

# MINISTER FOR HOUSING

## OVERVIEW

<i>Agency</i>	<i>Budget 2004-05 \$m</i>	<i>Budget 2005-06 \$m</i>	<i>Variation %</i>
<b>Payments to Other Government Bodies Under the Control of the Minister</b>			
Total Expenses .....	445.1	518.3	16.4
Capital Expenditure .....	...	...	...
<b>Aboriginal Housing Office</b>			
Total Expenses .....	85.0	84.9	-0.1
Capital Expenditure .....	9.6	7.1	-25.7
<b>Home Purchase Assistance Fund</b>			
Total Expenses .....	24.7	24.1	-2.4
Capital Expenditure .....	...	...	...
<b>Total, Minister for Housing</b>			
Total Expenses .....	<b>554.8</b>	<b>627.3</b>	<b>13.1</b>
Capital Expenditure .....	<b>9.6</b>	<b>7.1</b>	<b>-25.7</b>

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

In 2005-06, a total of \$518.3 million from the Commonwealth and State will be allocated from the Budget to assist almost 500,000 people on low incomes in housing need. The Department of Housing will receive \$466.9 million and the Aboriginal Housing Office will receive \$51.4 million. Housing assistance in 2005-06 will provide support to:

- ◆ approximately 350,000 people accommodated in Government-subsidised housing managed by public, community or Aboriginal housing providers;
- ◆ around 4,300 crisis accommodation places for nearly 60,000 people; and
- ◆ around 90,000 private renters and home buyers through financial assistance.

A further \$138.4 million largely from internal sources will result in total expenditure under the Housing Policy and Assistance Program in the Department of Housing of \$656.7 million in 2005-06.

The Department of Housing will also, draw down approximately \$100 million from a \$125 million loan facility in 2005-06, for the piloting of a new Maintenance Reform Program. In 2005-06, this Program will be piloted in 17 locations across the State, with its aim being to eliminate the maintenance backlog, implement fire safety upgrades and provide a basis for a new lifecycle maintenance regime. The anticipated cost savings and efficiencies will fund interest costs and support repayment of the loan.

## **EXPENDITURE TRENDS AND RECENT DEVELOPMENTS**

The Department is focussed on increasing efficiencies in expenditure while maintaining core client services and programs. The Department has continued to invest in assets, with a greater focus by both the Department of Housing and the Aboriginal Housing Office on expenditure to address the demand for maintenance and improvement of existing stock.

Living Communities' is a program to renew and strengthen the communities in high-need public housing estates in New South Wales, commencing with the Bonnyrigg Estate in Western Sydney. Over the next five to ten years, the Department will work with the Bonnyrigg community, Fairfield City Council, a private sector partner, other government departments and community organisations to renew the public housing estate and help create a stronger community in Bonnyrigg.

The Department has increased the range of housing assistance options it offers beyond the provision of long-term public housing. Partnerships with the private and non-government sectors are providing alternative housing solutions, including home ownership assistance for people on low incomes.

## **STRATEGIC DIRECTIONS**

The Commonwealth and New South Wales 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 NSW Government has released a new policy approach *Reshaping Public Housing*, which makes major changes to public housing in New South Wales. The public housing system will be better targeted to meet those most in need.

From 1 July 2005 the length of time a tenant can stay in public housing will be matched to their need for public housing. Eligibility for housing will focus on income and housing need.

There are some public housing tenants who can afford to move into private rental accommodation or home ownership. Changes to rent policy will encourage these tenants to make this move, freeing up homes for people on the waiting list.

The extra rent will also contribute to a planned \$2.7 billion investment in 30,000 public housing homes over the next ten years. Over the ten year period this will mean a three-fold increase in the annual number of properties redeveloped.

The NSW Government will also be investing an extra \$190 million over four years in the public housing system, commencing with an allocation of \$20 million from the Budget in 2005-2006.

## **2005-06 BUDGET**

In 2005-06, total expenditure of \$656.7 million on the Housing Policy and Assistance Program will be funded through \$518.3 million made available from the Consolidated Fund, of which \$299.3 million is from the Commonwealth and \$219 million is from the State. The balance of total expenditure, \$138.4 million, 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. This amount does not include the funds available to the Department from its approved loan to finance the Maintenance Reform Program.

The total budget of \$656.7 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 \$219.2 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:

- ◆ \$94.5 million for public housing will fund the commencement of 222 new dwellings (purchased or constructed), the completion of 484 dwellings, along with 2,561 existing leases and 105 new leases from the private market;

- ◆ \$95.4 million for community housing (excluding crisis accommodation) will fund the commencement of 171 new dwellings (purchased or constructed), the completion of 264 dwellings and subsidies for 5,592 existing leases and 140 new leases;
- ◆ \$13.1 million for crisis accommodation will fund the commencement of 28 new dwellings, the completion of 26 dwellings, 204 existing leases and 15 new leases;
- ◆ \$16.3 million for the Aboriginal Housing Office will fund the commencement of 8 new dwellings to be managed by the AHO and 26 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 61 dwellings (33 for the AHO and 28 Aboriginal community housing dwellings); and
- ◆ in total, 1,095 dwellings will be added to the social housing portfolio through capital completions or purchases (835 units) and leasing from the private market (260 units).

