model and the benefits that can be realised as it matures. The number of vacant properties awaiting maintenance stabilised in late September and the number of vacant properties undergoing work is steadily increasing. As the reactive process is bedded down, the department will be able to take a more strategic look at the long-term management of the assets it manages on behalf of taxpayers. This will mean that more planned maintenance will improve the appearance and lengthen the life of dwellings and reduce the need for reactive maintenance.

The department's contact centre, Housing Direct, has been the focal point for maintenance issues, receiving calls from tenants reporting maintenance issues and issuing job orders. Under the old maintenance regime, maintenance issues were reported to a variety of numbers at offices around the state and job orders were issued by the relevant regional office. Housing Direct was established in June 2009 to provide a central point for maintenance issues. Eventually, it will offer a suite of information systems and become a one-stop-shop service for all tenants. Although it has been operating for only 12 months, Housing Direct has won state and national awards in competition with other contact centres and has been integral in overcoming some of the early difficulties with the contracts.

**Ms J.M. Freeman** interjected.

**Mr W.R. MARMION:** That is what I have been told.

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**Ms J.M. Freeman** interjected.

**Mr W.R. MARMION:** That is right. There must be others, one would hope.

A handful of complaints have been made by past contractors about the head contractor model, to the media and to some members, primarily about Transfield Services (Australia) Pty Ltd, which holds the contracts for the whole metropolitan area. One comment made by a former contractor related to a wheelchair-bound woman whose house was allegedly boarded up by a subcontractor who failed to check whether the woman was able to use another exit in the property. That is rather disturbing. The department was naturally horrified to hear this and set about trying to identify the tenant concerned so that staff could apologise personally and ensure that the tenant was okay. Despite the department's best efforts, no-one has been able to identify the tenant and no-one has come forward to validate this story. There was a further claim that a subcontractor was owed about \$200 000 for work that it had completed. I note that Transfield made a public statement recently that its payments to subcontractors were up to date and paid in full. The company has, however, stated that it has withheld payments to subcontractors who have sought payment for work either not completed or not carried out.

**Mr P.C. Tinley** interjected.

**Mr W.R. MARMION:** If that is an issue, that is a problem.

**Mr P.C. Tinley:** They are not honest.

**Mr W.R. MARMION:** The member is assuming. Transfield is saying that the subcontractors have not been paid because they have not finished the work.

**Mr P.C. Tinley:** Yes, because their own portal won't let them show it's complete; therefore, the department won't release the funds.

**Mr W.R. MARMION:** That is the member's premise. He is speculating.

**Ms J.M. Freeman:** It is the department telling you that. As minister, you could go into a department and find that out. This is a private company that tells your department, which then tells you that something has not happened.

**Mr W.R. MARMION:** We have these four project teams. If there is an issue, they are intervening.

**Ms J.M. Freeman:** I get what you are saying, but that is what used to happen in schools.

**Mrs L.M. Harvey** interjected.

Several members interjected.

**The ACTING SPEAKER (Mr P.B. Watson):** Members! Member for Scarborough, your minister is on his feet. I am sure you want to listen to him.

**Mr W.R. MARMION:** Members should allow me to continue. There have been other allegations that unqualified tradespeople have been used. I have been assured that all tradespeople are fully qualified. If members have examples —

**Ms J.M. Freeman:** Have they got the police check clearances and have they had the induction? Do you know that?

**Mr W.R. MARMION:** I do not know whether that has been done.

**Ms J.M. Freeman:** They need to do the induction and the police clearances for all the tradespeople they use. That is a requirement of your department as part of the contract.

**Mr W.R. MARMION:** I do not have that information. If that is a requirement, the company has to do it, one would hope. Is the member saying that it does not?

**Ms J.M. Freeman:** No. That is what I have heard. You can check.

**Mr W.R. MARMION:** Prior to the head contractor model, the department had a maintenance quality and compliance team in place to review the work of contractors. This team remains in place and is very much active in reviewing the maintenance work being performed. The department is, however, looking at realigning its roles to better match the new head contractor model. Transfield has acknowledged that the contract had very tight time frames and that there had been some transitional issues, but it says that it is meeting its targets on emergency response calls and is returning vacant houses for re-letting. That is what it is saying.

