



Office of the
Minister for Housing
Minister assisting the Minister for Health (Mental Health)

The Director
Budget Estimates
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

**LEGISLATIVE COUNCIL
COMMITTEES**

30 MAR 2006

RECEIVED

Attention: Mr Stephen Frappell

Dear Mr. Frappell,

**Budget Estimates 2005-2006
Supplementary hearing (Housing portfolio)**

I refer to your letter of 16 March 2006 enclosing the proof transcript of the supplementary hearing of General Purpose Standing Committee Number 4 held on Wednesday 15 March 2006.

Answers have now been prepared to the questions that were taken on notice by Mr Mike Allen and Mr Ben Keneally, the Department of Housing officers who attended the hearing.

I enclose a copy of the questions and the corresponding answers in the prescribed format. I have also had the Department forwarded an electronic version of the same questions and answers to Budget.Estimates@parliament.nsw.gov.au as per your letter.

Thank you for the opportunity to respond to the questions asked in the hearing.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Adam Wand'.

Adam Wand
Policy Advisor

**LEGISLATIVE COUNCIL
GENERAL PURPOSE STANDING COMMITTEE No. 4
BUDGET ESTIMATES**

HOUSING PORTFOLIO

QUESTIONS TAKEN ON NOTICE DURING HEARING ON 15 MARCH 2006

QUESTION No. 1 (Hansard Page 1)

CHAIR: If I could ask a question about public housing in Orange. It has been reported that 60 or more houses in Orange are vacant and have been vandalised. Firstly, can you confirm that number? Is it true that in the order of 60 or so houses in Orange are vacant and have been subject to the attention of vandals?

Mr ALLEN: I am not able to confirm that specific number. That sounds unusually high given the proportion of properties the department has in Orange. My understanding is that we would have only normal vacancy turnover occurring in Orange, and that would be far less than 60 in my general experience. So, I would be surprised at that. In terms of the department's overall performance on vacant properties, it has been reported that the Department of Housing in New South Wales has the lowest vacancy rate of the other State housing authorities and the fastest level of vacant turnaround. So I would be very surprised if that figure was correct. I am happy to take that as a question on notice, however, and come back to this Committee with a more specific figure on the number of properties vacant in Orange as at this date.

ANSWER:

11 properties have been vandalised and are under vacant maintenance and restoration work.



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QUESTION No. 2 (Hansard page 1)

CHAIR: Can you tell us how many houses or units in New South Wales are untenanted or vacant at this stage?

Mr ALLEN: Again, I am not in a position to give you a specific number of how many are vacant at this point in time but I refer back to my earlier comments that the department has the lowest vacancy rates of all housing authorities in Australia and the fastest vacancy turnaround time. So, we would expect at any given point in time approximately 1.3 per cent of our property portfolio would be vacant. That is out of a portfolio total of approximately 130,000 properties.

CHAIR: On notice would you be able to provide us with the latest information?

Mr ALLEN: Yes, we are happy to take that as a question on notice.

CHAIR: And the location of those properties?

The Hon. JAN BURNSWOODS: What is the standard rate for the private market?

Mr ALLEN: The standard rate is much higher than that. It is generally around 3 per cent to 4 per cent. So, the department compares quite favourably with the private sector. As a point of clarification, vacancies are always in a sense a movable feast. It is a point in time figure as properties become vacant each day and others are tenanted each day. If we take today's date (Wednesday 15 March 2006) as the base date and we will report back as at this time.

ANSWER:

The total number of Department of Housing properties that were vacant and ready to be tenanted as at 15 March 2006 was 1,660, which is 1.3 percent of the Department's total housing stock.

Locations vary throughout NSW but given the large number of properties the Department owns in the inner city areas of Sydney and western Sydney, these areas tend to have the highest number of vacant properties.



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QUESTION No.3 (Hansard page 2)

CHAIR: Can you tell us how many such properties are listed for sale by the department?

