

GENERAL PURPOSE STANDING COMMITTEE No. 4

Friday 23 September 2005

Examination of proposed expenditure for the portfolio area

HOUSING

The Committee met at 2.00 p.m.

MEMBERS

The Hon. J. A. Gardiner (Chair)

The Hon. J. C. Burnswood
The Hon. D. Clarke
Ms S. P. Hale

The Hon. P. T. Primrose
The Hon. I. W. West

PRESENT

The Hon. C. A. Burton, *Minister for Housing, and Minister Assisting the Minister for Health (Mental Health)*

Department of Housing

Mr T. Barnes, *Director General*

Mr M. Allen, *Deputy Director General, Operations Department*

Mr B. Keneally, *Executive Director, Policy, Strategy and Finance*

CHAIR: I declare this meeting open to the public and I welcome everyone to this public hearing of General Purpose Standing Committee No. 4. Firstly, I thank the Minister, the Hon. Cherie Burton, and her departmental officers for being here today. At this meeting the Committee will examine the proposed expenditure for the portfolio area of Housing. Before questions commence, some procedural matters need to be dealt with.

In accordance with the Legislative Council's guidelines in relation to the broadcasting of proceedings, which are available from the Chamber support officers and clerks, only members of the Committee and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photographs. In reporting the proceedings of this Committee you must take responsibility for what you publish or what interpretation you place on anything that is said before the Committee. In respect of the delivery of messages, there is no provision for members to refer directly to their own staff while at the table. Members and their staff are advised that any messages should be delivered through the Chamber support officer on duty or the Committee clerks. As usual the allocation of questions for this Committee will be 20 minutes, 20 minutes, 20 minutes for the Government, the Opposition and the crossbench respectively. I declare the proposed expenditure open for examination. Minister, do you have a brief opening statement?

Miss CHERIE BURTON: No.

CHAIR: Are there any questions?

The Hon. DAVID CLARKE: Are you aware that the previous Minister responded to only 11 of 69 representations by Coalition members of Parliament in a seven-month period?

Miss CHERIE BURTON: In relation to correspondence, there was a bit of a backlog of correspondence, which has now been addressed.

The Hon. DAVID CLARKE: So you are aware that only 11 of 69 representations were dealt with during that seven-month period?

Miss CHERIE BURTON: I am not aware, no.

The Hon. DAVID CLARKE: Could you make some inquiries? Could you take that on notice and come back to us?

Miss CHERIE BURTON: Certainly.

The Hon. DAVID CLARKE: Would you agree that if that were the case, it is a very unsatisfactory state of affairs?

Miss CHERIE BURTON: I have taken that question on notice. I will get back to you with an answer.

The Hon. DAVID CLARKE: But just as a question of policy, in a theoretical situation, if only 11 of 69 representations had been answered within a seven-month period, that would normally be an unsatisfactory state of affairs?

The Hon. PETER PRIMROSE: Point of order: The Minister has answered the question. Presumably she will investigate it, and there may be good reasons. So it is inappropriate for the Minister to be asked to comment on purely hypothetical matters.

CHAIR: When the Minister gets back to us we can examine the answer and ask further questions if we wish.

The Hon. DAVID CLARKE: Could you also check as to whether in many of those representations there was not even an acknowledgement of the initial representation? Could you take that on notice too?

Miss CHERIE BURTON: I certainly will.

The Hon. DAVID CLARKE: How many properties are currently vacant because the tenants are incarcerated in the New South Wales prison system? Are these units of housing being held open for them until after their release?

Miss CHERIE BURTON: My advice is that there are 45 currently vacant. For the tenants that are incarcerated, they pay \$5 a week in rent for three months. That is how long we keep their tenancy open for them.

The Hon. DAVID CLARKE: So after three months the property is given to another tenant, is that right?

Miss CHERIE BURTON: It is either terminated or transferred to another household member who might be living in the property.

The Hon. DAVID CLARKE: How many Department of Housing tenants have been evicted for drug dealing and other serious crimes?

Miss CHERIE BURTON: I would have to take that on notice.

The Hon. DAVID CLARKE: Do none of your departmental people here have that information?

Miss CHERIE BURTON: Not specifically.

The Hon. DAVID CLARKE: There has been some suggestion that some contractors who were doing maintenance work on properties have been taking the department for a bit of a ride. Have you heard that suggestion?

Miss CHERIE BURTON: No.

The Hon. DAVID CLARKE: You have not?

Miss CHERIE BURTON: No.

The Hon. DAVID CLARKE: Would you be surprised if that was happening?

Miss CHERIE BURTON: We are currently piloting a program in relation to maintenance, moving from a more responsive-type maintenance system, which is very expensive, to a more planned maintenance system. We are hoping that we will be able to manage our maintenance a lot better through being able to plan it and prevent maintenance issues. We are currently in that process. We are conducting a pilot in Sutherland and we are awaiting the results of that.

The Hon. DAVID CLARKE: Do you believe that the maintenance program could have been operated in a better way than it has been?

Miss CHERIE BURTON: It is always important to monitor programs and make sure that they are being done in the most effective and efficient way. Because a lot of our stock is aged, we believe that it would have been better and more efficient for us to have had a planned maintenance program rather than the responsive maintenance that we have carried out in the past. This is what we are piloting at the moment in Sutherland.

The Hon. DAVID CLARKE: What sort of monitoring do you have in place to monitor the maintenance program?

Miss CHERIE BURTON: We have people in the department who go out and randomly check maintenance and make sure that the maintenance has been carried out.

The Hon. DAVID CLARKE: Is that an ongoing monitoring program?

Miss CHERIE BURTON: Yes.

The Hon. DAVID CLARKE: It is a form of auditing of the program, is it?

Miss CHERIE BURTON: Yes.

The Hon. DAVID CLARKE: Are there regular written reports on that auditing of the maintenance programs?

Mr BARNES: Perhaps if I can assist. The department has 16 head maintenance contractors throughout New South Wales and those contractors then employ subcontractors. So for all of the department's works, we issue works orders. Those works orders then have an audit regime around them. There is a reporting mechanism against those as well, in terms of time, delivery and the work being completed in accordance with our satisfaction. All of those are then monitored on a regular basis by our maintenance team at head office. They are also monitored at the local level through audit and inspection regimes. Of the contracts that have been in place since 2002, there has been a noticeable improvement in all of the indicators across all of the contractors.

The Hon. DAVID CLARKE: So you do have written reports?

Mr BARNES: Yes.

The Hon. DAVID CLARKE: Are those reports available?

Mr BARNES: The reports are not available here today. We would have to take on notice specifically what you may have an interest in, but we would be prepared to take on notice those issues.

The Hon. DAVID CLARKE: If you could take on notice that the monitoring reports of your maintenance program be produced.

Mr BARNES: They are statistical reports. We would be happy to provide a briefing note in relation to those reports, the form of them, the type of things they monitor, for example, and give you some indicators of those examples.

The Hon. DAVID CLARKE: I think you have been that doing since 2002?

Mr BARNES: Correct.

The Hon. DAVID CLARKE: In that period has any contractor been replaced because of overcharging or inferiority of work?

Mr BARNES: Two of the head contractors have had their services terminated for a range of reasons, but specifically more related to non-performance and dissatisfaction by the department that they were not responding adequately within the time frames and, as a result, those contracts were terminated.

The Hon. DAVID CLARKE: And was there any overcharging involved in those deficiencies?

Mr BARNES: My recollection is that the matter was not in relation to overcharging but more in relation to their performance overall and their responsiveness.

The Hon. DAVID CLARKE: In other words, we were not getting value for money; we were not getting the repairs and the maintenance for the money that we were paying?

Mr BARNES: No. What I indicated was that the department was not satisfied that the works were being carried out as requested within the required time frame, so we therefore were not getting a service. Payments were not made for those, so it was more over an issue of satisfaction regarding performance and delivery. As a result of that, the department took firm action, terminated the contracts and replaced them.

The Hon. DAVID CLARKE: You said there were two such contractors?

Mr BARNES: Correct.

The Hon. DAVID CLARKE: Who were they?

Mr BARNES: One contractor was Maxiquial on the North Coast. The other name escapes me. I think it was around the Broken Hill area. I would have to take on notice the name of that second contractor.

The Hon. DAVID CLARKE: How long had those two contractors who were replaced been contractors for the department?

Mr BARNES: Going on memory, the Maxiquial one was terminated in December 2003. They would have started with us in July 2002, so about 18 months for them. In relation to the Broken Hill one, my memory is that it was early 2004, so it would have been possibly 20 months or 21 months, something in that range.

The Hon. DAVID CLARKE: Minister, in the year 2000 your Government announced that rent would be increased by 1 per cent per annum for five years and the subsequent increase in income would be spent on a maintenance regime for public housing. Can you advise the Committee how much money has been raised by this program and how much has been allocated to maintenance over that period?

Miss CHERIE BURTON: I will take that question on notice.

The Hon. DAVID CLARKE: Are you aware of complaints about maintenance, particularly in northern New South Wales, of Department of Housing properties?

