

STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

2016–17 ANNUAL REPORT HEARINGS



**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
WEDNESDAY, 14 FEBRUARY 2018**

**SESSION FOUR
HOUSING AUTHORITY**

Members

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

Hearing commenced at 3.01 pm

Hon STEPHEN DAWSON

Minister representing the Minister for Housing, examined:

Mr GRAHAME JOHN SEARLE

Director General, Department of Communities, examined:

Mr PAUL WHYTE

Assistant Director General, Commercial and Corporate Operations, Department of Communities, examined:

Mr GREG CASH

Assistant Director General, Housing, Department of Communities, examined:

Mr LIAM CARREN

Chief Finance Officer, Department of Communities, examined:

Mr NIGEL HINDMARSH

Acting General Manager, Commercial Operations, Department of Communities, examined:

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

The WITNESSES: Yes.

Hon COLIN TINCKNELL: I will start with an easy one. I am only joking, of course; there are no easy questions. I refer to page 59 and the one-quarter of Indigenous students at the Broome North Primary School participating in the Transitional Housing Program, which for participation requires a parental commitment to send their children to school. Will this program be rolled out in other remote areas?

The CHAIR: Member, that is kind of an into-the-future question. We will try to go with the flow here. If the minister and the agency are able to answer it, they will, but if not, we could also ask if we can have some information about that program and what was achieved in 2016–17.

Hon STEPHEN DAWSON: Thanks, Madam Chair. Member, thank you for the question. Mr Searle has indicated that he is happy to provide a response.

Mr SEARLE: This program is part of the Transitional Housing Program that the department has been running for probably four years now. The intention is to create an alternative to social housing where the expectation is that someone in the household will be employed and the children will go to school as a condition of the tenancy. The program has been rolled out so far in Kununurra, Halls Creek, Broome and Derby—basically, across the major towns in the Kimberley so far. We are looking at the options for that program going forward. There are probably about 80 houses all up involved in the program across the multitude of sites at this point in time.

Hon STEPHEN DAWSON: Madam Chair, if I may, as a resident of Broome North—this snapshot refers to the Broome North Primary School. It is an exceptional school and the principal there is doing great work. I can tell you this program is a very helpful one.

Hon COLIN TINCKNELL: It is a great program. I am really impressed that it is in four communities already.

I refer to page 6 and the statement that the authority has reduced waiting times for housing. What is the wait time for each of seniors, families, single-person households and priority applicants?

Hon STEPHEN DAWSON: Again, member, we can probably provide some information for you for that financial year—the 2016–17 financial year.

Mr CASH: I can answer some of it.

Hon STEPHEN DAWSON: Mr Cash will be able to answer some of it, then we will see where we go to from there.

Mr CASH: I do not have it in the form requested—by those various categories. I am happy to provide that separately if that is desirable.

Hon COLIN TINCKNELL: That would be fantastic.

Mr CASH: Certainly, the average wait time for people on the waitlist was 139 weeks and for priority-listed applicants it was 54. That is starting to trend down over the last few years and we have seen further reductions since.

Hon COLIN TINCKNELL: It has been trending down for four years?

Mr CASH: Yes, the last few years. There has been significant investment in the 2015–16 and 2016–17 financial years through the social housing investment program, which provided an additional 1 000 housing opportunities and 800 dwellings. That helped break the back of some of the waitlist. Also, some stabilising in the housing market more broadly has seen our vacancy rate increase slightly, which is helping to eat into the waitlist as well.

Hon COLIN TINCKNELL: What are the statistics with the reduction on the priority applicants?

Mr SEARLE: In terms of wait time, in 2014–15 it was 71 weeks. In 2015–16 it was 59 weeks. In 2016–17 it was 54 weeks.

Hon COLIN TINCKNELL: Good. In that same vein, you refer to seniors being among the most vulnerable. What is the current demographic of a senior, given that the Housing Act 1980 does not use this term but uses instead the term “aged”?

Hon STEPHEN DAWSON: Member, just to be clear—you are asking what the department classes as a senior?