Mr ALLEN: I am not sure if I have a specific figure to hand this afternoon. I can certainly talk in general terms. In terms of the 2004-05 financial year the department sold less than 0.22 per cent of the total number of houses that we have under management. Funds (sic) are sold for a number of reasons. Generally they are that the property is uneconomical to maintain or to repair; to help break down the concentration of social housing in a particular area; if the home has a high market value without a high strategic value for our clients, in terms of serving our clients' needs; and if the home is leased to a community organisation. Approximately one-fifth of the housing sold by the department in that year was sold to existing public housing tenants as part of the department's overall policy of encouraging tenants to enter into home ownership where that is possible. In terms of numbers, I can report that in the year 2004-05 approximately 316 properties were sold. Again, consistent with that proportion, 56 of those properties were sold to tenants.

CHAIR: Would you be able to provide us on notice with the location of those properties?

Mr ALLEN: Yes. We could take that as a question on notice.

ANSWER:

For the 2004/5 financial year the sale of public housing dwellings occurred within the areas covered by the following Housing Divisions:

	Sale to tenants	non-tenants
• Central Sydney	0	19
• Greater Western Sydney	16	59
• Northern NSW	13	67
• Southern and Western NSW	27	113
• Community Housing	0	2



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QUESTION No. 4 (Hansard Page 8)

The Hon. DAVID OLDFIELD: One question I asked previously related to the demographic from an age and welfare point of view of housing department tenants. I note that in the case of welfare there is an answer that essentially 28 per cent of people in public housing are on the age pension but that does not seem to correlate with the age breakdown. For example, we are told 19 per cent between 55 and 64, 16 per cent between 65 and 74. Where age pension kicks in there seems to be a discrepancy as to how many people are on the age pension and how many people are in the same age brackets. Can I get some clarification of that at some stage? I understand that that would be on notice—I am not expecting you to know now.

Mr ALLEN: I certainly could take that as a question on notice. One issue that may underline the difference is whether we are talking about head of household—

The Hon. DAVID OLDFIELD: Yes, we are.

Mr ALLEN: —and the specific tenant but whether the other figures that have been quoted by you are a general demographic where there may be a person on an age pension or other such income who is a member of the household other than the tenant or their spouse.

The Hon. DAVID OLDFIELD: Certainly in the question on percentages relating to form of welfare, it was the head of household, but can I get some certification?

Mr ALLEN: We can certainly get some clarification for you on that.

ANSWER:

The Hon David Oldfield is referring to two graphs on page seven of the Department of Housing's Annual Report for 2003/04.

Mr Oldfield quotes a figure of 28 percent of people in public housing on the age pension, while 35 percent of household heads are aged between 55 and 74. There is no direct correlation between the two figures. The first figure refers to tenants specifically in receipt of an age pension. The second figure refers to the age of the household head.

Tenants aged between 55 and 74 years in receipt of a subsidy may be in receipt of an age pension. They may also be in receipt of one of the other pensions such as Newstart, Disability, War Widow or the Carers Pension.

A handwritten signature in blue ink, appearing to read 'Cherie Burton', with a large, stylized loop at the end.

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QUESTION No. 5 (Hansard page 8)

The Hon. DAVID OLDFIELD: These percentages add up to 100 per cent so they are not just who you are aware of; that is what there is—either that or there is something wrong with your figures because they add up to 100 per cent and only 5 per cent of that 100 per cent are earning a living.

Mr ALLEN: I am more than happy to clarify those statistics for you.

ANSWER:

The Hon David Oldfield is referring to a chart on page seven of the Department of Housing's Annual Report for 2003/04. The chart is headed '**Public Housing Subsidised Tenants Income Source**'.

While Mr Oldfield states that only five percent of public housing tenants are earning a living, the five percent he is referring to are people who are in receipt of a wage that is sufficiently low as to make them eligible for a rental subsidy.



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QUESTION No. 6 (Hansard page 9)

Ms SYLVIA HALE: In the 2005-06 budget papers there is an indication that the Department of Housing will draw down a \$100 million loan to pilot a new maintenance reform program. What is the interest rate for that loan, over what period will the loan have to be repaid, and how long is it expected to take to repay the principal and the interest?

Mr ALLEN: My understanding is that that loan is on an interest-only basis for the first 10 years and thereafter principal and interest would be paid on that amount.

Ms SYLVIA HALE: Who is the lender?