Miss CHERIE BURTON: I will have to take that question on notice, but, as I said, we have a lot of stock that is aged stock. We have been following the more responsive model of going out when something needs to be repaired, but now we have this pilot program where we believe we will be able to deliver maintenance in a much faster and more efficient way.

CHAIR: When is it expected that the maintenance pilot in Sutherland will be completed?

Miss CHERIE BURTON: At the end of this month.

CHAIR: For how long has that been trialled?

Miss CHERIE BURTON: Since the beginning of the year.

CHAIR: Do you expect to be able to make some fairly quick decisions about future programming?

Miss CHERIE BURTON: We hope to. I need to see the results of the pilot. At the end of the day, I will be looking to make sure that the maintenance we are carrying out is fast and efficient and that the taxpayer is getting value for money. I will have to wait for the results of the pilot to be able to make that assessment.

CHAIR: You mentioned the ageing of the stock in the department. Can you, or one of your officers, give the Committee an update as to the profile of that housing stock in terms of the number of properties owned by the department? I appreciate that you cannot give us, off the top of your head, a breakdown of how many one-, two- or three-bedroom properties the department has, but is there a profile you can give us as a snapshot of the stock? Also, what proportion of it would fall into the category of what you would describe as being aged stock, in other words, coming due for replacement?

Mr BARNES: I think we need to take on notice the detail of the question. I can answer broadly to say that we have in the range of 130,000 properties across New South Wales. The issue that, I think, your question is seeking detail of is a bit more complex than that. We know that 59 per cent of those properties, for example, are three-bedroom, standalone cottages—the typical Aussie home, as I sometimes call them—on a quarter acre block. In the review that the department has been doing, it has been looking not only at the age and condition of our properties but where they are located and matching back against future demand profiles. Part of the upgrade program is looking to get better alignment. If we think about the changes taking place in Australia particularly—and the world, I guess—the ageing and also a greater demand for people with disabilities and other particular client groups, all of those have been factored into our forward projections.

So when we look at maintenance and the maintenance upgrade program, it is looking at the totality of future demands and needs, department stock, our asset portfolio, where they are located and how they are comprised, being either one-bedroom or two-bedroom units. That is the broad answer. We would be happy to take on notice to provide further details should you wish them.

CHAIR: We would appreciate that, particularly if you could give a breakdown of the one-bedroom, two-bedroom and three-bedroom properties. Can you tell the Committee how many of the properties are currently vacant?

CHAIR: We have a lower than national average vacancy rate and it is currently 1.35 per cent. The national average is 2.35 per cent.

CHAIR: Do you know how that compares to, say, the past five years?

Miss CHERIE BURTON: It has been reducing.

CHAIR: So there is a steady downward line.

Miss CHERIE BURTON: Yes.

CHAIR: With respect to the priority housing list, first, how many people are on the waiting list for public housing and how many of them are on a priority housing list?

Miss CHERIE BURTON: On the housing register waiting list there were 69,067 as at 30 June 2005. I should add that that is down 6 per cent from 30 June 2004 and down 30 per cent from June 2000. Priority housing assistance was 2,800 for the year.

CHAIR: How does that compare with the previous five years?

Miss CHERIE BURTON: I will have to take that on notice.

CHAIR: Can you advise the Committee how many properties the department has sold in the past year?

Miss CHERIE BURTON: The department may dispose of any of its public housing properties in any financial year for a number of reasons. One is that the property may no longer be suitable to the needs of the tenants or it is uneconomical to maintain, repair or develop it. It might be necessary to break down the concentration of public housing and estates by integrating private housing with social housing. We have many community regeneration programs across the State. Public housing tenants may apply to purchase the dwelling in which they reside, and the commercial property and vacant land is not required for public housing purposes. All proceeds from the disposal of these properties are reinvested in public housing.

CHAIR: What does that mean? How many properties were sold in the past year?

Miss CHERIE BURTON: Some 446.

CHAIR: Can you give me an indication of how that fits with recent trends? Is it a higher than average number or is it pretty much on par?

Mr BARNES: It is about on par with what we do each year. It fluctuates from year to year, and it depends on exactly what programs we are working on come 30 June. I mean, 30 June is just a snapshot in time in many ways, with programs running longer than that and the type of works we do. Indeed, most things we do of a capital nature take longer than 12 months so, as I said, 30 June tends to be the end of time. If we look at that number, for example, in the past financial year, we sold about 311; in the 2003-04 year it was 446. So it depends on the programs that would lead to those particular sales or disposals.

CHAIR: Can you give us an indication of the location of the properties that were sold? I appreciate that you may need to take the detail on notice but you might be able to give us an idea of whether there are any particular regions or localities where there has been a higher—

Mr BARNES: No. My understanding is that those numbers are broadly spread across New South Wales. I do not have any recollection of a particular large-scale sales program in a suburb or an estate. These are sales which would have been taking place across New South Wales broadly between metropolitan, regional and rural areas of the State.

CHAIR: Are you able to provide those locations on notice?

Mr BARNES: Yes, we will be able to give you that information.

CHAIR: I understand that some units in the Bathurst area were sold to a company called Sydney Cove Holdings. Can you advise the Committee whether those units have been replaced yet?

Mr BARNES: The particular units that I think you are referring to were units that the department actually sold by way of a public process to a private company which carried out, after its own evaluation, redevelopment of those units. The department's decision was to dispose of those units, and it was following a relocation program of our tenants within the Bathurst region.

CHAIR: Can we say that the replacement of the units has been undertaken in accordance with the Commonwealth-State housing agreement?

Mr BARNES: Yes. The Commonwealth-State housing agreement requires the department to maintain its stock so we would be maintaining stock across New South Wales and in accordance with particular demands and the particular profile of locations such as Bathurst. The answer is yes.

CHAIR: Is it true that the housing to which I just referred in Bathurst was sold at what might be described as a bargain basement price to that company, Sydney Cove Holdings?

Mr BARNES: I am not aware of the description. I can advise the Committee that the properties were sold in an open public process and therefore they were sold at what was then deemed to be market price. There was no improper process. They were sold in accordance with government and usual commercial practices and for which a market price was obtained.

CHAIR: It has been suggested that the company made some minimal alterations to the properties and could now make a net profit of the order of \$4.5 million. Would that be true?

Mr BARNES: I cannot speak for what the company's net profit may have been in terms of that particular business undertaking, but what I can say is that I have inspected those properties and I have walked through them. They would require very extensive repair work to be undertaken to bring them up to any habitable standard, let alone a standard that would fetch the price you are indicating. I expect that if the company is to put those back on the market for private sale it would have to expend very significant funds to bring them up to a level that would make them marketable. I know that from a personal, first-hand inspection of the properties in question.

CHAIR: Can you tell the Committee how many new units have been constructed or purchased by the department in the past year?

Miss CHERIE BURTON: Along with the reshaping public housing reforms that were announced in April this year, the Government also announced a strong and detailed plan—

CHAIR: A strong and detailed plan?

Miss CHERIE BURTON: Yes.

CHAIR: I have not heard that this week.

Miss CHERIE BURTON: —to renew the public housing property portfolio over the next 10 years. The plan will align the property portfolio with long-term projections of demand from high needs groups, ensuring that we have the right kind of homes for people who need them most. The demand for stock needs to be better matched with the people who need it. The frail, the elderly and people living with disabilities have a high demand for that.

The plan also accounts for the quality of existing dwellings and ensures value for money. In addition, the Government will complete the \$500 million redevelopment of the Bonnyrigg estate through a public-private partnership. For us, this will serve as a model for renewing large estates and achieving the right balance between public and private housing.

CHAIR: How many new units were constructed or purchased in the past year?

Miss CHERIE BURTON: A total of 715 additional homes will be commenced or leased in this financial year, to the value of \$219.2 million.

CHAIR: Is the housing stock growing? If you compare the number being sold off with the number being built or otherwise acquired, what is the trend?

Mr BARNES: The trend is that the department has been complying with the CSHA requirements and maintaining around its total level of stock. That needs to be cast against a background that we have been receiving reduced levels of funding under the CSHA. If we go back over the past nine years we are some \$850 million less under the program than in the current program, which is 2003-08. We are around \$210 million less within the program. Given there has been reduced funding through Commonwealth-State housing agreements there is certainly not sufficient capacity to be expanding and growing stock, and the department's obligation to maintain stock is being affected.

Ms SYLVIA HALE: Following up on the previous line of questioning, I wonder, Minister, whether you could take on notice and provide addresses of Department of Housing properties that have been sold in 2003-04, in 2004-05 and as much as is available of 2005-06? Could you provide also the prices obtained for those properties and then could you correspondingly provide the addresses of all properties that were purchased in those years and also the value of those purchases?

Mr BARNES: I am just wondering if it is possible to get a better understanding of the purpose behind the question. What has been asked is a considerable amount of work. What I can answer is this. If the concern is about the department's sales being at value or its acquisitions being at value, the sales process and the acquisition process are undertaken in accordance with government requirements and in accordance with usual commercial practices. We obtain valuations. If you are going to do sales, you do that. I am just wondering about the amount of work required.