[3.10 pm]

Hon COLIN TINCKNELL: Yes, I am. There has been a different use of terms.

Hon STEPHEN DAWSON: I appreciate the terminology has changed over time. Mr Cash will provide an answer to that.

Mr CASH: We consider somebody over the age of 55 years to be eligible for seniors accommodation. Depending on the nature of their household will determine the type of accommodation they are allocated. Given that some people who are over 55 have children in their care, they will access family accommodation. But, generally, singles and couples over the age of 55 years are considered to be seniors.

Hon COLIN TINCKNELL: I have some others, but I am happy to yield for now, thank you.

Hon DIANE EVERS: I have a question on page 105, note 9 in regard to commonwealth funding. I note that it dropped substantially for Aboriginal housing from \$163 million to \$50 million. Do you have a reason for that? Is there an expectation of whether that is going to change?

Hon STEPHEN DAWSON: Madam Chair, I will ask Mr Carren if he can respond to that.

Mr CASH: Is that a timing issue?

Mr CARREN: Look, I suspect it is partly timing. I probably need a minute just to go through the notes. We do have some notes here on this.

Hon STEPHEN DAWSON: Perhaps I can ask Mr Searle to provide some general overview comments in relation to this.

Mr SEARLE: While Mr Carren is looking is for that, there has been a longstanding agreement with the commonwealth for the last 10 years. There has been a funding agreement called the NPARIH—the national agreement on remote Indigenous housing. That program expires this year and there has been some press coverage about discussions between the state and the commonwealth around that agreement. Whilst that agreement was very effective at one level in delivering outcomes in communities and, as you can see, there has been significant money spent, we have no indication to this point of time that there is likely to be a new agreement despite a whole lot of public commentary, and we are not in a position to comment on that.

Hon DIANE EVERS: So all the programs that that was funding, will they be continued?

Mr CARREN: I can provide some —

The CHAIR: We will go to Mr Carren first and then we will come back to that question.

Mr CARREN: I will just refer the member to page 134 of the annual report. There is a table, which is called the “Explanatory Statement”, at note 54. This statement is meant to provide some information on variations both in terms of actual for actual and budget to actual. In terms of the budget to actual, which is note (a), I will read out the comment for the sake of the meeting —

The \$82m variance is mostly attributable to the net impact of Commonwealth Grants for Aboriginal Housing that was reflowed out to 2017–18 due to delays in NPRH funding agreements being signed.

A better way to say that is that it is a timing issue. The commonwealth tends to stop start when they provide the funding; it is often not in the year that it is meant to be used. That is the main reason for the variance.

Hon DIANE EVERS: So, next year you should expect it to go back up to where it was? No.

Mr SEARLE: I understand the funding expires this financial year.

Hon DIANE EVERS: So maybe we will get something this year, but not after that. Are we prepared for that?

Hon STEPHEN DAWSON: Member, I can say that the state has been having conversations—not to great effect—with the commonwealth over the past while. We are certainly very concerned that the commonwealth would walk away from such an agreement that has delivered many positive benefits for Aboriginal residents in this state. It is particularly galling when you think of the amount of GST that leaves Western Australia and ends up in the eastern states. The fact that the commonwealth is walking away from Aboriginal residents in this state is absolutely appalling. In terms of, do we hold out hope? The conversations continue to happen. I think the Premier may well have raised the issue with the Prime Minister on Friday when he had a COAG meeting in the east, but, certainly, I am not sure we hold out much hope. Certainly, we will continue to raise the issue in every appropriate forum, but it is a real concern.

Hon DIANE EVERS: Another question to do with Aboriginal housing in remote areas. I am just wondering how strongly you take into consideration water contamination in these areas.

I understand that in some areas there are high levels of uranium and nitrates. Is that a consideration?

Hon STEPHEN DAWSON: I will ask Mr Searle to answer that one.