Mr ALLEN: I understand that the loan arrangements have been undertaken through New South Wales Treasury.

Ms SYLVIA HALE: So it is Treasury?

Mr ALLEN: Yes it is.

Ms SYLVIA HALE: Reverting to my previous question, I asked you what the interest rate was.

Mr ALLEN: I am sorry, I do not know the interest rate off the top of my head. I am happy to take that as a question on notice. I expect it would be the normal Treasury rate for these sorts of arrangements.

Ms SYLVIA HALE: Could you also take on notice how long you expect it to take to repay both the principal and the interest? You said the first 10 years are interest only. You must have an expectation of what will happen after that.

Mr ALLEN: Yes.

ANSWER:

The 2004-05 draw down in respect of the loan was for a fixed rate of 5.485%.

The loan is interest only for 10 years and then principal plus interest until the loan matures. Within the loan agreement, the Department of Housing has the flexibility to repay the principal prior to the final maturity date.



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QUESTION No. 7 (Hansard page 9)

Ms SYLVIA HALE: In briefing materials distributed by your predecessor on 24 May 2005 Mr Barnes said, "a net 1,500 dwellings will be added to public housing in New South Wales in the next 10 years". Can you confirm that that number is for dwellings owned and managed by the Land and Housing Corporation and does not include any dwellings managed by community housing providers or indigenous Aboriginal community housing organisations?

Mr ALLEN: I can certainly seek to clarify that figure. I am fairly clear that it would not include properties managed by indigenous Aboriginal housing organisations.

Ms SYLVIA HALE: If you could clarify that, it would be useful.

Mr ALLEN: Yes.

ANSWER:

The net 1,500 additional dwellings over the next 10 years referred to in Ms Hale's question are all public housing stock that will be owned and managed by the NSW Land and Housing Corporation.



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QUESTION No. 8 (Hansard Page 9)

Ms SYLVIA HALE: The operating statement for the Land and Housing Corporation 2005-06 in the budget papers shows an estimate of \$19,882,000 to be spent on public housing supply in 2005-06—almost \$20 million. The estimate of the amount spent on public housing supply in 2004-05 was shown to be \$26,703,000. This is a 25 per cent decrease. Can you explain the reasons for this massive reduction in consolidated fund's subsidy to the corporation's public housing supply expenses in 2005-06?

ANSWER:

The decrease of \$6.821 million between 2004/05 and 2005/06 is due to a decrease in consolidated revenue largely due to the reduction in real terms, in the funding received from the Commonwealth Government under the Commonwealth State Housing Agreement. Public housing supply has been supplemented by other Departmental income sources in 2005/06, including asset sales and rental revenue, bringing the Department's total budget in 2005/06 for public housing supply to \$94.5 million.



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QUESTION No.9 (Hansard page 13)

CHAIR: Ms Hale asked you earlier about the sale of the department's properties. You said that as a general rule they are sold individually rather than in lots. Do you remember giving that answer?

Mr ALLEN: Yes, that is correct.

The Hon. DAVID CLARKE: Can you get us exact figures on how many, in the past three years, department properties were sold individually and how many were sold in lots of two or more?

Mr ALLEN: We can certainly take that as a question on notice and provide that information, yes.

The Hon. DAVID CLARKE: You also have details on how many individual properties may have been sold to the one individual or the one company. Can you produce that information as well?

Mr ALLEN: I am not sure whether we could produce that information. Certainly, we have records of whom we have disposed of properties to. It would be quite a complex process to go back over three years to compare purchasers' details across the number of properties that have been sold. Is there any more specific way I can assist you in answering that question?

The Hon. DAVID CLARKE: Providing the figures that I have requested. You say that properties have been sold individually but you said that, as a general rule, you do not know specifically what percentage have been sold individually or in lots to the same developer.

Mr ALLEN: I would expect very clearly that the majority of properties sold would have been as individual sales and would have been to individual purchasers. I can say to the best of my understanding—and again I am not necessarily across the detail of every single sale, but I am not aware of any situation where there have been a number of purchases completed by an individual purchaser.

The Hon. DAVID CLARKE: But you say that the majority of the properties have been sold individually, not in lots?

