

**BUDGET ESTIMATES 2010-11
QUESTIONS ON NOTICE TAKEN AT HEARING
HOUSING, SMALL BUSINESS, VETERANS' AFFAIRS**

QUESTION:

**The Hon Greg Pearce MLC to the Hon Frank Terenzini MP, Minister for Housing
(Page 2 – Estimates Committee Transcript)**

The Hon. GREG PEARCE: How much State money is budgeted for grants for Housing NSW capital expenditure in each of the forward estimate years?

Mr FRANK TERENCEZINI: The total budget for Housing NSW is \$2.5 billion.

The Hon. GREG PEARCE: I want the actual amount of State money budgeted for capital expenditure in each year.

Mr ALLEN: We have information on the whole budget for Housing NSW for 2010-11. We have not broken down that budget from the global amounts that are funded by both the State and Federal governments. I can provide the details of the global amounts; otherwise, I can take the question on notice.

The Hon. GREG PEARCE: Do you understand the question?

Mr ALLEN: I understand that you want information about the State contribution to the capital budget.

The Hon. GREG PEARCE: Yes. I refer to "Table 8.1 PTE Capital Expenditure by Sector" on page 8-8. The social housing figures have declined from last year by more than \$320 million. Why has that figure reduced since the last budget?

Mr FRANK TERENCEZINI: Could I take that on notice and get back to you?

The Hon. GREG PEARCE: So that the question is clear, I refer to "Table 8.1, PTE Capital Expenditure by Sector." In last year's budget the 2009-10 budget allocation was \$1.98 billion and this year it has been reduced to \$1.7 billion, a \$200 million reduction. There is a slight increase on the numbers next year but then another reduction of \$50 million in 2011-12 and \$69 million in 2012-13—so, a total of over \$320 million that you are not spending on capital expenditure in the sector.

ANSWER:

Changes in future years are a result of the finalisation of the Nation Building Economic Stimulus Plan as projects are completed. In the forward estimates from 2010/11, part of the capital expenditure is funded from Nation Building Economic Stimulus Plan funding - \$565.9 million in 2010/11 and \$64.2 million in 2011/12.

All other capital expenditure is funded through a combination of State and Commonwealth funds including National Affordable Housing Agreement (NAHA) funds, asset sales and rent revenue.

QUESTION:

The Hon Greg Pearce MLC to the Hon Frank Terenzini MP, Minister for Housing (Page 2 – Estimates Committee Transcript)

The Hon. GREG PEARCE: Can you tell me about the National Rental Affordability Scheme, the Government's contribution to the National Rental Affordability Scheme—not the past contribution but what you propose to contribute to the National Rental Affordability Scheme in the forward budget estimates?

Mr FRANK TEREZINI: The National Rental Affordability Scheme combines Australian and State government funding and is being allocated by competitive application process. To June 2010 offers from Australian and New South Wales governments have been accepted for 2,278 new dwellings in high-need areas of New South Wales. This has required State Government funding of over \$73 million and has attracted Australian Government funding of \$136 million, and private investment of over \$480 million. The third and fourth call for applications has now commenced and they will close on 31 August 2010 and 14 December 2010 respectively. The New South Wales Government has allocated over \$100 million to these rounds, which is sufficient funding for 1,760 new affordable housing dwellings.

The Hon. GREG PEARCE: Can you give me the allocation for each of the forward estimates years?

Mr FRANK TEREZINI: I will have to take that on notice, but that is the current status.

The Hon. GREG PEARCE: Can you tell me the outcome? You just mentioned the third call closed on 31 August. That is a couple of weeks ago.

Mr FRANK TEREZINI: I am not in a position to tell you that, but I will take it on notice.

ANSWER:

The total NRAS program in the forward budget estimates totals \$59 million.

Applications submitted under Call Three in NSW are currently under assessment by the Commonwealth and NSW Government.

QUESTION:

The Hon Greg Pearce MLC to Mr Allen (Page 4 – Estimates Committee Transcript)

The Hon. GREG PEARCE: Has the first full review of the Housing and Human Services Accord been completed?