Ms SYLVIA HALE: One of the things I am interested in is seeing whether the department is selling properties in high-value areas—Millers Point, Glebe, whatever—and replacing them with properties in relatively low-value areas, to see where the changes are taking place. I think the Minister or you said that during the past financial year 715 homes had been purchased or leased. It seems to me there is a considerable difference between purchasing and leasing a house. With purchasing, you obviously have it there. With leasing you have a commitment that is short-term. That is why I am asking for the figures of those that have been sold and those that have been purchased. If you also wish to provide those additional figures on those that have been leased, it would be useful.

Mr BARNES: We can take that on notice and provide a response along the lines of the question that has been clarified.

Ms SYLVIA HALE: After last week's *Four Corners* program I think everybody is very conscious of the position of homeless people, particularly in this State. What is the department doing to house homeless people currently living in the parks, streets and beaches in this State?

Miss CHERIE BURTON: Public housing, particularly in the inner-city, is in enormous demand. We make every effort to make sure that people who require public housing are housed appropriately. We have a temporary accommodation line, which operates during evenings and weekends. In the past financial year it helped 1,970 people with its after-hours service. We have the New South Wales Government partnership against homelessness, which has developed the inner-city homelessness action plan to help homeless people in the inner-city suburbs of Sydney. The action plan focuses on improving access to accommodation and support services for homeless people who are rough sleepers, increases the knowledge of the needs of homeless people and improves networks between agencies to develop a seamless service system for homeless people. A key component of the action plan is the establishment of the homeless action support and outreach service [HATSOS]. Since its commencement in 2003 until June 2005 it has helped more than 180 clients and has had over a hundred contacts with homeless and rough sleepers in the inner-city suburbs of Sydney. Key target areas also include Redfern, Woolloomooloo, Kings Cross and Surry Hills.

Ms SYLVIA HALE: You mentioned the provision of temporary accommodation. Has the department contemplated acquiring hostel-style housing rather than looking for accommodation in motels and caravan parks, because that is a fairly costly and not necessarily a particularly efficient way to house people seeking emergency accommodation?

Mr BARNES: The department is not examining that particular avenue because all the evidence I am aware of indicates that hostel living is not ideal for people coming out of a homelessness situation and requiring other support. So, the support provided was only ever designed to be a short-term stopgap, the idea being to try to stabilise individual lives by getting them back in with support from appropriate agencies, not only Housing. As for making available motels or other accommodation, that would be a short-term arrangement, usually done overnight. We may get an inquiry late on an afternoon, for example, or even into the evening. Our call centre, which is a 24-hour service, can pick that up and then make the arrangements. After that we would then look at the particular circumstances and drop in to the case management approach and then seek to engage with other agencies and then make an assessment of the type of accommodation that may be suitable for the particular person, and, based on that, look at our priority waiting list and available accommodation in the area.

Miss CHERIE BURTON: I also point out that a lot of homeless people need a lot of support. So it is important for us, particularly if you look at initiatives we have started for people with mental illness such as the HASI program, that we not only provide the stock but make sure the other government agencies are working with us to support those people.

Ms SYLVIA HALE: It is my understanding that the SAAP programs provide only short-term or medium-term accommodation and that they in themselves are not sufficient to address long-term needs of this section of the community. We would also have an additional problem that with the sale of caravan parks as they are redeveloped there would be an ongoing loss of sources of temporary accommodation for people who are in these emergency situations. What I am asking is how is the department going to improve access to accommodation by people who need supported or semi-supported accommodation such as those people with mental illness? What are you doing to address this?

Miss CHERIE BURTON: We have had two stages of the HASI program. We are about to roll out the third stage. We have a range of initiatives that will be developed in conjunction with HASI, which is the development of an expanded joint guarantee of service for people with mental health problems and disorders who are living in our housing already and with ongoing support needs, and the joint development of the housing support initiatives. Over the next few years we will be supporting up to 700 people in supported accommodation. We are just about to roll out stage three.

Ms SYLVIA HALE: With the current policy of requiring people whose income exceeds a certain level to move on from public housing, what will prevent the remaining public housing becoming ghettos of highly disadvantaged people or people with high support needs?

Miss CHERIE BURTON: The Reshaping Public Housing policy is basically about providing housing for the people with most need. We have already started some programs such as the Bonnyrigg program and the Minto project, which is designed to reduce the level of social housing all in one place. We have also had many community renewal programs running.

Ms SYLVIA HALE: You would be aware that while there has been demolition of houses in Minto there has been no provision of any new houses. In fact, residents have been highly disturbed by the department's approach to breaking up their community.

Miss CHERIE BURTON: I do not know about that. When I became Minister the first meeting I went to with the community reference group there was very positive. The department has done a lot of consultation and a lot of work with the tenants to develop the concept plan that I lodged this morning. We are all looking forward to a very successful project.

Ms SYLVIA HALE: It is my understanding that many of the houses at Minto were demolished on the assumption that the Government would be able to attract a private partner to redevelop the estate and presumably introduce private tenancies along with publicly owned housing but that has not proceeded.

Miss CHERIE BURTON: It is preceding now. As I said, we lodged the concept plan this morning.

Ms SYLVIA HALE: Do you actually have a private company that is prepared to engage in the process with you?

Miss CHERIE BURTON: The project is in conjunction with the council and Landcom.

Ms SYLVIA HALE: Are you aware that in Glebe two Department of Housing tenants who are now in their sixties and who have lived in Wentworth Park Road for 26 years, and in Glebe for 60 years, are being told that they have to move because they both work in casual and part-time but very low-paid jobs?

Miss CHERIE BURTON: I am not aware of the individual case. I will take that on notice.

Ms SYLVIA HALE: The names of those people are Noreen Wellfare and her husband Brian Wellfare. Noreen Wellfare has lived there for 61 years and is now facing eviction because their income is exceeding the \$29,000 a year cut-off. I am sure would agree that that is hardly living in affluent circumstances.

Miss CHERIE BURTON: My understanding is that the case is currently under appeal. The changes with Reshaping Public Housing will deliver for us an ability to house the people who are most in need. It has been structured in a very fair way.

Ms SYLVIA HALE: I return to my point. Where you focus on concentrating people of high disadvantage in one area not only do you get a fairly dysfunctional community; also, by not having a range of tenants with a range of incomes, you do not have the situation with the previous system whereby those people paying higher scale rents subsidise the rents of those who can least afford to pay. We are now getting a situation where virtually no-one will be able to pay sufficient to maintain the stock in adequate form, let alone acquire new stock.

Miss CHERIE BURTON: Yes, back in the seventies and prior to that there were a lot of people who were able to cross-subsidise the system. That is no longer the case. The nature of public housing and the demand on public housing have changed so much that we need to be able to house the people with most need. That is why we have introduced the Reshaping Public Housing reforms. That is why we are doing a lot of the community renewal stuff, and that is why we are redeveloping estates to increase the mix of housing.

Ms SYLVIA HALE: Do you not think it would be desirable to return to the former focus rather than follow a policy that stigmatises public housing and its tenants as being tenants of last resort, as it were? The policies the Government is currently pursuing, rather than making public housing a social good that should be spread across all income levels, are just focusing on a particular group that will not be able to assist in the maintenance and expansion of public housing.

Miss CHERIE BURTON: That is not the case. What the Government is trying to do with the redevelopments and the Reshaping Public Housing reforms is accommodate people most in need. We are making sure that when we do redevelop estates and when we are housing people they are near the services and getting the services that they need. It is about making sure that we are breaking up that concentration of social housing. As a local member, if a single mother with three kids walks through the door and she cannot get into a house, my priority is to house that person. That is the policy line that the Government is pursuing: it is housing those most in need. We are not saying that a whole group of socially disadvantaged people should be put in the one area; what we are saying is that we want to get the mix of different levels of housing. But social housing should be put aside for those people that are the most socially disadvantaged people, people with mental illness, people with disabilities, the elderly and the frail. We should also make sure that those houses are going near the services that they need—shopping centres and hospitals. Other agencies also have to come in and provide support as well. I believe that the Government's job is to support those that are most desperate.

Ms SYLVIA HALE: Yes, but what seems to be working out in fact is that, while it is desirable to house the frail and the elderly near services, if you are also housing them with a concentrated group of people who suffer mental illness or with, say, noisy young children you are not necessarily making for a cohesive or functioning community.

Miss CHERIE BURTON: As I said, we are looking at the ways that we carry out those redevelopments. We want to break up the concentration of social disadvantage. In the planning for that, and in the Reshaping Public Housing Reforms Package, and in the redevelopment policies and the community renewal we are trying to create a social housing mix. But social housing should be just that, for people who are the most disadvantaged.

Ms SYLVIA HALE: Could you provide me with the valuation for the entire Minto estate? It will probably have to be on notice.

Miss CHERIE BURTON: Yes.

Ms SYLVIA HALE: Can you confirm that it is now the policy of the Department of Housing to identify all properties that could be sold for \$600,000 or more?

Mr BARNES: I am not aware of that as being a Department of Housing policy.

Ms SYLVIA HALE: Do Department of Housing area managers have quotas to meet for the sale of properties?

Mr BARNES: No.