Mr SEARLE: I thank the member for the question. The reality is a whole range of Aboriginal communities have grown up in the last 40 years or so. During the ATSIC period people were funded to go back onto country. Sometimes they chose sites that might not have been great in terms of water availability and water quality. We monitor water in a large number of communities, and where there is a high nitrate level, to my understanding there are none that are unsafe for adults. There are issues around babies and infants and the nitrate levels, and in those communities we provide bottled water where we are aware of it. We have a program approved as a result of some of the work that was done in the reform unit that will now see an upgrade program in the larger communities and, for want of a better word, “normalisation” of their water supply. It is funded for the top 10 communities, and that process has started in terms of size.

Hon DIANE EVERS: Normalisation—what is that?

Mr SEARLE: Basically, trying to get the major utilities to take over the operation of the water in those communities. So, communities like Bidydanga and that style of bigger community. Where we can, we are working with the smaller communities in terms of putting in place an alternative water treatment plant. For instance, in Tjuntjuntjara they have just introduced a reverse osmosis treatment plant to try to upgrade the water quality. So, it is something that is on our agenda. For the very small communities, at some point it becomes a disproportionately expensive thing to do and then people have to start making judgements.

Hon DIANE EVERS: Okay, thank you for that. One other question, on page 49—you talk about the Manjimup Seniors Living Project. It sounds excellent; I have heard good things. I am just wondering how this went, whether there is an update on it and whether you are planning any further developments in the region. Is anything planned?

Hon STEPHEN DAWSON: Thanks, member. Again, I think we are skating on thin ice in terms of what is planned in the future, but, certainly, in relation to the Manjimup Seniors Living Project, I will ask Mr Hindmarsh to comment on that. Perhaps if anyone is able to indicate whether we are doing this elsewhere or plan to, we might be able to provide that, but we might not. Let us hear what we can give you—Mr Hindmarsh.

Mr HINDMARSH: Thank you, minister. I will not speak to the future planning, but in terms of the Manjimup Seniors Living Project, that is well underway. The civil works tenders for the first works in there went out and were released to market this month, with an intent to start construction on the first nine dwellings in around April this year.

Hon DIANE EVERS: Can I ask the location of this project? What was on the site previously?

Mr HINDMARSH: It was previously a school.

Hon STEPHEN DAWSON: Member, just in relation to other, I guess, projects, this project was funded out of royalties for regions. I understand there are a number of projects in relation to seniors housing on the drawing board and certainly a number of agencies have sought funding for those projects through the Department of Regional Development, so I am not sure if you have Regional Development in front of you over the next few days —

Hon DIANE EVERS: Yesterday.

Hon STEPHEN DAWSON: You have had them, okay. If you have an interest in that area, you may well want to ask a parliamentary question of that agency.

The CHAIR: There is also capacity for additional questions.

Hon DIANE EVERS: Afterwards—that is right. It is something that is going to be very much needed in the south west over the coming years as people are ageing.

One other question—maybe two. There is an effectiveness indicator on page 138 that shows that your ratio of housing assistance to the rental waiting list has been increasing each year—great. The ratio is now up to 1.16, but then you have a target of 0.95. I am wondering whether there are expectations of a negative change or are you just setting the target so that it is easily achievable? It just looks like it is doing really well. Why would the target then be set lower?

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

Mr CASH: The target was set before the result. The extent to which we are able to respond to the waitlist consists of a whole range of different factors. We would have set the target on what we felt may have been a stretch target, but with the SHIP program that we delivered, we were able to go above that, as well as bond assistance loans and a whole range of other things that interact with probably the more fixed number, which is the application rate of the waitlist versus the variable demand and the extent to which turnover within the portfolio of properties allows us to house more people.

[3.20 pm]

Hon DIANE EVERS: Sorry, I might have missed something. There were fewer there so the demand was going down?

Mr CASH: Demand stabilised and our ability to service that demand increased, so we got some good wins in that financial year.

Hon STEPHEN DAWSON: Mr Searle has indicated he can provide some additional information.

