

# MINISTER FOR HOUSING, AND MINISTER FOR TOURISM

## OVERVIEW

Agency	Budget 2006-07 \$m	Budget 2007-08 \$m	Variation %
<b>Payments to Other Government Bodies Under the Control of the Minister</b>			
Total Expenses* .....	540.4	529.3	-2.1
Capital Expenditure .....	...	...	...
<b>Aboriginal Housing Office</b>			
Total Expenses** .....	94.7	74.3	-21.5
Capital Expenditure .....	17.7	13.5	-23.9
<b>Home Purchase Assistance Fund</b>			
Total Expenses .....	14.1	17.5	2.4
Capital Expenditure .....	...	...	...
<b>Total, Minister for Housing, and Minister for Tourism***</b>			
Total Expenses .....	<b>600.6</b>	<b>583.3</b>	<b>-2.9</b>
Capital Expenditure .....	<b>17.7</b>	<b>13.5</b>	<b>-23.7</b>

\* *The reduction in Total Expenses between 2006-07 and 2007-08 is due to the reclassification of some of the Aboriginal Communities Development Program to non-housing related programs, which will now be directly appropriated to the Department of Aboriginal Affairs.*

\*\* *The reduction in Total Expenses between 2006-07 and 2007-08 is due to the reclassification of some of the Aboriginal Communities Development Program to non-housing related programs, which will now be directly appropriated to the Department of Aboriginal Affairs, as well as a change in the accounting treatment of rental subsidy expenses.*

\*\*\* *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.*

In addition to the agencies listed above, the Minister is also supported by the Department of State and Regional Development (Section 19) for the Tourism portfolio area.

## **PAYMENTS TO OTHER GOVERNMENT BODIES UNDER THE CONTROL OF THE MINISTER**

Payments through the Housing Policy and Assistance Program will assist almost 440,000 people in housing need. The Department of Housing, which operates under the auspices of the *Housing Act 2001*, and the Aboriginal Housing Office, which operates under the auspices of the *Aboriginal Housing Act 1998*, will use these payments and internal funding sources to provide support to:

- ◆ approximately 310,000 people in Government-subsidised housing managed by public, community and Aboriginal housing providers;
- ◆ around 4,500 crisis accommodation places for nearly 42,000 people; and
- ◆ around 89,000 private renters and homebuyers with financial assistance.

## **RECENT DEVELOPMENTS**

The Department of Housing is focused on increasing efficiency while maintaining core client services and programs. A priority in 2006-07 was implementing the Reshaping Public Housing reforms. These reforms are designed to ensure a fair, more efficient and effective public housing system capable of meeting current and future demands. Key areas of the reform include:

- ◆ Eligibility - from 1 July 2006, a revised assessment criterion for those seeking entry to public housing was introduced to support the policy of targeting public housing to those in most need.
- ◆ Length of assistance - a revised criterion for determining a tenant's eligibility was introduced, with tenure also linked to a client's level of need.
- ◆ Water charges - a standard charge for water was introduced in December 2005 which has significantly reduced water consumption.
- ◆ Accord - the New South Wales Housing and Human Services Accord was announced in April 2007. The Accord is a formal agreement between the Department of Housing and other government human service agencies to improve interagency responses for "shared" social housing clients with complex needs.
- ◆ Reconfiguration of the asset portfolio - the Department of Housing is using housing assets more cost effectively to support the Department's objectives and better match client profiles.

The Department of Housing continued to pilot the Maintenance Reform Program (MRP) together with upgrading fire safety systems across the property portfolio. The MRP establishes a new direction in the maintenance of public housing through a more cost effective, systematic lifecycle planning approach.

## **STRATEGIC DIRECTIONS**

The Department of Housing's core objectives are to:

- ◆ maintain a strong and fair public housing system for people most in need;
- ◆ support a robust and diverse community housing system;
- ◆ drive innovative solutions to meet a range of housing needs; and
- ◆ work in partnership to strengthen the capacity of individuals, families and communities.

