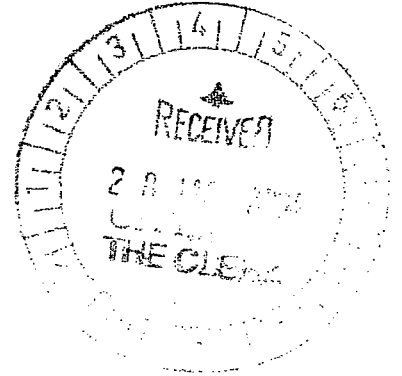




**Treasurer of New South Wales
Australia**

Mr John Evans
Clerk of the Parliaments
Parliament House
Macquarie Street
SYDNEY NSW 2000



Dear Mr Evans

In accordance with the requirements of the NSW Legislative Council Standing Committee on Social Issues, I present three copies of the Government response, prepared by the Minister for Housing, to the *Report on Community Housing* for out of session tabling.

Yours sincerely

Michael Egan
Treasurer

Received by me on
28 May 2004 at 4:43 pm

for
W. Williams
Clerk of the Parliaments

NSW Government Response to the Report on Community Housing by the Legislative Council Standing Committee on Social Issues

The Legislative Council Standing Committee on Social Issues began an inquiry into community housing in 2001. The Inquiry found overwhelming evidence in support of community housing as a flexible and innovative model for the provision of social housing. The Report of the findings of the Inquiry, including 33 recommendations, was released on 28 November 2003.

THE REPORT ON COMMUNITY HOUSING - OVERVIEW

The community housing sector accounts for 8.4% of all social housing. In 2002/03 there were 11,408 long-term rental properties managed by community housing providers in NSW. The community housing sector includes a number of resourcing agencies and more than 300 small not-for-profit community housing providers.

The Inquiry found the sector to be efficient and innovative and considered that a stronger role for community housing could be developed within the social housing system. The Report set out 33 recommended actions for the Government to support the further development of community housing.

The Inquiry highlighted some key deficiencies in how the community housing sector operates, including:

- That the sector lacks a strategic policy framework that links it to the broader social housing system;
- That current structures hinder opportunities for private investment in community housing; and
- That there is room for improvement in ensuring best practice in housing management across the sector.

In the Report, the 33 recommendations are organised around the Inquiry's terms of reference (Attachment 1). However, four key themes are repeated throughout the Report and the recommendations. These are that, in consultation with community housing providers, tenants and peak organisations, the Government should:

- Develop a comprehensive five year **strategic policy framework** to guide the strategic development of the sector in the context of the overall social housing system;
- Strengthen the **sustainability** of the community housing sector as part of measures to ensure greater sustainability of the social housing system;
- Enhance the **performance management and regulation** of the community housing sector – including recognition in legislation; and
- Facilitate further **development in the sector** including enhancing tenant participation, improving the interface with the private rental sector and addressing the needs of specific target groups.

THE GOVERNMENT RESPONSE

The Government welcomes the Report and thanks the Legislative Council Standing Committee on Social Issues for conducting the Inquiry into Community Housing. The Government position on each of the four themes in the recommendations is discussed below.

1. Strategic Policy Framework

Summary of the recommendations:

The Report recommends that the Department of Housing develop a comprehensive five year strategic policy framework by 2005 which forms a component of an overall state housing strategy, integrates the Supported Housing Strategy and the Crisis Accommodation Program, and includes a commitment to new investment opportunities and public private funding options.

Government response:

The Government supports the recommendation for an integrated strategic policy framework for community housing in the context of the whole social housing system. The Department of Housing will commence the development of a Strategic Policy Framework for NSW housing assistance by mid 2004. Consistent with the Inquiry's recommended approaches, consultation with the community housing sector will inform the development process and a strategic policy framework for community housing will be a component of the broader housing assistance framework.

Given the uncertainty over the future of Commonwealth funding for housing assistance beyond 2007/08, the Strategic Policy Framework will be limited to priority directions up to 2008, with directions beyond 2008 subject to the funding environment.