Mr SEARLE: In particular, the delivery of the SHIP program in that year meant that we could house a lot more people than we normally could. We expect to go back to a more normal level when that program is concluded. That is why there is the variance in numbers.

Hon TJORN SIBMA: I am picking up on the first line of questioning concerning the public housing waiting list. I am seeking a little more clarity if I can. Firstly, focusing on page 52 of the annual report. You identify there, as it has already been mentioned, a cohort of 1 590 people with an identified priority need on that waitlist. It is noted in the next paragraph that there were 1 715 people with a priority need. It is a small difference, but is there any reason for that difference?

Mr SEARLE: The difference between those numbers is that one is the people on the list and the second is the number housed during the period.

Hon TJORN SIBMA: So dealt with and remaining on the list; okay. For the uninitiated, how is priority need determined?

Mr CASH: We assess people based on the need for accommodation. Generally, all of our applicants have an income need or an affordability need. Where their circumstances are such that they have no other viable housing options and have an urgent housing need, then we consider them for priority assistance. That generally says that they are at risk of homelessness, that the accommodation they are living in is exacerbating or aggravating a medical illness or other ailment and that they have no other viable housing options of longer term stable accommodation.

Hon TJORN SIBMA: Is there a consistent descriptor or means by which people are allocated into that category or is it something that is left to the discretion of individual case officers within the agency?

Mr CASH: No, we have set clear policy guidelines and clear documentation and procedures and we train people in the ability to assess individual circumstances.

Hon TJORN SIBMA: Presumably then that criteria has been stable for the period at least leading up to this annual report?

Mr CASH: Yes.

Hon TJORN SIBMA: And there are no forecast changes to that?

Mr CASH: No, not at the present moment.

Hon TJORN SIBMA: The 1 500-odd people presently recorded as being on your priority waitlist, what consistency in demographic profile is there? Are they usually older people? Is a particular other demographic cohort over-represented in that list—women, elderly people or Indigenous people? Can you shine a bit more light on that?

Mr CASH: I cannot go into too much granular detail off the top of my head but, generally speaking, there is a mix of seniors, families who are single parent families or victims of domestic violence. The seniors cohort will generally be a medical-related issue. For families it is probably largely domestic violence and other types of disadvantage and circumstance and some at risk of homelessness. For singles, which is adults under the age of 55 in singles or couples households, they would generally be at risk of homelessness. Through the SHIP program we had an intention to target seniors and families. That has left probably a bulk of a cohort on the priority list that is for single people.

Hon TJORN SIBMA: Would it be possible by way of supplementary information, if you can, to provide a demographic breakdown of the composition of that priority list?

Mr CASH: Yes.

The CHAIR: We will give that D1.

[Supplementary Information No D1.]

Hon TJORN SIBMA: My next question relates to page 139 and, in particular, to a table that illustrates the distribution of wait times for applicants housed. My attention is obviously drawn to that group of people who have been waiting for five years plus. I suppose, similar to my last question, is it possible to provide some insight into how that group of people is comprised in demographic terms? Are they more likely to be single people or families?

Mr CASH: Yes, we can provide that information.

The CHAIR: We will give that D2.

[Supplementary Information No D2.]

Hon TJORN SIBMA: Can I just clarify—this might sound like a stupid question—these people have been dealt with after five years, or after five years are they still waiting?

Mr CASH: These numbers reflect the people whose need we have satisfied. That table is to provide context to the table above, which gives an indication as to why there are some fluctuations in time frames. It is particularly relevant given that the waiting list was upwards of 23 000 or 24 000 about five years ago. Over the last few years we have been housing the longer term applicants, which pushes up the average number.

Hon COLIN TINCKNELL: Page 74 refers to housing affordability, rental stress and the lending environment as significant issues affecting the authority. How can you assist a person on a minimum wage of, say, about \$35 000 into private home ownership?