A recent initiative announced by the Government in March 2007 aims to expand affordable rental housing through:

- ◆ piloting long term leases with a number of community housing providers to give them greater income security to raise private finance and grow the community housing sector;
- ◆ additional support to community housing providers to build their own houses and encourage growth in the sector;
- ◆ creation of an Affordable Housing Innovations Fund, with \$30 million being provided by the Rental Bond Board, to support affordable housing initiatives; and
- ◆ provision of further Rental Bond Board funding for the development of the ADI site at St Marys for affordable housing in the west of Sydney.

Some of these initiatives will underpin the *NSW Planning for the Future: Community Housing* strategy which aims to increase the number of houses managed by the community housing sector over the next ten years.

The Department is also implementing the following major strategic redevelopments and initiatives:

- ◆ West Dubbo Transformation – this involves the Department implementing a staged re-development of the West Dubbo estate over the next three years to provide better and more appropriate housing for clients in Dubbo.

- ◆ Living Communities Program Bonnyrigg - this involves a public private partnership which harnesses community, government and private sector participation in a staged redevelopment of the existing 833 social housing dwellings.
- ◆ Living Communities Program Minto - this involves the staged redevelopment of approximately 1,000 properties on the Minto public housing estate in Sydney's South West. The aim of the project is to renew the suburb of Minto with a mix of public and private housing.
- ◆ Building Stronger Communities program - \$66 million will be spent over four years to deliver stronger, more vibrant and supportive communities for social housing tenants in six major locations covering 18 housing estates.
- ◆ Inner West Redevelopment Strategy - this will result in 228 new homes.
- ◆ Social housing for older people - the Department's capital supply budget for 2007-08 includes an allocation of \$49.9 million (inclusive of commitments carried forward from 2006-07) for provision of 262 new homes for the elderly.

## **2007-08 BUDGET**

### **Total Expenses**

In 2007-08, \$529.3 million will be provided from the Budget for the Housing Policy and Assistance Program of which \$224.5 million is from the NSW Government. This program is supported by a further \$233.9 million utilised from the internal sources of the Department of Housing and the Aboriginal Housing Office. This total budget of \$763.2 million will be broadly applied in three areas as described below: housing supply; asset management for existing dwellings; and other housing assistance for people in housing need.

### ***Housing Supply Program***

The housing supply program of \$392.2 million will fund new capital works, works in progress, and existing and new leased housing in the public, community and Aboriginal housing sectors. This includes:

- ◆ \$235.9 million for public housing which will fund the commencement of 1,013 new dwellings, the completion of 807 dwellings, continuation of 2,659 existing leases and the addition of 389 new leases from the private market;

- ◆ \$128.1 million for community housing (excluding crisis accommodation) which will fund the commencement of 339 new dwellings, the completion of 358 dwellings and subsidies for 5,642 existing leases and 90 new leases;
- ◆ \$19.1 million for the Aboriginal Housing Office to commence or acquire 31 new dwellings and to continue to construct 30 dwellings to be managed by the Aboriginal Housing Office, as well as for 14 additional dwellings to be managed by the Aboriginal community housing sector; and
- ◆ \$9.1 million for crisis accommodation which will fund the commencement of 26 new dwellings, the completion of 28 dwellings, 245 existing leases and 15 new leases.

In total, 1,717 better configured dwellings will be added to the social housing portfolio through capital completions or purchases (1,223 units) and leasing from the private market (494 units). This will be offset by a number of demolitions, sales and conversions during the year.

Funding of \$1 million will be provided for 100 units (50 are new in 2007-08 and 50 will be continued from 2006-07) of supported accommodation for people with a mental illness, under the Housing and Accommodation Support Initiative (HASI), jointly managed with the Department of Health.

### ***Asset Management Program***

To improve the standard of housing stock, allocations of \$177.9 million, \$6.2 million and \$17.9 million will be made to public, community (including crisis) and Aboriginal housing respectively, for improvements to dwellings. Improvements range from minor repairs and painting to major upgrade works. 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 2007-08, \$26.9 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, \$10.2 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 to own their own home through the Mortgage Assistance Scheme. \$1 million in revolving funds is provided for mortgage assistance in 2007-08.