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

Continuing with the strategic direction of improving the standard of housing stock, allocations of \$259.1 million, \$2.2 million and \$22.7 million will be given to public, community (including crisis) and Aboriginal housing, respectively, for improvements to approximately 67,000 dwellings. Improvements range from minor repairs to painting to major upgrading work and are designed to bring properties to an agreed minimum standard. Asset management improvements also contribute to community regeneration of public housing estates.

The Department will spend a further \$100 million in 2005-06 on piloting a new Maintenance Reform Program, along with \$121.4 million for responsive repairs and maintenance.

### ***Other Programs***

The Government assists disadvantaged and lower income people renting in the private rental market. In 2005-06, \$23.1 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, \$10.7 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 Self Build Program, and maintain their mortgage in times of financial crisis with the Mortgage Assistance Scheme. \$0.3 million is available under the self-build program and \$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;
- ◆ \$1.7 million for grants to peak and resourcing bodies that address housing related issues affecting lower income earners, including local government bodies (under the Local Government Housing Initiatives Program) and the Department of Infrastructure, Planning and Natural Resources;
- ◆ \$24.7 million for new products and service initiatives that provide a broader range of housing assistance options and accommodation alternatives for low income households in New South Wales; and
- ◆ \$1.1 million for the Centre for Affordable Housing.

The Aboriginal Housing Office will allocate \$11.9 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 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-determination and 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.

## **EXPENDITURE TRENDS AND RECENT DEVELOPMENTS**

Significant policy developments that will impact on AHO's expenditure and activities in 2005-06 include:

- ◆ the new Bilateral Agreement between the NSW Government, and the Commonwealth Government on the provision and management of housing and housing-related infrastructure for Aboriginal and Torres Strait Islander people in New South Wales for 2005-06 to 2007-08;
- ◆ the dissolution of the Aboriginal and Torres Strait Islander Commission and consideration of the reallocation of roles and functions previously undertaken by ATSIC; and
- ◆ the AHO will have a new Board from 1 July 2005 for a three year term.

During the last year a Statutory Review of the *Aboriginal Housing Act 1998* was conducted. This involved extensive consultation, encompassing opportunities for both written and verbal participation by the Aboriginal community, relevant stakeholders and other agencies. The Review confirmed the ongoing validity of the Act's objectives and examined the successes achieved since the *Aboriginal Housing Act 1998* commenced. These achievements are outlined in detail in the Report of the Review which has been tabled in Parliament by the Minister.

During 2005-06 there will be an evaluation of the National Policy Framework Building a Better Future 2010 (BBF). The framework is a ten year intergovernmental commitment to improve Indigenous housing outcomes between the Australian Government, State and Territory Housing Ministers. The evaluation will be undertaken by the Standing Committee on Indigenous Housing. The Commonwealth Department of Family and Community Services on behalf of the Standing Committee will auspice the consultancy. It will involve an assessment of progress in implementing all elements of BBF and recommendations on how to strengthen BBF. A detailed report is to be provided containing both a national overview and summaries for each jurisdiction.

## **STRATEGIC DIRECTIONS**

The three key strategies underpinning the 2005-06 Aboriginal Housing Program are Sustainable Services, Sustainable Growth and Sustainable Assets. These directions and the detail of the 2005-06 Aboriginal Housing Program were developed in consultation with Aboriginal people and Aboriginal housing organisations as well as other key stakeholders.

Program funding is allocated towards long term sustainable outcomes for housing to 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 coordinated and resource effective models of management.

Consultation will also inform the development of the next strategic plan and align with the renegotiated Bilateral Agreement. The strategic directions are also closely linked to:

- ◆ the *Aboriginal Housing Act 1998*; and
- ◆ the Building a Better Future: Indigenous Housing to 2010.

## **2005-06 BUDGET**

### **Total Expenses**

The total expenses of \$84.9 million will support:

- ◆ grants of \$9.7 million to Aboriginal communities for the acquisition of community-owned dwellings, with an expected commencement of 26 units;
- ◆ AHO property upgrades of \$6.7 million;
- ◆ Aboriginal community housing repairs and maintenance of \$14.3 million;
- ◆ resourcing community organisations, sector support and training at a cost of \$5.9 million; and
- ◆ housing component of the Aboriginal Communities Development Program.

These activities are funded by major grants including \$33.4 million through the Commonwealth State Housing Agreement, \$13.3 million from the Commonwealth's Community Housing Infrastructure Program and \$3.2 million from the Department of Housing. State funding of \$18 million will be provided for the Housing component of the Aboriginal Communities Development Program. The other sources of funds are a small asset sales program, interest income and net rental income after rental expenses.

### **Capital Expenditure**

The AHO housing program provides public rental housing for Aboriginal people. In 2005-06 the capital program is \$7.1 million which comprises \$6.6 million to complete 33 units and commence 8 units of accommodation, 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.

## **EXPENDITURE TRENDS AND 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.

## **2005-06 BUDGET**

### **Total Expenses**

Total expenses are budgeted at \$24.1 million in 2005-06 with major components being interest on borrowings of \$12.8 million and funding of FANMAC Trust shortfalls of \$7.6 million.