Mr ALLEN: Yes.

The Hon. DAVID CLARKE: But a minority could be 49 per cent that were sold in lots of 10, 20 or more to the one developer.

Mr ALLEN: I am sorry, I was thinking of the majority being in excess of 80 per cent.

The Hon. DAVID CLARKE: In any event, you will take that on notice and get us those figures?

Mr ALLEN: Yes.

ANSWER:

Details of the properties sold each year by the Department of Housing are contained in the Annual Report.

Public Housing Dwellings sold as multiple dwelling units by the Department during each financial year:

- 2002/3 2 sets of duplexes;
 3 blocks of bed-sitter units; and
 3 blocks of units.
- 2003/4 2 sets of duplexes;
 4 blocks of bed-sitter units;
 2 groups of 2 houses and 1 group of 3 houses; and
 1 block of townhouses.
- 2004/5 1 set of duplexes;
 3 blocks of bed-sitter units; and
 1 block of units.

The majority of these properties are on one lot and have one title and some are incapable of subdivision.

Over the three financial years 2002/3, 2003/4, and 2004/5 there have been 45 individuals or companies who have purchased more than one public housing dwelling.



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QUESTION No.10 (Hansard page 14)

The Hon. DAVID CLARKE: Of the 130,000 rented properties, approximately how many were built before 1986, these being the ones that are likely to have asbestos in their make-up?

ANSWER:

Approximately half of the present public housing properties were built before 1986 and may or may not have had asbestos-cement used as part of the construction.



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QUESTION No.11 (Hansard page 18)

The Hon. DAVID OLDFIELD: Could I get some more information on the \$2-million home and which community organisation has a home worth in excess of \$1 million on its books and to whose tenants you are not able to gain access because it is not on your books but those of the community organisation? Could you take those questions on notice?

ANSWER:

The Hon David Oldfield is referring to one and the same property.

The Department of Housing is the owner of a five-bedroom house on Sydney's lower North Shore, which is leased to a community housing provider for use as a youth refuge. It provides short-term accommodation for young people from the local area who are in housing crisis.



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QUESTION No.12 (Hansard page 18)

The Hon. DAVID OLDFIELD: Lastly, there is the issue of waiving understanding of a person's assets. I note, for example, the department's policy of eligibility for public housing states that applicants who own or part own residential property in Australia are not eligible for public housing if they are, one, able to live in the property; and, two, able to sell their equity in the property. However—as with all these things, apparently—this rule may be waived in special cases. Can I get an understanding of what "special cases" is—either now or later?

What special case would allow a person to have a public house even though they have a property of their own that they are not living in?

Mr ALLEN: I can certainly cite a general example from my own experience. We have had a person with a disability approach the department seeking assistance in a metropolitan location in Sydney because they required treatment and support for that disability. They were the owner of a home in a relatively remote country area, where there was little value for the property and no market for the property. They were not able to live in it because of its remoteness from the services and support facilities that they required. It had no value on the market because it could not be sold. In those circumstances we would not seek to deny assistance to somebody when the property was, in essence, of no housing value nor necessarily of any financial value to them as being a reason to exclude our assistance to them.

The Hon. DAVID OLDFIELD: Could you take that question on notice and give me some other examples rather than the poor disabled person who lives in the country?

ANSWER:

This rule may be waived in cases where:

- A person is in the process of negotiating a property settlement, such as after a relationship breakdown;
- A person needs to move to NSW for specialist long-term medical treatment that is not available where they live;
- A person is escaping domestic violence or serious harassment.



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QUESTION No. 13 (Hansard Page 18)

Ms SYLVIA HALE: I have a question about a property at 8 Nicholson Street, Balmain. The tenant has contacted me and is concerned that the Department is insisting that it wants a wisteria removed on the grounds that it is damaging the building. The tenant says that the Wisteria cuts down the summer heat and provides shade. She says that, unlike figs, it cannot damage the building. Could you investigate that and get back to me as to whether the department is insisting upon removing the wisteria?

ANSWER:

The Department has concerns regarding potential damage to the building from vines entering eaves and vents and issues of safety for anyone pruning the vines from the adjacent windows or fire stairs.