Mr FRANK TERENCE: I will defer to my chief executive for that answer.

Mr ALLEN: We are reviewing the accord at the moment in the context of the now formed Department of Human Services. So, we are having a look at what the interagency support arrangements should be for social housing tenants, both through the arrangements that have existed in the accord and the new opportunities that are provided by a wider Department of Human Services. That review is underway now.

The Hon. GREG PEARCE: The first review, the Minister said in response to a question on notice I lodged in September—I mean the previous Minister, obviously—was to be done in August 2010. Has that review been done?

Mr ALLEN: That review is underway now. The review has not been completed. There are obviously wider issues that come into play regarding the interaction between various elements and agencies within the Department of Human Services. So, it is quite appropriate that we consider what those cross-agency support arrangements should be in addition to those that are in place in the accord, and of course the accord predates the establishment of the Department of Human Services.

The Hon. GREG PEARCE: When is that review going to be completed?

Mr ALLEN: There is not a set time frame for that review but we will take that as a question on notice and come back to you, because the arrangements with the Department of Human Services are ongoing at this time.

ANSWER:

The review of the NSW Housing and Human Services Accord is currently being considered in the context of a range of cross agency initiatives that are being developed following the recent establishment of the Department of Human Services. It is expected that this work will not be completed until the end of this calendar year.

QUESTION:

The Hon Greg Pearce MLC to Mr Allen (Page 4 – Estimates Committee Transcript)

The Hon. GREG PEARCE: Minister, I put a question on notice from 31 August concerning bullying in the Newcastle and Hunter region. It has not been answered yet within the normal time frame. Can you explain why that is the case, and can you outline what is being done to address the bullying issues in the Hunter and Newcastle?

Mr FRANK TERENCE: Yes. I am aware that Housing New South Wales has taken decisive action in the dismissal of temporary staff and the instigation of disciplinary action with a small number of employees who have allegedly breached the Housing New South Wales code of conduct and other Housing New South Wales policies. The Chief Executive of Housing New South Wales has taken these matters seriously and has acted in accordance with the Public Sector Employment and Management Act, and I support those actions of the chief executive. Housing New South Wales is separately conducting investigations into allegations of bullying, and if there is any truth in these claims, the chief executive will take appropriate action under the Public Sector Employment and Management Act.

The Hon. GREG PEARCE: What about the engagement of Deloitte to investigate some of those matters?

Mr FRANK TERENCE: They have been engaged to investigate.

The Hon. GREG PEARCE: Have they completed an investigation?

Mr FRANK TERENCE: I will defer to my chief executive on that.

Mr ALLEN: The investigation reports have not yet been completed and provided to me at this stage.

The Hon. GREG PEARCE: When was Deloitte appointed to carry out the investigation?

Mr ALLEN: I cannot recall off the top of my head the specific date, but they were certainly engaged in recent weeks.

The Hon. GREG PEARCE: In recent weeks?

Mr ALLEN: Yes.

The Hon. GREG PEARCE: Was a time frame to report included in the engagement terms?

Mr ALLEN: Yes. A time frame was included in the report, and those reports are due to me shortly.

The Hon. GREG PEARCE: When is shortly?

Mr ALLEN: Within the next two to three weeks.

The Hon. GREG PEARCE: What is the fee being paid to Deloitte in relation to that engagement.

Mr ALLEN: I will take that as a question on notice. I do not have that information.

ANSWER:

Housing NSW did not engage Deloitte to investigate the allegations of bullying. Deloitte investigated the misuse of emailing within the agency. The allegations of workplace bullying was a separate investigation that was conducted by an independent expert and all necessary action will be taken.

QUESTION:

The Hon Greg Pearce MLC to the Hon Frank Terenzini MP, Minister for Housing (Page 5 – Estimates Committee Transcript)

The Hon. GREG PEARCE: Just to tidy up, can you tell me the current total number of properties that Housing manages—obviously not at today's date but the most recent?