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I am not here to defend Transfield, but it is a public company with well over 1 000 staff in Western Australia. It has contracts with many other organisations, including government agencies, and it has had a presence in this state for 45 years. In New South Wales, it is responsible for the largest residential housing maintenance contract in the southern hemisphere. I am sure that its reputation is important to its business success and that it will be doing everything possible to meet the requirements of our contracts. The department has acknowledged that there have been transitional issues and that these have caused concern for some tenants, particularly those with significant maintenance problems in their tenancies. All complaints made by tenants are investigated. The department has apologised to anyone who has been affected by the transition to the new system and, when appropriate, has applied credits to tenants' rental accounts. This is a large and complex contract and it is inconceivable that there would be no challenges with the transition. There have been comments from some former contractors that they are unable to provide services at the rates being offered by the head contractors. The nature of this model is that it is competitive, and the intent is that the agency gets the best value for money on behalf of the community while delivering a good standard of maintenance service to tenants. The new maintenance system operates essentially on a competitive basis. Businesses will work at a rate that allows them to make a profit on the flow of work that is offered to them by the head contractors. If they cannot make a profit at those rates, they will exercise their choice to seek work in other areas. The money that the agency saves on maintenance will flow back into delivering more refurbishments and more houses.

There are still challenges ahead as the model develops and matures. I note that in recent times the department has successfully met a number of other challenges head on, particularly delivering on the biggest social housing building program undertaken in this state in decades. Western Australia was the first state to complete stage 1 of the economic stimulus package, completing 313 units, apartments and houses by 30 June this year.

**Mr W.J. Johnston:** Did the Liberal Party vote in favour of or against the stimulus package in federal Parliament?

**Dr M.D. Nahan** interjected.

**Mr W.R. MARMION:** That is the member's answer.

**Mr W.J. Johnston:** So the answer was that they voted against the second stage.

**Mr W.R. MARMION:** I was not around then.

**Mr B.S. Wyatt:** It is not in his departmental brief.

**Mr W.R. MARMION:** That is correct. No, it is not; it is a federal issue.

**Mr W.J. Johnston:** But you just talked about it in your brief.

**Mr W.R. MARMION:** I know, but I was not in federal Parliament to know how we voted.

I will conclude because I know that a couple of other speakers want to speak for five minutes each.

The important thing is that they are under contract. If they do not perform under the contract, I will have no hesitation to —

**Mr B.S. Wyatt:** To give them a good stern talking to!

**Mr W.R. MARMION:** — do something firm about it.

The contribution of the member for Kalgoorlie was interesting because he raised an issue about the thinness, which I think is the word he used, of the supply of proper contractors in Wiluna, Lenora and a number of other towns, where there is one contractor, one plumber and one electrician. That may make it a bit tricky for the model to work. We will have to keep an eye firmly on that contract.

I wanted to try to conclude with some of the data that we have been collecting on the various contractors. I do not mind giving members these figures. They are under three categories. The member for Willagee might want his pen ready! For routine jobs of 10 working days, the department was achieving 70 per cent prior to the contracts; Transfield is achieving 68 per cent; Lake Maintenance is achieving 77 per cent; and Programmed is achieving 75 per cent. That is the good news.

**Mr P.C. Tinley:** How can you trust those figures?

**Mr W.R. MARMION:** They are the figures —

**Mr P.C. Tinley:** We do not even know how many work orders were outstanding.

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**Mr W.R. MARMION:** I am just telling members those are the figures. The member can take them or leave them. If members want more figures, I can give them to them, or I can sit down. For priority jobs, prior to the contracts going out the department was achieving 65 per cent compliance in 48 hours. Lake Maintenance is performing the best of the three contractors and is achieving 51 per cent; Programmed is achieving 48 per cent; and Transfield is down at 42 per cent. For emergency jobs, the department claims that it was achieving 80 per cent compliance. Lake Maintenance is achieving 58 per cent; Programmed is achieving 71 per cent; and Transfield, unfortunately, is the lowest performer at 35 per cent, but I understand it has moved up to 39 per cent in the past couple of weeks.

**Mr D.A. Templeman:** Minister, I would like you to table this information. It is important to me.

**Mr W.R. MARMION:** I am prepared to table this one.

**Mr D.A. Templeman:** No, I am asking for the information you have just read from the actual figures you have been reading.

**Mr W.R. MARMION:** I have read them out, so they do not need to be tabled.

**Mr D.A. Templeman:** I think it is important that you table them.

**Mr P.C. Tinley:** Are you quoting from an official document?

**Mr W.R. MARMION:** These are figures that I have managed to knock up on an Excel spreadsheet myself.

**Mr P.C. Tinley:** So you roll your sleeves up and do your own work.

**Mr W.R. MARMION:** Sometimes; it is about all I can do.

It has been a bit of a rocky road to start with. These are early days, because the contracts have been rolling for only four months. I have noticed a steady improvement. Certainly for the routine jobs of 10 working days, two of the three contractors are exceeding what the department was doing and only one is slightly below what the department was achieving prior to the contractors being involved.

