

MINISTER FOR HOUSING

OVERVIEW

Agency	Budget 2005-06 \$m	Budget 2006-07 \$m	Variation %
Payments to Other Government Bodies Under the Control of the Minister			
Total Expenses	518.3	540.4	4.3
Capital Expenditure
Aboriginal Housing Office			
Total Expenses	84.4	94.7	12.3
Capital Expenditure	7.1	17.7	149.3
Home Purchase Assistance Fund			
Total Expenses	24.1	14.1	-41.6
Capital Expenditure
Total, Minister for Housing ^(a)			
Total Expenses	575.4	600.6	4.4
Capital Expenditure	7.1	17.7	149.3

(a) The Ministerial total has been reduced to exclude recurrent amounts paid from Payments to Other Government Bodies Under the Control of the Minister to the Aboriginal Housing Office.

PAYMENTS TO OTHER GOVERNMENT BODIES UNDER THE CONTROL OF THE MINISTER

In 2006-07, a total of \$540.4 million from the Commonwealth and State sources will assist almost 450,000 people on low incomes in housing need. The Department of Housing will receive \$491.7 million and the Aboriginal Housing Office will receive \$48.7 million. Housing assistance in 2006-07 will provide support to:

- ◆ approximately 318,000 people in Government-subsidised housing managed by public, community or Aboriginal housing providers;
- ◆ around 4,500 crisis accommodation places for nearly 42,000 people; and
- ◆ around 88,000 private renters and homebuyers through financial assistance.

A further \$171.7 million largely from internal sources will result in total expenditure under the Housing Policy and Assistance Program in 2006-07 of \$712.1 million.

RECENT DEVELOPMENTS

The Department of Housing is focused on increasing efficiency while maintaining core client services and programs. The Department continues to trial the Maintenance Reform Program that started in 2005-06 to upgrade properties and achieve long-term savings in maintenance sufficient to offset any upfront costs.

The focus of 2006-07 Budget is on the implementation of the Reshaping Public Housing Reform Program announced in April 2005. The Department of Housing Budget is also implementing the Portfolio Strategy, a State-wide plan to reconfigure the Public Housing portfolio to better meet client needs.

STRATEGIC DIRECTIONS

The Commonwealth and New South Wales Governments have negotiated a Bilateral Agreement that underpins the strategic priorities of the Department of Housing for 2003 to 2008. These priorities are to:

- ◆ provide flexible and sustainable social housing responses for clients;
- ◆ work more effectively with the private market, local government and the non-government sector;
- ◆ strengthen local housing communities to help address social and economic disadvantage; and
- ◆ provide efficient, effective and viable services.

The Department currently has a substantial reform agenda in place and has undergone a number of significant changes.

The most significant changes are related to the Reshaping Public Housing Reforms. These reforms were designed to ensure a fair, more efficient and effective public housing system, capable of meeting current and future demands. Key areas include:

- ◆ Eligibility (to take effect from 1 July 2006) – this introduces revised assessment criteria for those seeking entry to public housing to support the policy of targeting public housing to those in most need.
- ◆ Length of assistance – provides a proposed methodology for determining a tenant's eligibility to continue in public housing.
- ◆ Water charges – a standard charge for water introduced in 2005 will be reconciled with actual usage where possible.

- ◆ Inter-agency accord – will provide a framework for cross-agency housing and support services to enable tenants with complex needs to obtain support services to maintain their tenancies.
- ◆ Reconfiguration of the asset portfolio – Departmental housing assets will be reconfigured to more cost effectively support the Department’s objectives.
- ◆ Maintenance Reform – offers efficiencies on the current annual spending on maintenance.

The Portfolio Strategy forms an integral component of the Reshaping Public Housing Reform. The Strategy is a State-wide, long-term plan for investment in the Department’s public housing assets. The aim is to use Departmental housing assets cost-effectively to support the Department’s corporate objectives and better match client profiles.

The Department is also trialling the Maintenance Reform Program that establishes a new approach to the maintenance of public housing, and offers an estimated 15 per cent cost savings on the current annual spending on maintenance. This saving is achievable through a systematic lifecycle planning approach. This contrasts with the existing reactive approach that relies largely on reporting of failure by tenants.