Mr FRANK TEREZINI: My advice is that there are 121,662 public housing dwellings; there are 4,296 Aboriginal housing organisation dwellings that Housing New South Wales manages and there are 18,481 community housing dwellings that are managed by community housing providers.

The Hon. GREG PEARCE: As at when?

Mr FRANK TEREZINI: That is 2010-11.

The Hon. GREG PEARCE: What is the latest figure you have?

Mr FRANK TEREZINI: The latest figure for total social housing properties is 144,439.

The Hon. GREG PEARCE: Is that as at 30 June?

Mr FRANK TEREZINI: I would say that would be 30 June.

Mr ALLEN: That is correct.

The Hon. GREG PEARCE: How many people are being assisted?

Mr FRANK TEREZINI: In those properties, I am advised it is generally 2½ times that number, so you would be looking at between 300,000 and 400,000—350,000 at a very approximate.

The Hon. GREG PEARCE: How many are on the waiting list? What is the latest figure?

Mr FRANK TEREZINI: My advice is that the number on the waiting list, as at 30 June 2010, was 43,335.

The Hon. GREG PEARCE: So it has gone up from last year?

Mr FRANK TEREZINI: My advice is that last year as at 30 June 2009 it was 39,484.

The Hon. GREG PEARCE: How many of those are waiting for Aboriginal housing?

Mr FRANK TEREZINI: I do not have that information.

The Hon. GREG PEARCE: Will you take that on notice?

Mr FRANK TERENZINI: Yes, I will.

ANSWER:

In 2009/10, approximately 2200 households were on the NSW Housing Register for Aboriginal Housing.

QUESTION:

Mr David Shoebridge to the Hon Frank Terenzini MP, Minister for Housing (Page 6 – Estimates Committee Transcript)

Mr DAVID SHOEBRIDGE: Minister, can you indicate how much money was collected by Housing New South Wales in 2009-10 under part 3 of the State Environmental Planning Policy (Affordable Rental Housing) 2009 scheme?

Mr FRANK TERENZINI: I do not have that figure.

Mr DAVID SHOEBRIDGE: Will you take it on notice?

Mr FRANK TERENZINI: I will.

ANSWER:

Housing NSW has received approximately \$100,000 to date. Housing NSW is working with the Department of Planning and local councils to ensure additional funds collected are transferred to Housing NSW.

QUESTION:

Mr David Shoebridge to the Hon Frank Terenzini MP, Minister for Housing (Page 6 – Estimates Committee Transcript)

Mr DAVID SHOEBRIDGE: In relation to the proposed Lend Lease development at Barangaroo South in the city of Sydney, can you confirm that the development will only contain 2.3 per cent affordable housing?

Mr FRANK TERENZINI: As to the planning itself, you would have to direct that to the Minister for Planning, but as to any social housing component, I will have to take that on notice.

ANSWER:

The Director General's Environmental Assessment Report for the Concept Plan of the State Significant Site Listing for Barangaroo is on the Department of Planning website. The document provides that 2.3% of the total proposed residential gross floor area will be "intermediate housing". Section 7.6.2 of the Report, on pages 111 – 112, provides details of Lend Lease's plans for intermediate housing, including a definition. The proposal for inclusion of intermediate housing at Barangaroo will be further progressed with the Department of Planning.

QUESTION:

Mr David Shoebridge to the Hon Frank Terenzini MP, Minister for Housing (Page 7 – Estimates Committee Transcript)

Mr DAVID SHOEBRIDGE: Have you had any discussions with the planning Minister about the extent of social housing on this very substantial development in the heart of Sydney?

Mr FRANK TERENCEZINI: No.

Mr DAVID SHOEBRIDGE: So we have a \$7 billion development in the heart of Sydney, some of the largest residential development you are going to see in your time as Minister, and you have not even spoken to the planning Minister or have any knowledge about the extent of social housing to be provided there, is that right?

Mr FRANK TERENCEZINI: I am advised that there is a social housing component and that is under discussion.

Mr DAVID SHOEBRIDGE: Can you get some advice on whether or not that social housing component is currently 2.3 per cent?