Mr SEARLE: A number of years ago the Housing Authority produced for the minister what we called an affordable housing strategy for Western Australia and it tried to identify the right points of intervention in the market by government: why is government in this space at all and where should it intervene? One of the things that governments have been consistent on in the state since the 1990s, or the late 1980s, is Keystart. Keystart is basically a lending authority that is effectively owned by the Housing Authority but still provides loans on two per cent deposit and to people on a low income. There is a cap on how much you can earn and get a Keystart loan. The government does provide support in that process. There is also the ability for people on a very low income to enter into a shared equity loan where the Housing Authority will pick up up to 40 per cent of the equity in the house and they can get a Keystart loan for the balance. A wage of \$35 000 might be a bit tight but there is a significant opportunity in there for people on low incomes to get access to home mortgage finance.

Mr CASH: In country areas you could do it.

Mr SEARLE: Yes, as Greg rightly says, in some country areas where housing is somewhat cheaper, it would be doable. It is something that we have actively promoted. The lending environment gets tight because the debt that Keystart and the Housing Authority carries gets counted towards gross debt for the state. There has always been a balancing act. In this particular financial year the deal that was done with the Bendigo and Adelaide banks around funding was significant in enabling us to keep lending during that period without affecting gross debt.

[3.30 pm]

Hon COLIN TINCKNELL: I have a couple of other questions which are all about affordability and what other assistance you are getting from other agencies. For instance, you have mentioned many times people that are at risk of being without a home and living on the streets. What assistance do you get from other departments to get people that are actually living on the streets into a home? Is that something that you can answer? I know it is not in the annual report. It may be in the annual report, but I have not been able to find it.

The CHAIR: We will let it go through in the sense that the agency is probably willing to answer.

Hon STEPHEN DAWSON: There are a couple of people around the table who are happy to provide an answer.

Mr CASH: As you can imagine, often you require a multiagency approach and it involves both the government and the non-government sector. They provide a lot of services for people who are homeless or at risk of homelessness. The authority in conjunction with community housing providers, who are also low-income housing providers, work collaboratively with other not-for-profit service providers to provide pathways to transition people from homeless shelters into longer term, stable accommodation. There are programs such as 50 Lives 50 Homes where we are working collaboratively with a range of agencies, such as RUAH, Foundation Housing and others, to identify homeless people and provide them a pathway into longer term, stable accommodation. But it is not just a housing response. It actually provides connected, supported services that help deal with other issues that the person may be dealing with, whether that is mental health, drug and alcohol issues, or other medical or other problems. It is a coordinated approach. We try to do it as best we can by working collaboratively across local networks. We have services right across the state and we work with local community groups and local services to make sure that those services are integrated.

Mr SEARLE: For the year in question, homelessness was actually the responsibility of the Department for Child Protection and Family Support. The recent machinery-of-government changes have meant that those two things have now come together into one department. Both

homelessness and housing are in the one agency, which hopefully will provide some benefit in terms of how we —

Hon COLIN TINCKNELL: And better outcomes.

Mr SEARLE: Absolutely, but one of the challenges may well be that the funding for the national agreement on homelessness is also about to expire with no visible signs of being renewed, so the same issue applies.

Hon STEPHEN DAWSON: Member, if you would like a briefing on social housing or housing outside of the committee, I am certainly happy to organise that with the minister's office. If you want to talk to me outside this committee, I am happy to arrange that for you.

Hon COLIN TINCKNELL: If I have indulgence from the Chair, I would like to ask one more question.

The CHAIR: I am hugely indulgent. It is Valentine's Day.

Hon COLIN TINCKNELL: It is not necessarily in the report; it could be in the report but I have no reference. A few years ago, it was mooted that Aboriginal people who lived in communities where the homes were owned by the government were going to get an opportunity to buy those houses. It was all about getting some home ownership going in Aboriginal communities. Did that ever come to fruition or is that still in the workings of the department?