Ms SYLVIA HALE: So there are no quotas whatsoever?

Mr BARNES: When budgets are developed the local area managers then look at the forthcoming year, what properties they may know of that are due for redevelopment. They may be dealing with a number that are due for sale and, on the basis of those sales, they may therefore have funds to acquire other properties within the location. As I mentioned earlier, part of these reforms—they really do need to be seen as a package—is looking at the longer term for each of the areas. So we go back to the asset portfolio and, based on all of that, they then will work out what they may be able to do within the forthcoming budget to acquire new properties or carry out developments. But it is not worked on a quota system.

Ms SYLVIA HALE: Turning to a specific instance, I believe that the department is selling units from a block at 34 Wentworth Street, Glebe. Is that correct?

Mr BARNES: Yes.

Ms SYLVIA HALE: Why is it selling those units?

Mr ALLEN: The department has sold some units in that apartment block and the funds generated from the sales are invested in other housing elsewhere in the same general area. Part of that strategy is to reduce the concentration of homes in that building. It is not a building where the department has ever had 100 per cent of the ownership.

Ms SYLVIA HALE: If the department has not had 100 per cent of ownership, why are you depleting the portion of the building that it currently owns?

Mr ALLEN: The funds generated from the sale of those units are invested in other housing in the same general area. It is about reducing the concentration within that building; not reducing the volume of public housing in the general area overall.

Ms SYLVIA HALE: Does that mean that when you are replacing it with homes in the same area you are replacing it with homes of equivalent value or size? You are not selling something that is valuable and replacing it with something that is less valuable?

Mr ALLEN: No, that is generally not the case. Generally it would be housing of equivalent standard and style, but that would vary, depending upon the specific needs of the households that remain to be assisted in that location.

Ms SYLVIA HALE: I assume, Mr Allen, that you are aware that L. J. Hooker's Leichhardt web site is currently advertising unit 404 at 34 Wentworth Street under the caption, "City lights and city sights" for \$304,000?

Mr ALLEN: I am not aware of the specific details of the unit that you are referring to, I am sorry.

The Hon. JAN BURNSWOODS: Minister, one of the crucial areas that arises in any debate about housing is the extent of any Commonwealth contribution the State Government receives in relation to public housing. Will you give us some details about the Commonwealth's contribution, please?

Miss CHERIE BURTON: Yes. Over the last decade, the Federal Government has walked away from public housing. Between 1996 and 2005 it cut \$850 million from the public housing system. That would equate to more than 5,000 new homes. The Commonwealth-State Housing Agreement will be another \$210 million worse off since the funding levels of 2003. New South Wales makes a matching contribution under the Commonwealth-State Housing Agreement of \$120 million a year. In real terms we have invested \$397 million above and beyond Commonwealth-State Housing Agreement obligations over the past four years. The current multilateral Commonwealth-State Housing Agreement was signed by Commonwealth and State Housing Ministers in July 2003, and the agreement provides for Commonwealth and State funding for five years to June 2008. For the first time funding is being indexed from 2004-05 onwards.

The New South Wales and Commonwealth Governments also signed a complementary bilateral State Housing agreement for New South Wales on 25 June 2004. The agreement outlines the priorities and directions for spending of funds allocated to New South Wales under the multilateral agreement for the five years to June 2008. The bilateral agreement outlines the New South Wales Government's continued commitment to providing housing assistance to those most in need through public, community and Aboriginal Housing, assistance with private rental, and assistance for home buyers.

The Hon. PETER PRIMROSE: Minister, what were the reasons behind the introduction of the reshaping public housing reforms announced in April this year? What is the Government's investment in these reforms?

Miss CHERIE BURTON: The New South Wales Government has introduced the most comprehensive reform of public housing in 50 years. The Government will implement a \$2.7 billion, 10-year plan to invest in 30,000 public homes. A threefold increase in the annual redevelopment of properties will mean that available homes will better suit the needs of tenants. The reforms are designed to ensure that we have a fair public housing system that promotes responsibility and will be able to meet needs now and in the future. Our priority is to house people most in need.

We are focusing our attention on providing housing for the elderly, the mentally ill, the disabled, and young homeless people. A few of those key reforms will be the changes to tenure and it will mean that people will be offered short-, medium- or long-term tenancies and, at the end of those tenancies they will be assessed to ensure that they continue to have that need. If they do, their lease will be extended. As I said before, the Government's attention is now seriously focused on addressing people most in need. I would like to make it clear that the tenure reforms will not affect existing tenants.

We have also made some changes to the market rent. Public housing tenants who can afford to pay will be asked to contribute more rent. Two-thirds of public housing tenants will have no rent increase. For those who do, the average rental will be increased by about \$15 per week. The final change will be to water charges. The changes mean that water usage charges will become the responsibility of tenants. Like tenants in private and community housing, public tenants will be responsible for paying for the water that they use. They will not pay connection, sewerage, or similar fees. The Government has been consulting widely with housing groups and tenants about the implementation of these reforms.

The Hon. DAVID CLARKE: Minister, I return to the policy whereby you keep public housing open for a period of three months for tenants who are incarcerated in prisons. Does that occur in every instance? What would be the position, for instance, where a tenant receives a prison sentence with a non-parole period of five years? Would the property be held open for that tenant for three months?

Mr ALLEN: I can perhaps assist by answering that question. The three-month period is the general limit. The property would not be held open for longer than that. If someone received a gaol sentence in excess of three months, we would ask them to hand back the property or we would reclaim the property. If another household member were living in the property—for example, if a husband and wife were living there and one of them was incarcerated—we would consider transferring the tenancy to the remaining family member.

The Hon. DAVID CLARKE: Let us assume the following: There is only one tenant, no family members, and the tenant has received a gaol sentence with a non-parole period of five years. Would you keep the property available for three months in that situation?

Mr ALLEN: We would review the situation at the time the information was made available to us.

The Hon. DAVID CLARKE: In that instance, if the information came to you that that tenant had received a non-parole period of, say, five years, would you depart from your policy of keeping that property vacant for three months? Would you then re-tenant the property?

Mr KENEALLY: Again, it depends on when the information becomes available to us. If it becomes available to us at an earlier time, we will institute action at that time. But in our experience it would normally take several weeks to get through the courts system, so you would not know at the outset that the tenant had received a non-parole period of five years.

The Hon. DAVID CLARKE: If information was received after four weeks that the tenant was going to be in jail for the next five years, would you therefore shorten, by the remaining two months, the period during which you would keep the property vacant?

Mr KENEALLY: Yes, we would begin discussions with that tenant straight away, and with any welfare officer that was assisting the tenant, and then we would seek to reclaim the property at the earliest possible time. We would not necessarily wait for the 12 weeks to expire.

The Hon. DAVID CLARKE: Minister, are you aware of the development application that has been lodged by the department for a site in Catherine Hill Bay?

Miss CHERIE BURTON: I will have to take that question on notice.

The Hon. DAVID CLARKE: Is anyone else aware of such a development application?

Mr ALLEN: Not really, no.

Mr BARNES: Not the details.

The Hon. DAVID CLARKE: When you say "not the details", in general terms are you aware of such a development application?

Mr BARNES: I am not aware of the background to your question. Is it an application for one house, a unit, a block of units, or a redevelopment? We have a large department, and many of these matters are dealt with in the regions at the local level. So I would not expect to know about all the applications the department has lodged. I am certainly aware of the larger ones, but I do not know about that one.

The Hon. DAVID CLARKE: Could you take the question on notice and advise the Committee of any redevelopment applications that have been lodged in respect of the Catherine Hill Bay area?

Mr BARNES: Yes.

The Hon. DAVID CLARKE: Could you also advise the Committee whether any of the properties subject to that redevelopment application were tenanted at the time the application was lodged?

Mr BARNES: Yes.

The Hon. DAVID CLARKE: Could you also advise the Committee whether, when you lodged that application with council, you advised the council that the property was either tenanted or untenanted?

Mr BARNES: Yes.

The Hon. DAVID CLARKE: If the property was tenanted and the application was lodged with council advising that the property was untenanted, that would be an unusual situation, would it not?

Mr BARNES: The department's normal policy would be to have a consultation process with its tenants in relation to particular redevelopments or applications. So that would be outside our normal policy arrangement.

The Hon. DAVID CLARKE: Therefore we could not have a situation whereby these properties—?

The Hon. JAN BURNSWOODS: Point of order: My point of order is similar to the one taken by the Hon. Peter Primrose earlier. The witness agreed to take the question on notice. The Hon. David Clarke then went into more detail, and the witness agreed to consider that detail in providing an answer. We are now into generalised, hypothetical questions about a question that has already been taken on notice. The question is either on notice or it is not.

The Hon. DAVID CLARKE: To the point of order: I am talking about general policy.

The Hon. JAN BURNSWOODS: But you were not; you were talking about Catherine Hill Bay.

The Hon. DAVID CLARKE: I then went on to say that I was talking about general policy.

The Hon. JAN BURNSWOODS: So this is a new set of questions?

The Hon. DAVID CLARKE: You can take it as that, yes. I am talking about general policy. If you lodged an application for the redevelopment of a department property that was tenanted, as part of that application you would not advise the council that the property was untenanted, would you?