Mr FRANK TERENCEZINI: It is under discussion. I cannot give you any final figure or amount. It is still under discussion.

Mr DAVID SHOEBRIDGE: Will you commit to actually take an interest in this and seek to raise the percentage to at least 7.5 per cent, which is the City of Sydney target for social housing?

Mr FRANK TERENCEZINI: As I said, it is under discussion. It has been recognised that it is under discussion.

Mr DAVID SHOEBRIDGE: Not by you, though. You do not have any knowledge at all about it.

Mr FRANK TERENCEZINI: Well, I have been advised that it is under discussion at the moment.

Mr DAVID SHOEBRIDGE: In your discussions, can you seek to get a commitment that all of the affordable housing being built on this enormously large development in the centre of Sydney for social and affordable housing will actually be built on site and not located off site?

Mr FRANK TERENCEZINI: As I said, that matter is under discussion but I will take that on notice and get back to you as a result of those discussions.

ANSWER:

At this stage there is no social housing proposed for the Barangaroo development. Housing NSW is in regular discussions with the Department of Planning in relation to the affordable housing that will be provided.

QUESTION:

Mr David Shoebridge to the Hon Frank Terenzini MP, Minister for Housing (Page 7 – Estimates Committee Transcript)

Mr DAVID SHOEBRIDGE: Have you communicated with the planning Minister at all about extending the affordable housing arrangements relating to City West and Green Square to the balance of the City of Sydney?

Mr FRANK TERENZINI: I have not, no.

Mr DAVID SHOEBRIDGE: Do you intend to have that kind of communication to try to get some more affordable and social housing throughout the city of Sydney?

Mr FRANK TERENZINI: I have just been advised, as in the previous example, there are discussions ongoing along those lines with agencies.

Mr DAVID SHOEBRIDGE: So you will get back to me on that?

Mr FRANK TERENZINI: Yes.

Mr DAVID SHOEBRIDGE: Will you also include in your answer whether you are going to look at extending those arrangements to other local government areas outside the City of Sydney?

Mr FRANK TERENZINI: As I said, they are under discussion. I will take it on notice to get back to you about what happens with those discussions.

ANSWER:

Housing NSW representatives regularly meet with Department of Planning officials in relation to a range of planning issues and affordable housing strategies. Further questions should be directed to the Minister for Planning.

QUESTION:

Mr David Shoebridge to the Hon Frank Terenzini MP, Minister for Housing (Page 10 – Estimates Committee Transcript)

Mr DAVID SHOEBRIDGE: Going back to the National Rental Affordability Scheme questions that the Hon. Greg Pearce was asking about earlier, the Housing NSW website indicates that the New South Wales Government will provide 910 State incentives under round three of the National Rental Affordability Scheme. Minister, that is only 7 per cent of the national total. How do you explain such a small percentage to New South Wales, given the size of our population?

Mr FRANK TERENZINI: As I have indicated, the fourth call for applications commenced on 4 June.

Mr DAVID SHOEBRIDGE: Round three I am asking about, Minister.

Mr FRANK TERENZINI: They finished on 31 August. They have to be assessed, as I have been advised, by the Australian Government.

Mr DAVID SHOEBRIDGE: Was the quality of the New South Wales application so poor that we only got 7 per cent of the national figure?

Mr FRANK TERENZINI: I am not aware. I do not know.

Mr DAVID SHOEBRIDGE: Can you take the question on notice and give us an explanation as to why the New South Wales result was such a small proportion of the national figure?

Mr FRANK TERENZINI: I am happy to do that.

Mr DAVID SHOEBRIDGE: When you are doing that would you also explain where the \$2 million that is budgeted in the 2010-11 budget to provide those State incentives is being sourced from?

Mr FRANK TERENZINI: Yes.

Mr DAVID SHOEBRIDGE: Or can you answer that now?

Mr FRANK TERENZINI: No, I will take that on notice.