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

- ◆ \$1.4 million for programs to tackle homelessness in the State;
- ◆ \$1.1 million for grants to bodies that address housing related issues;
- ◆ \$1.4 million for the Centre for Affordable Housing; and
- ◆ \$0.8 million (\$4 million over four years) for the Care Call initiative announced by the Government in March 2007. Care Call is a program to contact frail and aged tenants, living alone in public housing, on a regular basis.

The Aboriginal Housing Office will allocate \$9.1 million to fund non-asset related programs, such as resourcing Aboriginal community organisations and providing sector support. A further \$7 million will be provided for the Aboriginal Communities Development Program.

## **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 coordinates 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.

## **RECENT DEVELOPMENTS**

Recent policy developments that will impact the AHO's activities include:

- ◆ the AHO's Sector Reform Strategy, which includes the development of policies to reform the indigenous community housing sector, the introduction of a regulatory framework for Aboriginal Housing Providers, and better targeting of existing resources and funding;
- ◆ the re-negotiation of the Commonwealth-State Housing Agreement and the Indigenous Housing and Infrastructure Agreement, which are due to expire in June 2008; and

- ◆ the Commonwealth Government's review of the Community Housing and Infrastructure Program, and the joint Commonwealth-State review of Aboriginal housing and related infrastructure programs in New South Wales.

Total expenditure in 2006-07 is forecast at \$66.9 million. This is less than the \$94.7 million published in the 2006-07 Budget due to changes in the accounting treatment of rental subsidies and delays in finalising Commonwealth approval for the annual Aboriginal Housing Program.

## **STRATEGIC DIRECTIONS**

The three key strategies that underpin the AHO's activities are *Sustainable Services*, *Sustainable Growth* and *Sustainable Assets*. The AHO's annual Aboriginal Housing Program, which allocates resources and funding within the indigenous housing sector, is developed in consultation with key stakeholders, including Aboriginal communities and Aboriginal Housing Providers.

Program funding is directed towards long-term sustainable housing outcomes in Aboriginal communities, as well as to immediate housing need, repairs and maintenance, and asset management. Specific strategies include assisting Aboriginal Housing Providers to remain viable and become sustainable. This is achieved through a range of capacity building programs for providers and their staff, assisting them to develop asset management plans for acquisitions and repairs and maintenance, and the roll out of coordinated and resource effective models of management.

The AHO's strategic directions are set out in its Strategic Plan for 2005-06 to 2007-08, and are closely linked to:

- ◆ the *Aboriginal Housing Act 1998*;
- ◆ the national indigenous housing policy *Building a Better Future: Indigenous Housing to 2010*; and
- ◆ the Commonwealth-State Government funded, *Indigenous Housing and Infrastructure Agreement 2005-06 to 2007-08*.

## **2007-08 BUDGET**

### **Total Expenses**

In 2007-08, the AHO's total expenses are budgeted to be \$74.3 million. This includes:

- ◆ \$6.1 million in grants to Aboriginal communities for an additional 14 community-owned dwellings;

- ◆ \$16.8 million for repairs and maintenance works to community-owned dwellings;
- ◆ \$10.3 million for repairs and maintenance works to AHO-owned dwellings;
- ◆ \$7 million for the housing component of the Aboriginal Communities Development Program;
- ◆ \$7.9 million for resourcing community organisations, sector support and training; and
- ◆ \$2.3 million for other minor initiatives.

### **Capital Expenditure**

In 2007-08, the AHO's capital expenditure will be \$13.5 million, comprising:

- ◆ \$7.4 million for indigenous housing works in progress – 30 dwellings;
- ◆ \$5.6 million for new indigenous housing works – 31 dwellings; and
- ◆ \$0.5 million 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 29 FANMAC mortgage trusts into a Master Trust. The remaining mortgage trust with bonds held by external parties matured in May 2006 and the mortgages were 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 have reduced significantly in recent years, and the financial structure of the Fund will be reviewed in line with the Fund's future obligations. The matured long term investments are currently reinvested in the short term investments.

## **2007-08 BUDGET**

### **Total Expenses**

Total expenses are budgeted at \$17.5 million in 2007-08. This includes \$16.2 million for interest expenses on borrowings and \$0.7 million for funding of Master Trust shortfalls on HomeFund mortgages guaranteed by the NSW Government.