Mr SEARLE: That is a very vexed question and one that the federal minister is particularly interested in. The problem we have when looking at that is: what is the value of a house in a remote Aboriginal community, more particularly given the cost of doing maintenance to a house in a remote Aboriginal community, which is excessive. We believe that people would in fact be worse off if they had to pay for their own maintenance because to try and get a plumber to go to some of these places is prohibitively expensive. One of the agreements we are trying to negotiate with a couple of communities right now is actually putting maintenance and responsibility back into the community for those houses. There are about four communities we are currently in negotiations with around effectively them keeping the rent money and using it for maintenance and us coming in a couple of times a year to make sure that the maintenance is happening. It actually puts responsibility and ownership back into the community in terms of any money they can save in that maintenance program, they get to keep. We think there is some potential down that path. We are very supportive of home ownership in regional towns and Keystart is actively lending to Aboriginal people in regional towns because houses have value and the normal association we have with intergenerational wealth transfer through housing is real. In remote communities it is a much more vexed question. You could argue that some houses actually have a negative value given the cost of maintaining them.

Hon COLIN TINCKNELL: That is very good, thank you. It makes a lot of sense.

Hon DIANE EVERS: You talked about them doing maintenance out there. This is really stretching it to other departments, I assume, but would it make sense to train people to have education happening so that in these remote communities you had someone who could do plumbing?

Mr SEARLE: This is something we are really interested in and actively pursuing. Again, whilst it is not quite in the year in question, the minister was in Broome last week or the week before announcing some contracts with Aboriginal companies to build houses in Kununurra, Wyndham and Halls Creek in the short term. Those contracts were deliberately structured to include 40 per cent Aboriginal employment, which is gigantic by any measure. But also they were four-year build programs to enable them to take on Aboriginal apprentices, electricians, carpenters and plumbers and let them finish their qualifications in the one contract without builders having to take them on and put them off. The problem with the previous NPARIH agreement is that building was done one year at a time, so builders could not plan and could not invest in apprentices and get a long-term outcome. Part of

what we are now doing is that the Department of Communities is trying to work through how can we maximise the benefit to the community of the spend that we are making in that community, rather than just flying people in from other states to do the work because it is cheaper.

Hon TJORN SIBMA: I refer to page 44 and I just want to ask a few more questions around the \$1.2 billion divestment of the Keystart loan book to Bendigo and Adelaide Bank. Forgive me, because this is pretty rudimentary information, but I am coming up to speed slightly, what proportion of the Keystart loan book did that sale represent?

Mr SEARLE: A third.

Hon TJORN SIBMA: In terms of proceeds of sale, did that effectively just wind up in consolidated revenue or did Housing receive a proportion of that back or did you just record that as a diminished liability because you were not going to write out as many loans? What were the financial implications on the agency of that sale?

Mr SEARLE: The way Keystart is effectively funded to create its loans is that the Housing Authority borrows money from the Treasury Corporation and that money is passed through to Keystart to enable them to lend money. As part of that process, Keystart has a lending limit that is imposed by Treasury each year and they can only lend up to that amount. When they got close to the amount last time and there was a desire to continue to lend, this deal was done as a way of moving that cap. So, effectively, it took money out of that cap. Mr Whyte was involved far more heavily than I was in the deal and might have some more information.

Mr WHYTE: The funds generated from the sale were dollar for dollar as far as the face value of the loans were concerned. The funds received went to pay down the Treasury Corporation debt.

Mr SEARLE: So it created capacity in the cap.

Hon TJORN SIBMA: You have two-thirds of your residual loan book left. Is there any prospect of further divestments?

The CHAIR: Nice try!

Hon STEPHEN DAWSON: It is a nice try, member. We are dealing with the Housing Authority annual report 2016–17.

Hon TJORN SIBMA: I can ask next year—well, actually this year.

Hon STEPHEN DAWSON: You can ask in Parliament. Obviously, today is not the right place to ask.

Hon TJORN SIBMA: I am happy with that, thank you. I thought I would try.

[3.40 pm]

Hon DIANE EVERS: On the \$1.2 billion, you said it was dollar for dollar. That seems very good. Is that a nice thing that Bendigo and Adelaide Bank did or were they just so certain that every loan that we made was going to be paid back?