2006-07 BUDGET

Total Expenses

In 2006-07, total expenditure of \$712.1 million on the Housing Policy and Assistance Program will be funded through \$540.4 million made available from the Budget, of which \$237 million is from the NSW Government. The balance of total expenditure is to be funded largely from internal sources (which are predominantly funds carried forward from previous years and proceeds from asset sales) of the Department of Housing and the Commonwealth Government.

The total budget of \$712.1 million is broadly applied in three areas: housing supply, asset management for existing dwellings and other housing assistances for people on low incomes, as described below.

Housing Supply Program

The housing supply program of \$394.8 million will fund new capital works, works in progress, and existing and new leased housing in the public, community and Aboriginal housing sectors, as follows:

- ◆ \$266.7 million for public housing will fund the commencement of 1,178 new dwellings (purchased or constructed), the completion of 877 dwellings, along with 2,666 existing leases and 98 new leases from the private market;
- ◆ \$94.1 million for community housing (excluding crisis accommodation) will fund the commencement of 200 new dwellings (purchased or constructed), the completion of 239 dwellings and subsidies for 5,563 existing leases and 90 new leases;
- ◆ \$12.7 million for crisis accommodation will fund the commencement of 26 new dwellings, the completion of 27 dwellings, 242 existing leases and 15 new leases; and
- ◆ \$21.3 million for the Aboriginal Housing Office (AHO) will fund the commencement of 52 new dwellings to be managed by the AHO and 17 new dwellings to be managed by the Aboriginal community housing sector under the Housing for Aboriginal Communities Program. It will also fund the completion of 58 dwellings (50 for the AHO and eight Aboriginal community housing dwellings).

In total, 1,404 dwellings will be added to the social housing portfolio through capital completions or purchases (1,201 units) and leasing from the private market (203 units).

The Community Housing allocation for 2006-07 includes enhancement funding of \$520,000 for head-leasing 50 units of support accommodation for people with a mental illness, under the Housing and Support Initiative, managed jointly by the Departments of Health and Housing.

Asset Management Program

Continuing with the strategic direction of improving the standard of housing stock, allocations of \$118.2 million, \$5.6 million and \$13.8 million will be given to public, community (including crisis) and Aboriginal housing respectively, for improvements to dwellings. Improvements range from minor repairs to painting to major upgrading work and are designed to meet client needs. Asset management improvements also contribute to community regeneration of public housing estates.

Other Programs

The Government assists disadvantaged and lower income people renting in the private rental market. In 2006-07, \$24.9 million will be available to fund Rentstart, a program that provides financial assistance, such as payment of rental bond, for private renters. Under the Special Assistance Subsidy (SAS) program, \$10.4 million will assist eligible people with disabilities and people living with HIV/AIDS, to access the private rental market.

The Government also assists lower income earners own their own home through the Mortgage Assistance Scheme. \$1 million in revolving funds is provided for mortgage assistance.

Other programs funded in this Budget for community and public housing, include:

- ◆ \$2 million for programs to tackle homelessness in the State; and
- ◆ \$1.2 million for the Centre for Affordable Housing.

The Aboriginal Housing Office will allocate \$15 million to fund non-asset related programs, such as resourcing Aboriginal community organisations and providing sector support. A further \$18 million will be provided for the Aboriginal Communities Development Program.

Information on the planned capital expenditure program of each housing agency is in Budget Paper No. 4.

ABORIGINAL HOUSING OFFICE

The Aboriginal Housing Office (AHO) is a statutory authority with an all Aboriginal board, established in 1998 pursuant to the *Aboriginal Housing Act 1998*. The AHO plans and administers the policies, programs and asset base for the delivery of Aboriginal housing in New South Wales. This includes resource allocation, sector-wide policy, strategic planning and monitoring outcomes and performance in the Aboriginal housing sector.

The AHO manages and co-ordinates an annual capital works program, and develops and implements a range of financial and resourcing strategies. In addition, the AHO has an important role in facilitating and improving training and employment opportunities for Aboriginal people.

In carrying out its functions, the AHO is guided by the principles of self-management by Aboriginal people. The AHO therefore strives to maximise the involvement of Aboriginal housing providers and the Aboriginal community (including tenants and housing applicants) in the development of housing policy and standards and the delivery of housing programs.