Mr BARNES: In the lodgement of a development application with the council, it would not normally be a matter under the Environmental Planning and Assessment Act for the council to consider whether it is tenanted. Frankly, that would not be a consideration for the council. It would be a matter for the department, in its relationship with its tenants, to communicate a proposed development and to have a consultation process. I have already answered that that would be the normal process, and if we have not done that it would be unusual.

The Hon. DAVID CLARKE: Minister, whilst the previous Minister has given assurances that no needy person will be adversely affected by the new rent regime, can you advise why the Opposition has received numerous complaints that rents will increase considerably—in one instance, I understand, by 48 per cent?

Miss CHERIE BURTON: In July this year the department undertook a market rent review for its public housing properties. The department assesses the market rent based on the rent likely to be paid for a property of similar location, size and amenity in the private market. The review used the market rents valued as at June 2004.

On 16 May 2005 the department sent a letter to most tenants to let them know what the new market rent of their dwelling would be. A very small percentage of tenants would not have received a letter, because they are on protected tenancies or renewable tenancies. Around 85 per cent of tenants already in the system cannot afford market rent. Those tenants pay a subsidised or rebated rent, which is based on their household income.

The market rent review has no impact on most of these tenants. The remaining tenants pay the market rent. For most of these tenants the market rent has increased. Therefore the market rent review generates extra rent revenue for the department, for us to put back into public housing. The previous market rent review was conducted in 2001 using market rents valued as at December 2000. Commencing this year, the department will conduct these reviews annually and will keep tenants' rents and subsidies up to date with market values.

The Hon. DAVID CLARKE: Therefore, is it possible that a tenant could have been advised that his or her rent would increase by 48 per cent?

Miss CHERIE BURTON: I would be very surprised. For tenants who pay market rent and whose market rent has increased by more than \$60 a week as at the 2005 review, the department is staging their rent increase in two increments. The first increment was applied during the main review, and the second will be applied in November this year. Tenants who pay the market rent can appeal to the Consumer, Trader and Tenancy Tribunal if they think their market rent has increased excessively.

The Hon. DAVID CLARKE: So you believe it is possible, but not probable, that a tenant has had a 48 per cent increase?

Mr BARNES: If I may answer that question. The department would be happy to look at that particular circumstance. You really need to look at the detail of the location, the relevant market rent, what they were paying before, et cetera. As the Minister has outlined, protections have been built into the system. If someone receives a significant rent increase—we put a cap of \$60 on that—we will allow that to be capped, and then the increase will be phased in over a period of time.

In addition, if there is hardship there are measures for people to apply for assistance. But if they feel that the increase is unreasonable or unfair, there is a process of appeal. In the absence of further particulars regarding a certain case, or an understanding about the locality and market rent movements in that area, it is difficult to provide any better or further advice.

The Hon. DAVID CLARKE: Minister, tenants have expressed great concern about the reforms announced by your predecessor, such as increasing rents to 30 per cent of gross income and charging for water. Can you advise the Committee of the level of charges for water, whether Department of Housing units and homes will be metered to ensure equity, and whether water charges will take tenants over the proposed 30 per cent of income as rent?

Miss CHERIE BURTON: Public housing households use an average of 50 kilolitres more water a year than those who rent privately. They have a smaller average household size, and a higher consumption per capita. The Independent Pricing and Regulatory Tribunal has estimated that 3,000 million litres of water could be saved if public housing tenants used the same quantity of water as other households.

The New South Wales Government is asking public housing tenants to take responsibility for their water usage charges. Most tenants will not face paying a large water bill, and single people obviously will not pay the same as a couple. Any money saved will be reinvested into public housing, helping us to acquire or substantially upgrade more than 30,000 new homes over the next 10 years. The department is currently consulting with key stakeholders on the implementation of this policy.

The Hon. DAVID CLARKE: Can you guarantee that water charges will not take tenants over the proposed 30 per cent of income as rent?

Miss CHERIE BURTON: No.

The Hon. DAVID CLARKE: You cannot give that guarantee at all?

Miss CHERIE BURTON: No.

The Hon. DAVID CLARKE: So, tenants could pay in excess of 30 per cent of their income on rent and water charges?

Miss CHERIE BURTON: In relation to their water charges they could pay a little bit more, yes.

The Hon. DAVID CLARKE: They could pay a lot more too, could they not?

Miss CHERIE BURTON: No.

Mr KENEALLY: If the question is whether the combination of rent and water would be more than 30 per cent of income, that could be possible, given the interaction of the two policies, one of them being to charge up to 30 per cent for moderate-income earners. So for moderate-income earners there is a possibility that they could be paying in excess of 30 per cent of their income for the combined cost of their water and rent. The benchmark at 30 per cent for housing affordability, though, is purely in relation to housing costs. So, in terms of having to pay for their water on top of their rent, public tenants would only be in the same position as tenants in private housing or in other sectors.

The Hon. DAVID CLARKE: Do you have any figures, Minister, on what percentage of public tenants will pay in excess of 30 per cent of their income now that they are going to be hit with water charges?

Miss CHERIE BURTON: I will have to take that question on notice.

The Hon. DAVID CLARKE: Could you also take on notice the extent to which it is likely that there will be an increase above 30 per cent?

Miss CHERIE BURTON: Yes.

CHAIR: Minister, on the same theme, in relation to water charges and the installation of meters, could you advise the Committee of the cost of metering the department's properties, and whether the Government has allowed for that in this year's budget?

Mr BARNES: Under the water charging policies the department is following, the meters will be those that are currently installed. So there is no program to undertake the wide-scale installation of meters right across New South Wales. My memory is that that cost is in the order of \$40 million to \$50 million, but that is not part of this approach. The approach is to then have water charges for properties that are metered. As the department builds new properties or replaces properties, it installs replacement meters in the property replacements. But the other part of the policy is to do an apportionment method for properties that are not metered, not to install meters at a cost of \$40 million or \$50 million.

CHAIR: So it is \$40 million to \$50 million for meters?

Mr BARNES: That is my memory, yes, if we were to install meters right across New South Wales for Department of Housing properties that are currently not metered individually.

CHAIR: Does that mean that people without meters will be worse off than they are now?

Mr BARNES: Worse off to what extent?

CHAIR: How are you going to meter people who do not have meters now?

Mr BARNES: The water charges will be calculated on the basis of a statewide apportionment process based on usage—and we need to keep in mind it is only water usage, not for the cost of having a water pipe going in front of the residence, or sewage charges; it is actually water usage. So there will be an apportionment method based across New South Wales on the cost of water in different areas, units, and the number of people in the properties, for example, which will be a weighted factor back into the rental they pay.

CHAIR: How exactly do you measure the usage?

Mr BARNES: You need to understand that a lot of the department's properties are what are called "super lots", or there may be apartments. So there are meters for apartment blocks, for example, but individual apartments may not necessarily be metered. There is an apportionment method for apartment units that do not have meters.

CHAIR: Do the residents in a block get any say as to the fairness or otherwise, as they see it, of the apportionment you might make?

Mr BARNES: The methodology will be open to review, but it is a methodology that only takes into account water usage. It makes allowance, for example, for excluding any public areas or any common areas, and it is an average figure across New South Wales.

CHAIR: How would it be open to review? How would people have input into it?

Mr BARNES: Individuals may not, but the department's processes are open to review.

CHAIR: By whom?

Mr BARNES: We have consultation regularly with the peak associations, for example, who seek details. These are all steps the department takes.

CHAIR: Is it correct to say that the 30 per cent of gross income that is intended to be charged by the Government is higher than will be relevant to many similar properties in the private rental market, and therefore, can you understand why some tenants feel that 30 per cent of net income would be a far more appropriate figure?

Mr BARNES: No. On the modelling figures, from memory, across New South Wales, people in private rental often pay in advance of that. Private renters, of course, also have the benefit of Commonwealth rent assistance, which is an assistance that is not available to public renters. So I do not think it is accurate to say that people in public housing will be paying more than those in the private section. And, remember that only a very small number would be at the 30 per cent level, the bottom income earners. That is a generalisation that would not be true.

CHAIR: What is the mechanism whereby you work out the usage of water in units, say, with different numbers of inhabitants? One unit may have two people, another may have a lot of people, and in another there may be just one person .

Mr BARNES: We will take that question on notice.

CHAIR: I would have thought that was a pretty obvious matter of policy.

Mr BARNES: There is some detail behind all of these aspects that I think is best provided to you on notice.

CHAIR: You are happy to spell it out so we can have a look at it?

Mr BARNES: Yes.

Ms SYLVIA HALE: Minister, you will agree that where there is no correlation between the amount of water used and the amount of water paid for, many tenants would simply regard that as another form of rent increase?

Miss CHERIE BURTON: No.

Ms SYLVIA HALE: What is the encouragement for people whose water usage is not metered, to decrease their water usage? It will not affect the amount they pay.

Miss CHERIE BURTON: We will be developing a fair model of apportioning that.

Ms SYLVIA HALE: How will you do that?