The Government is also exploring avenues to create private funding opportunities in the community housing sector. This is discussed further in theme two: Sustainability.

2. Sustainability

Summary of the recommendations:

The Report recommends the development of structures and safeguards to ensure the greater sustainability of the community housing sector. To this end the Report recommends that the Department of Housing enhance opportunities for increasing private finance to expand the sector. The committee cautions that the development of private finance opportunities should also ensure safeguards are maintained to protect public funds, equity of access and tenants' rights.

Government response:

The Government supports greater sustainability for the community housing sector. The Government recognises the important part community housing can play in a housing assistance system which is financially sustainable and provides high quality services to clients.

Consultation with the sector and a wide range of relevant stakeholders will be undertaken in 2004/05 to identify and explore strategies for creating a more sustainable housing assistance system.

3. Performance Management and Regulation

Summary of the recommendations:

The Report recommends a number of actions the Department of Housing should undertake to improve performance management and regulation of community housing.

Specifically, the Report recommends that the Minister for Housing prepare an amendment to the *Housing Act* to include the community housing sector in the legislation to facilitate regulation and development of the sector.

The Report also recommends that the Department of Housing finalise the tiered registration system and the Community Housing Performance Management Framework in consultation with community housing providers including a means for independent review of decisions.

Government response:

The Government recognises the benefits of a regulatory framework for community housing for the sector, tenants and investors. It therefore supports the implementation of strategies to improve performance management and regulation of community housing to respond to the key themes of the Report.

The Government proposes to work in consultation with the sector and relevant stakeholders to consider options to facilitate the development of the sector.

The Government also supports the concept of a registration system for community housing based on performance management, to provide security for tenants and greater consistency across the sector. As a result the Department of Housing will move to ensure that a performance-based registration system, based on the tiered registration system and the Community Housing Performance Management Framework, mentioned in the Report, is progressively implemented across the sector from July 2004.

4. Sector Development

Summary of the recommendations:

The Committee made a number of observations about areas for improvement in the community housing sector including:

- ensuring better structures and processes for community housing tenant participation and finalising and implementing appropriate complaints and appeals mechanisms for tenants;
- reviewing the role of the private rental sector in the community housing context; and
- ensuring the consideration of the needs of specific target groups.

The Report acknowledges that different types of organisations will require specific support services and structures to ensure viability and enhance capacity. These include support with asset management, monitoring outcomes from training for sector management, and establishing mechanisms to measure the efficacy of governance systems.

Government response:

The Government supports further development of the community housing sector. The Government values the contribution of the community housing sector and seeks to

support the development of structures and systems that enhance service delivery and governance.

Many of the specific recommendations in the report have been or are being acted upon. The Department of Housing continues to work closely with community housing resourcing groups and the sector to assist in the creation of strategies to enhance sector development and functioning.

COMMUNITY HOUSING INQUIRY TERMS OF REFERENCE

Reference reported to House—27 September 2001, 2nd Session, Minutes No. 123, Item 5. The Inquiry was re-referred to the Committee by resolution of the House on 24 June 2003.

That the Standing Committee on Social Issues inquire into and Report on government-funded community housing, and in particular:

- a. The role of the government-funded community housing sector in providing accommodation within the social housing system,
- b. The effectiveness of the community housing sector in meeting the needs of its clients in a responsive and efficient manner,
- c. The relative effectiveness of large and small community housing providers in providing accommodation to their clients,
- d. The role and operation of community housing or related models in other jurisdictions so as to better inform future strategies and develop best practice within the sector in NSW,
- e. Appropriate models for community housing in rural, regional and metropolitan New South Wales,
- f. The effectiveness of links between community housing providers and government and non-government support services,
- g. The adequacy and effectiveness of training and support available to community housing providers,
- h. Current management and operational policies and practices, their efficacy and transparency,
- i. The adequacy of current reporting and regulatory frameworks in ensuring corporate governance and accountability,
- j. Any other matter arising out of or incidental to these terms of reference.

1. That the Inquiry consider community housing providers, excluding Aboriginal community housing providers.