Mr WHYTE: There was an open market process and the loans that they took over were a diversified portfolio of loans. There was some conjecture as to whether or not there would actually be more than a dollar for dollar because they, of course, generate profit off those loans. Depending on the state of the market, it came out at dollar for dollar through an open market process and that was considered to be a fair and reasonable sale.

Hon DIANE EVERS: And they are not guaranteed by Western Australia or anything like that?

Mr WHYTE: Not directly. There was a retention of some funds to cover loans that may have defaulted and an opportunity to swap in and swap out loans in that package. To my knowledge, that

has not been needed and that guarantee, if you like—it was called a retained amount rather than a guarantee—has not been drawn on at all and that either has expired or will expire soon.

Mr SEARLE: I think there are a couple of important things about this. The administration of those loans stayed with Keystart, so the customers actually saw no difference. Keystart gets a fee for the administration of those loans. So, from a customer's perspective, there was no change.

Hon DIANE EVERS: So it was just financially to change it off our balance sheet to theirs?

Mr SEARLE: Absolutely. From a customer's point of view, that seems to have worked seamlessly. The reason they got to dollar for dollar was Keystart over a long period of time has a very low default rate. This is counterintuitive, given they are dealing to low-income people and low deposits, but the reality is Keystart's loans in arrears is about two-thirds that of the banks. They actually have a better record. I think that might have something to do with the fact that these people know this is their one chance, so they make sure because they will not get another one. I think that is part of the reason. Keystart has a very good reputation in terms of their lending policies. They work with borrowers before they lend them the money and what follows from that.

Hon DIANE EVERS: That sounds really good. Is the interest rate similar to market rates?

Mr SEARLE: A policy decision was made a number of years ago to charge the average of the big four banks. It is not a low interest rate loan; it is a low deposit loan. The intent is that over time people will want a credit card or will want something else and the banks will be able to offer them a better deal in packages, so people will actually move off our books and we have done our job of getting them into the market.

Hon COLIN TINCKNELL: I refer to page 28 and it is regarding the Hainsworth project in Girrawheen. Is that on schedule and is it on budget?

Mr HINDMARSH: I can confirm it is on schedule. The work is already underway. We selected a proponent last year in Yolk Property Group to undertake that work and, indeed, the Minister for Housing was involved in a sod-turning event, I think about five months ago, on recollection. The plans for Hainsworth are still progressing on track.

Hon COLIN TINCKNELL: On that same vein, on page 39 you refer to four metropolitan urban infill sites—Kiara, Kenwick, Ferndale and Woodbridge. What consultation do you undertake with local government? Is there any resistance to the infill in certain suburbs? I know that is a ridiculous question, that last one. I am sure there is.

Mr HINDMARSH: We do undertake wherever possible consultation with the local governments and try to work within the local planning schemes that they have in place. Obviously, there are different approaches and different community reactions to infill across Perth. What we are certainly working to do alongside our local government colleagues is to try to assure people that infill actually means a quality development that offers a much broader range of options to the market and, indeed, to the wide spectrum of purchasers who currently cannot access all those markets because that diversity of product does not exist. We will work with the local governments and through their local planning schemes to be able to achieve that.

Hon STEPHEN DAWSON: Member, certainly in relation to the Kenwick site, the annual report points out the City of Gosnells—is “partner” too strong a word—has strong involvement and has partnered with the agency in terms of the project out there.

The CHAIR: On behalf of the committee, I thank you for your attendance today. The committee will forward the transcript of evidence, which highlights the questions taken on notice, together with any additional questions in writing after Monday, 26 February. Responses to these questions will be

requested within 10 working days of receipt of the questions. Should you be unable to meet the due date, please advise the committee in writing as soon as possible beforehand. The advice is to include specific reasons as to why the due date cannot be met. If members have unasked questions, I ask you to submit these via the electronic lodgement system on the POWAnet site by five o'clock Friday, 23 February. Once again, thank you everyone for your attendance today.

Hearing concluded at 3.45 pm