ANSWER:

Housing NSW allocated funding that has enabled NSW to offer approximately 1,250 incentives under NRAS B. This did not reflect on the quality of applications received in NSW.

The \$2 million figure is incorrect. NSW offered 1,250 NRAS B incentives under Calls Three and Four, but the actual payments under NRAS B will depend on the number of successful applications approved, the timelines for construction of approved projects and indexation over future years.

Of the \$72.5 million indicated in the budget papers for NRAS Calls Three and Four, \$25 million is being provided as a grant from the Rental Bond Board and the remaining funds are internal Housing NSW funds.

QUESTION:

Mr David Shoebridge to the Hon Frank Terenzini MP, Minister for Housing (Page 10 – Estimates Committee Transcript)

Mr DAVID SHOEBRIDGE: In relation to round four of the National Rental Affordability Scheme, the New South Wales Government is only intending to provide 1,250 State incentives—that is, only 5 per cent of the national figure. Can you explain again why New South Wales is getting such a small proportion of the national total?

Mr FRANK TEREZINI: I will take that on notice.

Mr DAVID SHOEBRIDGE: When you are doing that would you also provide an answer as to where the \$2.8 million in the 2010-11 budget is being sourced from?

Mr FRANK TEREZINI: Yes, I will.

ANSWER:

Housing NSW allocated funding that has enabled NSW to offer approximately 1,250 incentives under NRAS B.

The \$2.8 million figure is incorrect. NSW offered 1250 incentives under NRAS B, Calls Three and Four, but the actual payments under NRAS B will depend on the number of successful applications approved, the timelines for construction of approved projects and indexation over future years.

Of the \$72.5 million indicated in the budget papers for NRAS Calls Three and Four, \$25 million is being provided as a grant from the Rental Bond Board and the remaining funds are internal Housing NSW funds.

QUESTION:

Mr David Shoebridge to the Hon Frank Terenzini MP, Minister for Housing (Page 10 – Estimates Committee Transcript)

Mr DAVID SHOEBRIDGE: The budget papers indicate that \$72.5 million will be spent over the next 10 years for State contributions to the National Rental Affordability Scheme. The budget papers indicate that of that \$72.5 million there is a \$25 million grant to Housing NSW from the Rental Bond Board, but the papers are silent about where the other \$50 million is being sourced from. Can you tell me where that other \$50 million is being sourced from?

Mr FRANK TERENZINI: I am not able to at the moment. It is a variety of sources. We are happy to take the question about the break-up on notice.

ANSWER:

The remaining funding is internal Housing NSW funding.

QUESTION:

Mr David Shoebridge to the Hon Frank Terenzini MP, Minister for Housing (Page 10 – Estimates Committee Transcript)

Mr DAVID SHOEBRIDGE: In relation to the contribution to Housing NSW from the Consolidated Fund, the budget papers show the contribution fell from \$271 million in 2008-09 to \$194 million in 2009-10 and it has plummeted to \$151 million in 2010-11. Why is the Government so drastically reducing the contribution from the Consolidated Fund to your portfolio?

Mr FRANK TEREZINI: I will take that on notice and get back to you.

Mr DAVID SHOEBRIDGE: When you are taking that on notice can you confirm that that drastic reduction in funding from the Consolidated Fund to social housing still allows the New South Wales Government to comply with its obligations under the National Partnership Agreement on the Nation Building and Jobs Plan, which requires the maintenance of a status quo at a minimum of contributions to public housing from State governments?

Mr FRANK TEREZINI: Yes.

ANSWER:

The changes in State funding of \$77 million from the Consolidated fund from 2008-2009 to 2009-10 relates to payback of State funding for funds advanced to Housing NSW in 2008-09 to accelerate spend for additional maintenance as an economic stimulus measure.

Further changes in State funding of \$43 million from 2009-10 to 2010-11, also relates to an additional payback for funds advanced in 2008-09 to accelerate spend for additional maintenance as an economic stimulus measure.

NSW will meet its commitments under the National Partnership Agreement on the Nation Building and Jobs Plan.