Miss CHERIE BURTON: There are a number of ways you can do it, Based on income—

Ms SYLVIA HALE: Income has nothing to do with water usage?

Miss CHERIE BURTON: If you are looking at people's ability to pay—

Ms SYLVIA HALE: Presumably people get their water metered and they get their rates and they say, "Goodness me, I can save money if I use less water." But if they are not charged for the water they use, what incentive is there for them to use less water?

Mr BARNES: Perhaps if I can assist the Minister. The issue is that a great number of the department's properties are in fact metered.

Ms SYLVIA HALE: That is excellent.

Mr BARNES: The tenants of those properties know how much they use, and, as has been said, usage in those properties is well above usage in private tenancies. The tenants of properties that are not metered individually contribute to their water use; they pay according to how much they use, similar to what takes place in the private sector.

Ms SYLVIA HALE: It could be a contribution to their water use or it could be a contribution to maintenance generally. But can you also understand that residents may see this as a rent hike, and—considering how long they wait for maintenance, taps to be repaired, and leaks to be fixed—come to the conclusion that this is just a device by the department to raise more money?

Mr BARNES: To answer part of your question about the sensitivity of the pricing charge, I found it particularly interesting that not long after, in fact within 24 hours of the public announcement, our call centre at Liverpool received a very high number of reported water leakages, which had not been reported before.

Ms SYLVIA HALE: Have they all been addressed speedily?

Mr BARNES: Of course. In terms of the department's maintenance and response, the department has a series of response regimes and if we are advised about a water leakage or a leaking tap, that would be put into the system and responded to. That is all part of the process, so there has been an awareness. In addition to that, the department has undertaken a wide range of education programs. We have also been working closely with Sydney Water on a retrofit program to install showerheads that save water, dual flush toilets and the like.

Ms SYLVIA HALE: That is going through the private community as well, though, is it not? It is not a program confined to public housing.

Mr BARNES: No. The department has undertaken this as a special program for which we are paying funds to address, as a measure of water conservation and being a responsible government department.

Ms SYLVIA HALE: But I had my house retrofitted. It was made available by Sydney Water. One paid a minimal fee, but we had to pay, I agree. That program is being used across the community. Where there are meters, people will be charged according to the rates notice they receive. Is that correct?

Mr BARNES: Of water usage, yes.

Ms SYLVIA HALE: We are talking about 30 per cent of gross income and the possibility of exceeding that. Would you agree that the normally accepted cut-off point for people being in housing stress is where more than 30 per cent of their income goes to pay for accommodation?

Mr BARNES: As I mentioned before, it would be a very small number—and we would be prepared to take the question on notice to provide the information—that would be reaching the 30 per cent level and an even smaller number who would then be subject to a moderate contribution for water usage. In all of the modelling that I have seen, they would still be paying less, in general terms, than what they might if they were in private housing, particularly in private housing with Commonwealth rent assistance.

Ms SYLVIA HALE: I return briefly to the establishing of market rental. Is it true that you take a number of factors such as size, location, et cetera, and then look at what is being charged on the private market for an equivalent property? You do not go and look at any of the properties when you are establishing what market rent is, do you?

Mr BARNES: I will ask Mr Allen to provide that detail.

Mr ALLEN: When the department undertakes its market rent review process, there are a number of benchmark properties across the State that are independently valued to establish the market value of those properties. Those values are then extrapolated across other similar properties in the same location to, in total, overall, come up with the value of the properties right across the State.

Ms SYLVIA HALE: So when establishing market rental you do not take account of the maintenance requirements of a particular property, whether it is in good condition or whether it has been well maintained by tenants. It is an abstract consideration, is that right?

Mr ALLEN: No, it is not an abstract consideration. The department attempts to value typical properties right across the portfolio to get a fair and reasonable representation of all the properties across the portfolio.

Ms SYLVIA HALE: Is it possible, where specific properties have been given a market valuation and the rent goes up, that if the property has not been well maintained by the department or there have been delays in carrying out repairs, for the tenant to appeal against the increase?

Mr ALLEN: It is correct that tenants can appeal against the increase, yes.

Ms SYLVIA HALE: I return briefly to the sale of departmental properties. Has the department sold any of its stock in Millers Point?

Mr ALLEN: The department has not sold any properties in Millers Point. There are a number of properties that have been offered to the market on the basis of long-term leases, but they have not been sold, no.

Ms SYLVIA HALE: The properties in Merriman Street have not been sold. They have been offered for lease, is that correct?

Mr ALLEN: Those properties have been offered on long-term leases.

Ms SYLVIA HALE: To the private rental market?

Mr ALLEN: They were offered to the market by tender, yes.

Ms SYLVIA HALE: Did the department sell units in a block in Wilson Lane in Newtown?

Miss CHERIE BURTON: I will take that question on notice.

Ms SYLVIA HALE: If you would. Could you also tell me how much each of these units sold for, when each unit sold and, similarly, the leasing arrangements for Merriman Street. I find it somewhat disturbing that, on the one hand, you talk about the importance of retaining social mix but obviously this process of selling off in areas like Millers Point or Newtown, where there has been a heavy process of gentrification taking place, you get the impression that the social mix, which could be committed to retaining people on low incomes, is being abandoned. By moving people on low incomes out of those areas rather than retaining the social mix, you are contributing to less of a mix. Could you explain how selling off units or having long-term leases helps to retain a social mix in areas like Millers Point or Newtown, in view of the gentrification taking place in those areas over the last 30 years?

Mr BARNES: I might be able to assist by saying that it depends on the location. As well as broad directional policies, there are also locational policies that need to be taken into account. You referred to the Millers Point properties. We need to go back and look at the history of those properties. These properties have been acquired by the department over a number of years. They were formerly held by the Sydney Harbour Trust, The Rocks resumption boards and the like. I should add that those properties have heritage orders on them and they are of great heritage significance. In looking at those properties, it has been a matter of balancing both the tenancy mix and then looking to obtain long-term leasing so that the property remains in government ownership. But the funds from those long-term leases can then be used to address issues around bringing the properties up to standard, addressing Heritage Council requirements, and then getting a mix so that we get a salt and peppering of housing tenants within an area rather than a congregation. There are a range of factors that you need to take into account when looking at particular locations. It is not as easy as generalisation.

Ms SYLVIA HALE: I do not understand how removing people on low incomes from highly desirable areas, such as Millers Point or Newtown, contributes to the maintenance of social mix when we already know that there has been at the influx of people on very considerable incomes into those areas.

Mr BARNES: With respect, what I am trying to say is that it is not as simple as just looking at one aspect, and your question deals with one aspect—social mix. It is not as simple as that. You need to look at a range of aspects. You need to consider around location, around suburbs and around the best you can do with the properties you have.

Ms SYLVIA HALE: But earlier, when you were talking about the aim of your departmental policies, you were saying that they seemed to be all justified in terms of social mix considerations.

Mr BARNES: I think one of the answers that the Minister or I may have given referred to the reshaping of public housing policy. I think I have mentioned before that they need to be seen as a package over a long period of time; they are over some 10 years. Part of it is not only bringing our properties up to standard but also conducting reconfiguration of those properties and linking it back then to future demand, to around location. Conducting public housing is a complex business and it deals with a wide range of social and property factors. You cannot just look at one matter alone. You have to look at the context, locations and all of the various objectives trying to be achieved.

Ms SYLVIA HALE: But for people on low incomes living in locations such as Millers Point or Newtown where there is very good access to public transport and the need for service occupations, will you agree that moving them out of such an area does not necessarily do them any favours?

Mr BARNES: I am not aware of any times that we have moved people out of those areas. We would only take the opportunity, if there were a genuine vacancy, to then look at the best use for those particular locations, given the wide range of particular needs in the areas, as I have tried to explain. I do not think we actually move anybody out.

Ms SYLVIA HALE: There have been calls by the Council of Social Service of New South Wales, Shelter New South Wales and others to expand State environmental planning policy No. 7 or to amend the Environmental Planning and Assessment Act to allow councils that wish to levy developers for affordable housing purposes. What is your position in regard to that? Do you support those moves?

Miss CHERIE BURTON: I think that should be referred to the Minister for Planning.

Ms SYLVIA HALE: But you have made no attempt to discuss or raise with him the desirability of allowing that to occur.

Miss CHERIE BURTON: Not as yet, no.

Ms SYLVIA HALE: Inclusionary zoning, which requires that developers include a proportion of affordable housing in developments, is a method being used particularly overseas in global cities such as London and Paris to boost affordability. It is also in use in America and Canada. Have you ever discussed the introduction of inclusionary zoning with the Minister for Planning? If not, will you do so?

Miss CHERIE BURTON: I have not but I would like to have a look the results of that.

Ms SYLVIA HALE: I turn now to an issue I have raised in earlier years, and I am sure Mr Barnes will be familiar with it. Last year I asked the former Minister for Housing about asbestos contamination in properties in Wauhope Crescent, South Coogee. I understand that the asbestos has not yet been removed and people are still living in these premises. Can you update me on what the department has done in the past 12 months? Specifically, I am interested to know if tenants who are living in that block of units or in the adjoining block of units have been notified about the presence of asbestos. I would also like to know what safety precautions the department has taken to protect residents and what actions have been taken to remove the contamination.