**Dr M.D. Nahan:** What about social housing?

**Mr W.R. MARMION:** I think you are dying to get up.

**The ACTING SPEAKER (Mr P.B. Watson):** Address the Chair, minister.

**Mr W.R. MARMION:** I will conclude my remarks, Mr Acting Speaker.

**MR B.S. WYATT (Victoria Park) [6.54 pm]:** To be perfectly frank, that was hapless. A couple of hours ago, when the member for Willagee put to the minister the fact that Transfield is getting rid of vacant housing, the minister blinked in the spotlight and said that Transfield had not told him that. Then the minister stood for 30 minutes and read out a response prepared by the department. I have a sneaking suspicion that the communication between the Department of Housing and his ministerial office is perhaps also part of that Transfield contract! Somehow I do not think that the minister is getting the information that he needs so that he can respond to the issues raised by the opposition this evening. The speeches by the member for Willagee, the member for Nollamara in particular and the member for Albany were wonderful examples of the simple failure of what is happening now that Transfield has been placed between the department and Homeswest tenants across Western Australia.

This goes to one of the core differences between the Labor opposition and the conservative government. We believe in social housing; we believe in public housing; we believe in providing adequate housing for the people who cannot afford to buy property in the private sector in Perth and across Western Australia. That mob, on the other hand, has a very different view. That is why they are flogging it off and that is why they are moving public housing to the outer suburbs. Let me make it crystal clear: they build public housing where there is no public transport and no access to services and facilities. That is not cheap housing. The minister said that all the money that the government was going to save by this incompetent deal done between the government and Transfield would go into building more houses. Does the minister know what the figure is? It is \$285 million. That is his underspend in housing in the 2009–10 financial year. He cannot even spend the budget he has on public housing, let alone try to find scraps of savings by reducing the efficiency and delivery of maintenance courtesy of what he has done, which is to place another layer of bureaucracy, in the form of Transfield bureaucracy, between the department and tenants of Homeswest properties.

I want to take a couple of quick examples from literally the last week and a half. Three calls have been made to my office about hot water systems. I will not mention the person's name at the moment, but the minister need not worry because I will be bringing her to his attention and perhaps to the media's attention in the not too

**Extract from *Hansard***

[ASSEMBLY - Wednesday, 13 October 2010]

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Mr Peter Tinley; Mr Mark McGowan; Mr John Bowler; Mr Tom Stephens; Dr Tony Buti; Ms Rita Saffioti; Acting Speaker; Mr Fran Logan; Ms Adele Carles; Mr Peter Watson; Mr Bill Johnston; Ms Janine Freeman; Mr Bill Marmion; Mr Ben Wyatt; Mrs Liza Harvey

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distant future. The gas hot water system of a constituent of mine in St James broke on 23 September. She contacted the emergency maintenance line and a plumber attended her house that night. The plumber advised her that the hot water system could not be repaired and would have to be replaced. When she contacted the department, she was advised that she would not receive a hot water system for some 10 days. This tenant is 74 years old. She was not able to have any hot water for 10 days. Not only could she not have any hot water, but also the water that was coming out of the system was brown sludge. This is the reality of this contract that the minister has put in between the department and the people of Western Australia, the tenants of Homeswest properties. He came into this chamber and read a response prepared by a department that is failing to give him the information that he needs to respond adequately to issues raised by the opposition. He thinks that he can skate by with what has been a woefully inadequate response.

The Leader of the National Party, the Minister for Regional Development, took great delight laughing and guffawing about rent rises and rises in property values under the former government. Let us just have a quick look at what has happened in a number of suburbs of Karratha in the past 12 months. This is courtesy of the latest Real Estate Institute of Western Australia news. At Baynton, the median house price is now \$987 000, which is up 16.7 per cent in one year; at Bulgarra, the median house price is \$700 000, which is up 10.7 per cent in one year; at Millars Well, it is up 21 per cent in one year; at Nickol, it is up 10.5 per cent in one year; and at Pegs Creek, it is up 7.1 per cent in one year. The government has talked very tough about rents and property in public housing in Western Australia. It has underspent its public housing budget by \$285 million. It is not acceptable. What it shows is the fundamental difference between this side of the house, where members believe in public housing near rail lines, services and shops, and in places where perhaps members of the conservative party would not like to have public housing in their own suburbs. On the other side of the house, members like to sell off public housing, under-invest and contract out the maintenance. What we are seeing is a substandard service being delivered to Homeswest tenants across Western Australia. We will bring to this Parliament again and again examples of the deal that the disgraced former Minister for Housing did and that the now hapless Minister for Housing got up tonight to try to defend. The minister knows that the contract is indefensible.

**The ACTING SPEAKER:** Just before we go ahead, will the minister table the paper that he was going to table?

[See paper 2763.]

**MRS L.M. HARVEY (Scarborough)** [7.00 pm]: Thank you, Mr Acting Speaker.

**The ACTING SPEAKER:** Member, under standing order 61, this business is interrupted and adjourned to a later stage of today's sitting!

Debate adjourned, pursuant to standing orders.