QUESTION:

Mr David Shoebridge to the Hon Frank Terenzini MP, Minister for Housing (Page 11 – Estimates Committee Transcript)

Mr DAVID SHOEBRIDGE: Page 4 of the New South Wales budget commentary in relation to Housing provides that the total expenses of Housing NSW in 2010-11 will be \$2.525 billion. It also indicates that the housing policy and assistance program will cost \$1.564 billion, which is 62 per cent of the total. While the budget commentary indicates where the source of funds for the housing policy and assistance program comes from, it does not explain where the source of funds for the balance, the other 38 per cent of your budget, comes from. Can you explain where the source of finance is for that balance of 38 per cent?

Mr FRANK TERENZINI: I am advised that it comes from a variety of sources, including rental income and asset sales.

Mr DAVID SHOEBRIDGE: Can you detail that variety of sources on notice?

Mr FRANK TERENZINI: I will.

ANSWER:

The various funding sources for the Housing NSW budget include:

- Funding from the Consolidated Fund – Commonwealth and State funds
- Asset sales
- Rental income and recovery of water usage charges from tenants
- Investment income
- Grants from other Agencies – Commonwealth and State
- Sundry income
- Unspent funds carried forward from previous years.

QUESTION:

Mr David Shoebridge to Mr Allen (Page 11 – Estimates Committee Transcript)

Mr DAVID SHOEBRIDGE: Can you confirm that the Land and Housing Corporation will be running at a deficit of \$1.396 billion in 2010-11? Can you also explain what the implications of a deficit of that size will be for the ongoing sustainability of Housing NSW?

Mr ALLEN: The Land and Housing Corporation is the legal entity for Housing NSW. If you have quite a specific question around those dollar amounts we will need to take that as a question on notice because it needs to be taken into account in terms of the operation of the full entity, which is Housing NSW, not just the legal entity, the Land and Housing Corporation.

Mr DAVID SHOEBRIDGE: But can you confirm the scale of the deficit—\$1.396 billion?

Mr ALLEN: I will need to come back and give you a more detailed answer to that as a question on notice. It is not as simple as answering that question, I am sorry.

ANSWER:

The adjusted net operating result is expected to increase from a deficit of \$1,396 million in 2010-11 to a surplus of \$73 million in 2013-14. The overall recurrent expenditure in 2010-11 is estimated at \$2.8 billion. The deficit in 2010-11 is due to the transfer of housing stock to the Aboriginal Housing Office and community housing providers. This does not affect the ongoing sustainability of Housing NSW.

QUESTION:

Mr David Shoebridge to the Hon Frank Terenzini MP, Minister for Housing (Page 11 – Estimates Committee Transcript)

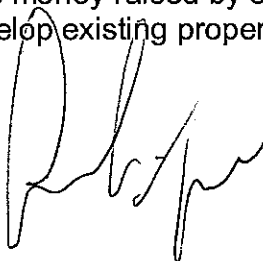
Mr DAVID SHOEBRIDGE: Minister, Housing NSW provided information at the time of the State budget in 2010-11 showing an increase in reliance on revenue from asset sales. The figures were \$1.61 million in 2008 but have jumped to \$227.5 million in 2010-11. How do you explain that 40 per cent increase in reliance on revenue from asset sales in terms of having a sustainable public housing portfolio?

Mr FRANK TEREZINI: We consistently and continually manage our property by selling assets that no longer are relevant and all that money goes back into funding for updated new social housing. But as to the specifics I will have to get back to you on that.

ANSWER:

Housing NSW sells homes for a variety of reasons. These include when a property is no longer economical to maintain or repair, or has a high market value without a high strategic value, is no longer needed to meet the demand in the area or when the sale will help reduce the concentration of public housing in a specific area.

All the money raised by selling homes is used to buy or build new homes as well as redevelop existing properties or land.

A handwritten signature in black ink, appearing to be 'F. Terenzini', written over the text of the answer.

**Frank Terenzini MP
Minister for Housing
Minister for Small Business
Minister Assisting the Premier on Veterans' Affairs**