Mr BARNES: Just for clarification, are we talking about a specific property?

Ms SYLVIA HALE: We know that there are legal proceedings in relation to unit 26, 14 Wauhope Crescent, but that is only one unit in a block of units. I am concerned about what has happened in terms of exposure to asbestos by residents of the other units.

Mr BARNES: The department has fairly strict protocols for tenants, its staff, contractors and subcontractors. If there is asbestos reported to the department then those protocols are followed. Safe working practices and the like are followed as well. So if there is a need for removal of asbestos then

we would need to have people relocated and our contractors would need to then follow all the necessary requirements under their safe working plans.

Ms SYLVIA HALE: Has that been done in the case of Wauhope Crescent?

Mr BARNES: If asbestos had been drawn to our attention within those areas it would have been attended to in accordance with those usual procedures.

Ms SYLVIA HALE: My distinct recollection is giving the previous Minister photographs of an electrical board in a corridor at 14 Wauhope Crescent where you could see the asbestos fibres. As far as I know, that has still not been attended to.

Mr BARNES: That is not my advice. We are getting close to similar photographs in relation to 26/14 Wauhope Crescent. I guess the answer I would provide is that the department is taking appropriate action to ensure the safety of its residents in accordance with our obligations under the Residential Tenancies Act and in accordance with safe working practices related to asbestos.

Ms SYLVIA HALE: The tenant at unit 26/14 Wauhope Crescent arranged to have testing done. This testing was conducted by the Environmental and Safety Professionals, and it shows brown and/or white asbestos in six of the eight locations tested inside the unit, and air testing results show airborne asbestos fibres up to 1,000 times accepted safe levels. I will tender these documents, if I may. I know that the department already has them but I want to make sure that the Minister is aware of the position. Has the department or WorkCover done any testing on this or other units at Wauhope Crescent in the past 12 months?

Mr BARNES: In relation to 26/14 Wauhope Crescent, there has been continuing legal action and appeals and withdrawals of action by the tenant, Mrs Reisner, and the department since about May 2000 in a range of jurisdictions, including the Consumer Trading and Tenancy Tribunal, the Supreme Court, the Court of Appeal and the Dust Diseases Tribunal. To date, all of the decisions of those actions have favoured the department. There is current legal action being pursued by Mrs Reisner against the department, and the department will continue to defend its position in respect of those matters. Therefore, I am unable to answer questions or provide information on issues the subject of that. But I am prepared to say that the department is satisfied that Mrs Reisner is not exposed to health risks as a result of her tenancy at 26/14 Wauhope Crescent, South Coogee.

Ms SYLVIA HALE: That seems to be a different conclusion from that drawn by the technical officer, Craig Whiting, from his collection of dust samples.

Mr BARNES: That will be for the court to determine.

Ms SYLVIA HALE: I asked whether the department or WorkCover New South Wales had done any testing of this or other units in the past 12 months.

Mr BARNES: I am not in a position to add to the answer I have given. It is all in relation to this issue, relative to court action.

Ms SYLVIA HALE: I have a letter from WorkCover New South Wales dated 8 September 2005 to the resident of unit 26 stating that WorkCover could not "release documents to the resident because of an objection from the Department of Housing". If you say that there is no risk to health or safety, why did the Department of Housing lodge this objection?

Mr BARNES: This matter is subject to court action and I am not in a position to answer the question.

Ms SYLVIA HALE: You just told the Committee that there is no threat to the health, safety or wellbeing of the resident so surely there can be no objection to releasing these documents.

Mr BARNES: I can only restate that I am not in a position to answer the question. The matter is currently subject to legal action between the tenant in the department.

Ms SYLVIA HALE: Also, may I take it that no information is being released to any other resident in that block of units about the presence or otherwise of asbestos?

Mr BARNES: I am sorry, I am not prepared to answer that question. I am prepared to take that one on notice but at the moment I cannot answer it.

CHAIR: Ms Sylvia Hale, you have tabled these documents.

Ms SYLVIA HALE: I would like them to be handed to the Minister. Is that possible? I have another set here.

CHAIR: Can you move that—

Ms SYLVIA HALE: I move:

That the documents be published.

The Hon. PETER PRIMROSE: We have not seen them.

The Hon. JAN BURNSWOODS: I have never been in an estimates committee that has published documents tabled by a member of the Committee.

Ms SYLVIA HALE: We did so last year.

The Hon. JAN BURNSWOODS: Is that within our standing orders?

CHAIR: I think we did, did we not?

Ms SYLVIA HALE: We did so last year. I had a lot of photographs of these units which I made available.

The Hon. PETER PRIMROSE: But that does not mean that it is within the standing orders.

Ms SYLVIA HALE: There is a precedent for it.

The Hon. PETER PRIMROSE: Yes, but with this Committee that does not mean that it is within the standing orders.

The Hon. JAN BURNSWOODS: It almost proves the opposite.

CHAIR: I am advised that there is no problem in the member tabling the documents and the Committee agreeing to publish them.

The Hon. PETER PRIMROSE: We want to have a look at them first. I am not being funny. If you table something here it is covered by privilege.

CHAIR: Have you got them?

The Hon. JAN BURNSWOODS: Yes.

CHAIR: We do not need to deal with them now.

The Hon. IAN WEST: Recently I understand there have been some disturbances on the Gordon estate in West Dubbo. Can you update us on developments in that regard?

Miss CHERIE BURTON: Yes. This week we began the process of relocating some disputing families out of the Gordon Estate. We have had some issues in relation to two families not getting along very well. We have relocated them out of Dubbo. We have a zero tolerance policy in relation to antisocial behaviour. We sent a message loud and clear to the residents there that any further antisocial behaviour will not be tolerated and if it continues we will have no hesitation in taking further action. The problems on the Gordon Estate have emerged over the past 20 years so it is

not an easy fix, but the wilful destruction of public property, crime and antisocial behaviour will not be tolerated.

We had an incident there on Saturday night after a football match. I have made it clear that we will relocate or evict tenants who continue with that sort of behaviour, and the Government will now be taking action to evict tenants who took part in the affray on Saturday night. In my first week as Minister I visited the Gordon Estate and spoke to a lot of community members and tenants. It is our firm belief that people have the right to live in safety and comfortably in their homes. We have done a lot to provide support services there. It is important for us to make sure, because there is a lot of social disadvantage on the estate, that we are putting in those extra resources, which is what is happening on a multiagency basis. At the end of the day, if people will not take up those programs and persist in this sort of behaviour, I will not hesitate to, hopefully, relocate in the first instance, but if we need to resort to eviction, that is what we will do.

CHAIR: On the issue of problems in Dubbo, I do not necessarily want to know precisely where you have relocated those people but are they relocated to elsewhere in Dubbo or to another part of New South Wales? How do you handle that?

Miss CHERIE BURTON: They are in New South Wales but not in Dubbo. It is a very sensitive issue there. It is about a 90 per cent Aboriginal population and there is a clan issue with the community and different families do not get along. We are trying to resolve that as peacefully as possible, and the relocation is the first step in trying to separate these families so we can calm things down in the estate. We have done a lot of work in the estate. We have a Gordon Centre there, an access centre that provides support and work programs. In my first week as Minister we donated a house to the elderly women's group as a place for women to go as an antenatal clinic and a women's refuge and those sorts of things. Other agencies are involved as well in delivering support. But we have these issues that have been growing for some time and it has got to a point now where we have had to take this sort of action.

CHAIR: When those sorts of people are relocated, are the people into whose community they are relocated able to cope with that? Do you monitor them to see if they settle in to a new community elsewhere in a sociable way? What happens once they have gone from, say, the Gordon Estate?

Miss CHERIE BURTON: We certainly do. A lot of support is given to the families, not only the relocation and how they are moved. The department in the Dubbo area did an amazing job of looking after the families, making sure their furniture was moved and that they were given suitable accommodation. They are being followed up.

CHAIR: I think you are piloting an acceptable behaviour program in Newcastle and Wagga Wagga, is that correct?

Miss CHERIE BURTON: That is correct.

CHAIR: Can you tell me when that pilot program or trial is expected to conclude? Presumably you will analyse it. Do you expect that it might be rolled out throughout the rest of the State?

Miss CHERIE BURTON: I would like to look at the results first. I think it is important, given the resources that go into it, to make sure it is a successful program and that it is working. I am expecting the first lot of results at the end of this month, so within the next week I am expecting the first a lot of results. I want to look at it and assess whether it is a good program, whether it is working and delivering benefits to the community. If that is the case, I envisage definitely rolling it out.

CHAIR: Getting back for a moment to the water charge regime, is there a figure in the budget for what the Government has budgeted with respect to the income that may flow from that—pun not intended?

Miss CHERIE BURTON: I will take that question on notice.

CHAIR: The director general cannot tell me what the figure is?

Mr BARNES: No, not off the top of my head.