The decision to remove the wisteria has been temporarily suspended pending another inspection being undertaken. The Department will review the outcome of this inspection before a final decision is made.



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QUESTION No.14 (Hansard page 22)

CHAIR: With respect to some housing properties in the West Ryde area, it has been suggested that some public housing tenants have been asked to pay exorbitant rents. Are you aware that some rents on housing units at West Ryde are currently above the average market rent for that locality?

Mr ALLEN: I am not aware that any individual properties are above the market rents for the general area at West Ryde. The department goes through a detailed process to determine what the market rent levels will be. We should be reminded that the only people paying market rent would be those people who are not eligible for a rental subsidy, so it is a relatively small groups of tenants. But the department does undertake a rent valuation process for its properties across the State. That is a process that it has had independently audited and is developed in consultation with a number of groups, including the CSIRO, so that it has a fair and transparent process for determining market rents. There are processes through which tenants can appeal if they have concerns about those market rents and it will deal with those matters, and has dealt with those, when they have been raised with it.

CHAIR: On notice, would you check that area and ascertain whether it is accurate that some rents are above the average market rent for that area?

Mr ALLEN: Can I perhaps take the question on notice more specifically, that I will provide information as to whether there have been any appeals or concerns raised with the department about the specific rents in that area? Because it comes down to a situation of comparing individual properties with the current market value. I mean, if there are concerns they must have been raised with the department. If they have, I can certainly provide information on how the department has dealt with them.

ANSWER:

Two queries have been received from tenants in the West Ryde area concerning market rent. The Department reviewed each query in accordance with its agreed processes.



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QUESTION No. 15 (Hansard page 24)

CHAIR: Can you tell the Committee what role if any Aboriginal land councils play in providing public housing? Do they have input into the Department of Housing's placement of people, Indigenous people obviously?

Mr ALLEN: Local Aboriginal land councils do not have or manage public housing per se. A number of them have housing resources of their own that they have acquired through various processes. They manage those according to their own processes and their own criteria. Certainly the department consults with local Aboriginal land councils in trying to access and understand local need for planning purposes and in some cases the department has undertaken management of land council properties on behalf of the land council, usually at the request of the State land council or the Aboriginal Housing Office as the case may be. They are certainly in general terms important members of our communities and of our stakeholder groups. They generally attend what are called regional Aboriginal housing committees that are co-ordinated by the Aboriginal Housing Office, and the department generally participates in those co-ordinating and planning processes as well.

CHAIR: Would you be able to give the Committee an indication of where joint work is done by the land councils and the Department of Housing?

Mr ALLEN: Certainly the department could seek to provide information to the Committee where Aboriginal regional housing committees exist and operate. As I say, they are facilitated by the Aboriginal Housing Office and we participate in those. We can certainly provide that information, yes.

ANSWER:

Regional Aboriginal Housing Committees provide an advisory function to the Board of the Aboriginal Housing Office on policies, programs and strategic directions. The Department of Housing manages properties on behalf of the Aboriginal Housing Office. There are six Regional Aboriginal Housing Committees in the following areas: Many Rivers, Kamilaroi, Murdi Park, Binaal Billa, Sydney and South East.

Department of Housing engagement with individual Local Aboriginal Land Councils occurs at the local regional level. Examples of joint work that has resulted from these regional partnerships are as follows:

1. The Department of Housing's Port Macquarie office assisted the Bunya Lands Council to acquire funding through the Office of Community Housing for two supported housing properties to assist Aboriginal families who were homeless and/or in crisis.

2. The Department of Housing's Port Macquarie team has also assisted the Bunya Lands Council staff with information, skills development in property management and Consumer, Trader and Tenancy Tribunal case work.
3. The Department of Housing's Maitland team is negotiating with the Local Aboriginal Land Council on a partnership involving the provision of housing outreach services. Department of Housing officers in the Hunter make regular visits to Land Councils to provide information sessions about tenancy and property management as well as the services provide by the Department.
4. A partnership between the Department of Housing's Bega office and the Local Aboriginal Land Council has resulted in support for a small complex for elderly Aboriginal people in Bega.