RECENT DEVELOPMENTS

Significant policy developments that will impact on AHO's expenditure and activities in 2006-07 include:

- ◆ the Indigenous Housing Reform Agenda and Investment Strategy as agreed at the Housing Ministers' Conference in October 2005. This Reform Strategy builds on existing initiatives and includes a staged four year reform agenda and investment strategy. This will be progressed during 2006-07 for consideration by the NSW and Commonwealth Governments;
- ◆ the AHO's Sector Reform Strategy which includes the development of frameworks and policies to reform the sector, introduction of a regulatory framework for Aboriginal Housing Providers, and better targeting of existing resources and funding;
- ◆ participation in a number of Reviews, including: The Review of the NSW *Aboriginal Land Rights Act 1983*; the Community Housing and Infrastructure Program; and the joint Review between the Commonwealth and New South Wales Governments on Aboriginal Housing and Related Infrastructure; and
- ◆ developing and implementing strategies under the Healthy Indigenous Housing Initiative to strengthen governance, management and structure of Aboriginal Community Housing Providers.

STRATEGIC DIRECTIONS

The three key strategies that underpin the Aboriginal Housing Program in 2006-07 are Sustainable Services, Sustainable Growth and Sustainable Assets. These directions and the detail of the Aboriginal Housing Program were developed in consultation with Aboriginal people and Aboriginal housing organisations as well as other key stakeholders.

Program funding is directed towards long-term sustainable housing outcomes for housing in Aboriginal communities as well as addressing immediate housing need, repairs and maintenance and asset management. Specific strategies include assisting Aboriginal Housing Providers to remain viable and become sustainable through a range of capacity building programs to organisations and their staff, an asset management plan for acquisitions and repairs and maintenance, and also the roll out of co-ordinated and resource effective models of management.

The strategic directions in the AHO's Strategic Plan for 2005-06 to 2007-08 are also closely linked to:

- ◆ the *Aboriginal Housing Act 1998*;

- ◆ the Building a Better Future: Indigenous Housing to 2010; and
- ◆ the Indigenous Housing and Infrastructure Agreement 2005-06 to 2007-08.

2006-07 BUDGET

Total Expenses

The total expenses of \$94.7 million will support:

- ◆ grants of \$4.1 million to Aboriginal communities for the acquisition of community-owned dwellings, with a further 17 additional units expected;
- ◆ AHO property upgrades and asset management of \$3.4 million;
- ◆ Aboriginal community housing repairs and maintenance of \$10.4 million;
- ◆ resourcing community organisations, sector support and training at a cost of \$5.8 million; and
- ◆ grants of \$18 million for the housing component of the Aboriginal Communities Development Program.

Capital Expenditure

The AHO housing program provides public rental housing for Aboriginal people. In 2006-07, AHO's capital expenditure will be \$17.7 million comprising:

- ◆ \$5 million for completion of 50 units under works in progress;
- ◆ \$12.2 million to commence construction or acquire a further 52 units of accommodation; and
- ◆ \$500,000 for office plant and equipment.

HOME PURCHASE ASSISTANCE FUND

The Home Purchase Assistance Fund was established by Trust Deed in 1989 to support and administer government home purchase assistance programs. Income earned by the Fund's investments is used to meet shortfalls in the HomeFund Scheme and other programs supporting home purchase. The Department of Housing oversees the management of the Fund.

RECENT DEVELOPMENTS

Rationalisation of the HomeFund scheme structure is now well advanced with consolidation of 27 of the initial 29 FANMAC mortgage trusts into a Master Trust. There is only one mortgage trust with bonds held by external parties; this trust matures in May 2006 and the mortgages will be transferred into the Master Trust at that time.

STRATEGIC DIRECTIONS

The management of the Fund continues to be focused on risk containment, prudent asset investment, cost minimisation and the careful administration of borrowings. Within this structure, the Fund's key objective is to maintain sufficient levels of capital to meet its HomeFund support obligations. These HomeFund support obligations will significantly reduce after May 2006 and the financial structure of the Fund will be reviewed in line with the Fund's future obligations.

2006-07 BUDGET

Total Expenses

Total expenses are budgeted at \$14.1 million in 2005-06 with major components being interest on borrowings of \$12.5 million and funding of FANMAC Trust shortfalls of \$0.7 million.