CHAIR: With respect to the term of leases of Department of Housing properties, some concern has been raised by tenants that the short-term nature of leases leads to a loss of what might be called social capital and pride in their communities, and arguably that can be a contributor to the vandalism and lawlessness, combined with a lack of maintenance in some parts of the public housing estates. Are there any plans to try to address these issues?

Miss CHERIE BURTON: With the limits on tenancy or lease agreements it will be on a needs basis. Of course, those people, particularly the aged, will be on longer-term leases. It is really when someone is assessed for eligibility, how long the department deems that eligibility might be needed, and in the lead-up to the end of that lease that will be assessed. If the need still exists, the lease will be renewed. I do not think from a community perspective it will lead to any breakdown of the community. At the same time, we have a lot of programs, as I said before, particularly in the case of Minto, Bonnyrigg and Mt Druitt, where we have community renewal programs, which are changing the style in which we have public housing and making sure we are reducing crime and difficulties on the estate, such as the closed-circuit television cameras, and looking at what things we can do on the estates to reduce that sort of thing. So, I do not believe the end of lifetime tenure will lead to that sort of problem.

CHAIR: I think you mentioned you have been out to Minto?

Miss CHERIE BURTON: Yes.

CHAIR: Are you aware that the honourable member for Campbelltown stated at a housing forum last Monday that the residents of Minto needed an apology from the Government in relation to the issue of the bulldozing of their homes? Has the Government given them an apology?

Miss CHERIE BURTON: There has been a recognition that at the beginning of the project we did not conduct it the way we should have, and that has been corrected. As I said, there has been an extensive consultation process.

CHAIR: Any apology?

Miss CHERIE BURTON: I think there have been numerous apologies to the community.

CHAIR: From the Minister?

Miss CHERIE BURTON: I know the last time I was there and met with the community reference group I offered our sincere apologies for any distress that might have been caused. But the community itself, it is important to note, is saying that has happened in the past and we want to move on.

There has been extensive consultation, and it is still happening. I had a very positive reception today when I went to lodge the concept plan. I was actually the first tenant there. We lodged it at my old house, where I grew up.

CHAIR: You were the first tenant?

Miss CHERIE BURTON: Yes, I was the first tenant to live on the estate. It was great. We had a lot of residents there. People are very excited about this project. As I said to them when I first met with them—and they agree—now they ought to look on the positive side and move forward and get the type of community that they want. They are confident that in this concept plan and the ongoing consultation that starts next month we will be able to achieve that.

The Hon. DAVID CLARKE: You admitted that you did not conduct this matter at Minto in the way that it should have been conducted. In which way was it not conducted properly?

Miss CHERIE BURTON: The Government has embarked on the biggest reforms in public housing in the last 50 years. We have started major programs in community renewal and community redevelopments. Sometimes we do not get it right. We are always trying to do the best we can and do the right thing but sometimes people make mistakes, and there was not sufficient consultation in relation to the beginning of the Minto redevelopment. But, as I said, that has been rectified and now we have learned from those mistakes. The Bonnyrigg private-public partnership has been a major success and we have brought the residents with us all the way and that has their full support and endorsement.

The Hon. DAVID CLARKE: You spoke of "mistakes", plural. What other mistakes were there?

Miss CHERIE BURTON: It was the consultation. This is a huge project, and we have not in the past done a lot of them. So we should have given residents more consultation. As I said, we have rectified that. In any redevelopments after that—I cited the Bonnyrigg project as an example—we have made sure that we have done the right thing and that we have brought the community along with us.

The Hon. DAVID CLARKE: I return to the spectre of housing department properties having asbestos, the matter that was raised by Ms Sylvia Hale. Can you give a guarantee that there are no tenants residing in department properties where asbestos is above safe levels?

Mr BARNES: I think I can assist by referring to my previous answer. Firstly, we need to recognise, as I think I have stated before, that asbestos, in its undisturbed or innate condition is not unsafe. Wherever asbestos is reported or detected and it has been disturbed then our protocols are followed. Whenever we receive advice regarding asbestos that is regarded very seriously. It is given the highest priority, both by the department and by our contractors. We must therefore follow the required protocols and work in accordance with safe working practices under occupational health and safety standards as well.

The Hon. DAVID CLARKE: What about tenants who are not aware that they are exposed to asbestos? This is a very serious matter. There could not be anything more serious than something that is life threatening. So how do you know that there are not literally hundreds of thousands of tenants who are exposed unknowingly to asbestos contamination?

Mr BARNES: The department has processes of providing advice to our tenants in relation to a whole range of matters, including asbestos and other things, as part of the tenancy. The situation in respect of public housing is no different from that within the private housing sector and indeed your own home.

The Hon. DAVID CLARKE: You are not responsible for private housing but you are responsible for public housing.

Mr BARNES: Yes, but it is exactly the same in the wider community in respect of exposure to asbestos or awareness. There is a range of awareness. I guess it is fair to say after the recent much-publicised matter that there would be a higher level of awareness generally within the wider community as to asbestos, and equally within public housing. Again, if it is drawn to our attention we take action.

The Hon. DAVID CLARKE: Let us just concentrate on the department's responsibility for its properties. Should the department not be carrying out a check on all departmental residential rental properties to ensure that tenants are not being exposed at present to asbestos contamination?

Mr BARNES: Yes, and we do. At present as part of the reshaping reforms and the maintenance upgrades, property assessment surveys are undertaken on all of our houses across New South Wales. One of the matters examined, as well as a whole range of other matters, is the condition of the house and whether asbestos is present and whether it is in a disturbed or undisturbed state. We have processes to detect that.

The Hon. DAVID CLARKE: How many of the department's houses and properties have been checked for asbestos contamination?

Mr BARNES: Currently 30,000 of our 130,000 homes will be completed under the program by the end of this year. We will continue with the other 100,000 in the first six to eight months of next year. I would have to take the question about the percentage on notice. But that is the broad program.

The Hon. DAVID CLARKE: Could you produce the documents that you have on that? Could you take that question on notice and produce all the documentation you have in regard to your campaign to find properties where there is exposure to asbestos?

Mr BARNES: We can take on notice to provide an outline to the Committee of the property maintenance program, which we are upgrading. Asbestos is only one part. It is an important aspect but it is part of an overall program of looking at the condition of our properties. We would be prepared to provide information regarding the program.

Ms SYLVIA HALE: Returning to the Reshaping Public Housing policies, are you aware of a common perception amongst tenants that the policies are a very real disincentive to their obtaining paid work? For example, once you earn \$29,000 gross you have the prospect of being asked to move out. You are then required to pay tax, pay more rent, pay transport costs to and from work, lose your transport concession and lose your health cards. Why would anyone in their right mind want to engage in paid work if they are going to be worse off at the end of the day?

Mr KENEALLY: Firstly, the \$29,000 limit applies only to singles. Indeed, it is constructed around household size and composition. For example, a parent with three children would have a much higher cut-off level. Secondly, at that threshold the rental rate starts to increase only from 25 per cent in a process up to 30 per cent. So it does not immediately step income backwards. Thirdly, the interaction with tax, welfare withdrawal and other elements like that—health care concessions—are Federal matters.

Ms SYLVIA HALE: Yes, but they are impacting on individuals.

Mr KENEALLY: Certainly. There are a whole lot of other reasons why individuals seek work and accept the challenge of taking on work in order to get back into the work force to start of again. People do that. This is about responding to that. We are aware of the arguments about potential disincentives, and the structure of those rental policies is designed to address that. In particular, someone who starts work has six weeks after notifying us of the fact that their income has increased before their rent is adjusted. That enables them to address some of those costs associated with the commencement of a job. Children of tenants between the ages of 18 and 25 who take up work have their income assessed at a concessional rate so that following generations of tenants are given a very clear incentive to take up work. Our rental policies are designed to impose as little disincentive to work force participation as possible while continuing to reflect the fundamental principle that the rent paid reflects the capacity to pay and at a level that enables the entire system to be sustainable.

Ms SYLVIA HALE: What period of time would the department deem reasonable for a tenant to have held a paid job before he or she is required to move into the private rental market?

Mr KENEALLY: The specific details of how continuing eligibility will be reassessed are still being developed. Under the announcement of the reshaping public housing reforms the limited-term leases will only commence as of the middle of next year and, at a minimum, will last for two years beyond that. Obviously we would like to give people plenty of notice, but it is still three years before we will be going through that process. We are still developing that policy.

Ms SYLVIA HALE: When you are developing those policies, you will presumably be taking into account the tenuous nature of the jobs market, with increased casualisation and potential loss of unfair dismissal regulations?

Mr KENEALLY: The degree of connection to the labour force may well be a consideration.

Ms SYLVIA HALE: My last question is: Will you clarify whether a single parent must move out of public housing into the private rental market if he or she returns to work once the youngest child turns six years of age?

Mr KENEALLY: As I said, the policy details on how continuing eligibility will be accessed are still be determined.

CHAIR: That brings us to the conclusion of the hearing. I would like to thank you, Minister, Mr Barnes and gentlemen, and the other departmental officers, for your time this afternoon. The committee appreciates it. I need to advise you that the committee has determined that questions taken on notice during the hearing are required to be forwarded to the Committee within 21 days.

The Committee proceeded to deliberate.