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QUESTION No. 16 (Hansard page 24)

CHAIR: In terms of the department's leasing or construction of new public housing dwellings—you may need to take this on notice—could you advise the Committee of what might be called the geographic footprint of where they have been located over the past decade?

Mr ALLEN: All new housing over the past decade?

CHAIR: Yes.

Mr ALLEN: That is a fairly substantial request, Madam Chair. There are a lot of properties the department has acquired, leased or constructed over the past 10 years. Can we assist you in a more specific way? Certainly we can provide locations over the past couple of years fairly readily, and that might be a starting point?

CHAIR: Yes, and then we can look at that in the context of the next round of budget questions.

ANSWER:

In the financial years 2003/04 to 2004/05 the Department of Housing acquired, leased or constructed public housing in the following areas of NSW:

Regional area	Number	Regional area	Number
Central Coast	121	North Shore	109
Central Western NSW	9	North Western Sydney	11
Eastern Sydney	70	Riverina/Murray	1
Far North Coast	101	South Coast	49
Far West & North West NSW	2	South Western Sydney	226
Hunter	147	Southern NSW	25
Illawarra	111	St George	190
Inner Western Sydney	90	Sutherland	53
Mid North Coast	65	Western Sydney	568
New England	17		



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QUESTION No. 17 (Hansard page 26)

Ms SYLVIA HALE: It is my understanding that there are at least several hundred houses where tenants have been moved out and the houses have been demolished, yet we have quite a long time period before those houses are replaced. Can you explain to me how having houses vacated and the land standing empty over four or five years contributes to the department's bottom line?

Mr ALLEN: First of all, I do not understand that there are several hundred tenants relocated nor that there are several hundred properties that have been demolished. My understanding is a number much smaller than that—indeed, less than half is my understanding. As I mentioned earlier, yes, there is a process with large-scale projects, with the time involved, to bring those projects to fruition. There have been a number of inherent issues with Minto as to why some tenants have been relocated. You may be aware that some of the properties there are of a townhouse style. Some tenants have chosen to relocate more quickly than other tenants and it is difficult to maintain vacancies in some of these situations to use them for rehousing purposes if we are going to have to ask someone to move on again.

Alternatively, to maintain them as vacancies that may be subject to vandalism and other damage, including fire damage, that may place the other residents in those rows of townhouses at some risk. So, it is not a straightforward situation of moving some people out and leaving some people there. Minto is fairly complex. I acknowledge the issue you are raising and we have recognized the need to improve some of our relationships and activities at Minto and we have worked very hard over the course of the past 12 months to do that. I have had some quite positive feedback from the community that we have improved and made some things better for them.

Ms SYLVIA HALE: If you can take on notice how many?

Mr ALLEN: Yes indeed.

ANSWER:

Approximately 200 townhouses in very poor condition have been demolished. Further rehousing and demolition will occur in line with the timing of the staged development project.

The development is anticipated to extend over 10 years. Replacement housing is being purchased as part of the Department's overall stock replacement program.

A handwritten signature in blue ink, appearing to read 'Cherie Burton', with a large, stylized loop at the end.

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QUESTION No.18 (Hansard page 26)

Ms SYLVIA HALE: Can you tell me of the three years 2002 to 2005 what percentage of tenants have moved from being in a position where they receive a total rent rebate, a partial rent rebate and pay market rent? I am looking at the movement between those three categories.

If you could get back to me with some figures and percentages on that, that would be very useful.

Mr ALLEN: I am not sure we can track individual tenants. I can certainly give you some broad numbers. I am not sure that we can also provide you with the information about "partial". It comes down to the definition of a "partial rent subsidy". Perhaps if we could provide you with information of those on rent subsidy versus those paying market rent and on any more specific questions.

Ms SYLVIA HALE: Thank you.

ANSWER:

Year	2002/2003	% change	2003/2004	% change	2004/2005
Rebated rent	110,361	0.59%	111,013	(2.29%)	108,469
Market rent	12,906	(4.68%)	12,297	17.22%	14,415



**Cherie Burton MP
Minister for Housing
Minister Assisting the Minister for Health (Mental Health)**