



Full Day Hansard Transcript (Legislative Assembly, 23 February 2010, Proof)

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Extract from NSW Legislative Assembly Hansard and Papers Tuesday, 23 February 2010 (Proof).

**HOUSING AMENDMENT (COMMUNITY HOUSING PROVIDERS) BILL 2009
Agreement in Principle**

Debate resumed from 3 December 2009.

Mr MIKE BAIRD (Manly) [4.55 p.m.]: The object of the Housing Amendment (Community Housing Providers) Bill 2009 is to transfer the ownership of social housing, funded by the Federal Government, to not-for-profit community housing providers. The Opposition supports the intent of the bill, which is to deliver more housing for people in need by giving those providers an asset base on which to secure funding to create more community housing. Later I will allude to the fiscal benefits that that will provide. I note that the decade-long waiting list for public housing in communities across New South Wales is a by-product of a government that has failed to invest in the infrastructure of today and tomorrow. Whether that be in transport, health, energy or, in this instance, housing, the Government cannot escape its responsibility for the current situation. There is no doubt that whether in terms of maintenance or capital in the provision of physical dwellings public housing in this State is in crisis. I note that the object of the bill is to amend the Housing Act 2001:

(a) to enable the Governor to vest land owned by the New South Wales Land and Housing Corporation (*the Corporation*) in a registered community housing provider that is also a company registered under the *Corporations Act 2001* of the Commonwealth, and

(b) to provide for the registration by the Corporation of an interest in certain land such as land that has been so vested or the purchase of which was funded by the Corporation, and

(c) to prevent certain dealings with land in which the Corporation has an interest without the consent of the Corporation, and—

in other words, the Government—

(d) to provide other measures for the protection of the Corporation's interest in certain land.

The New South Wales community housing section currently consists of about 17,500 properties. The Federal Government's recent stimulus investment will help fill the current housing gap in this State. Certainly the \$1.9 billion allocated, which is expected to provide 6,000 homes, is the first tenet of this bill, but I note the Government's goal and expectation is that there will be 30,000 additional homes by 2016. The Opposition supports the involvement of the community housing sector as an alternative to government ownership of public housing. It allows leverage of ownership of assets as community housing groups can borrow against the properties to provide additional accommodation.

In many instances community housing groups have provided accommodation services and additional support services more efficiently and more seamlessly than government. However, that sector must be supported by government to ensure that there are the required staff and resources. Certainly, when I refer to a few examples of what has happened in the United Kingdom I will ask the Minister to answer some very real questions concerning the way this program will be rolled out and some of the structures and protections that will be put in place. The Opposition recognises that the tenants of public and community housing are often the most vulnerable members in our community. The Liberal Party and The Nationals support them and the provision of public housing. Elderly people without family and young people without parents need government support. Under this State Labor Government that support has been sadly lacking. I am sure that members of this House could relate many stories of returning home from their electorate offices feeling unbelievably distressed by the personal circumstances in which people find themselves.

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A tenant in a Government-owned housing block in Sydney Road, Fairlight, came into my office late last year. He was devastated, as he had been told the provider was changing and that as of June he no longer had a home. He had waited many years to secure a place to live and since then had developed companions in the block whom he did not want to lose. He had signed up for a course at Brookvale TAFE. His was a story of someone emerging from very difficult circumstances. He was very anxious about where he was going to go. Again, it is an example of people suffering as a

consequence of there not being enough housing stock, particularly quality housing stock, in this State.

More recently a 19-year-old woman came to my office to ask for help. She was about to become a mum and had nowhere to live. Her application for housing had been knocked back as she was not considered a high enough priority. It is hard to imagine a young woman, pregnant and living on the street, not being considered a high enough priority. I acknowledge the work of the office of the Minister for Housing and his staff in helping me to address that situation. That young woman has since been provided with temporary accommodation, albeit well away from the community in which she spent most of her years. It is an example of the social context that we must consider when debating the bill. The provision of housing is not just an economic decision. We are providing something that supports a group of people whose circumstances we cannot begin to describe. Where a gap exists and people cannot provide accommodation for themselves there is an onus and responsibility on the Government to do so. Public housing plays a critical part in that situation.

With regard to the fiscal constraints and their impact on the backlog, I note the Auditor-General referred to it and Clayton Utz published a paper on it. The Auditor-General noted last year that the public housing maintenance backlog is in the vicinity of \$650 million. The Minister may be able to give an update on that during this debate. Of the 130,000 public housing properties in New South Wales, almost 80 per cent were built more than 20 years ago. There is the maintenance side and the capital side of public housing. Whether it be the new dwellings required or the upgrading of old stock, the capital expenditure required is in the billions of dollars. There is no doubt that there is a fiscal drag on the State in that regard. There is a desperate need for the Government to provide accommodation for the people at the coalface, but it is unable to do so because of the constraints on the balance sheet.

I certainly understand that but this Labor Government's failure to invest in upgrading some of these properties and building new properties has added to the backlog. It has also added to the age of the existing stock. There are questions to be answered as to why we have not addressed this issue earlier. Certainly the stimulus money from Canberra has provided a start and we endorse it as a strategy to deal with fiscal constraint and the options for managing it going forward. However, when we look at what has happened in the United Kingdom we have to ask why we have not moved this way earlier. The Opposition supports providing the best facilities and acknowledges that there must be priority. We also understand the parameters of the triple-A rating, the demand for services and the requirements on any budget to deliver across a range of services. However, I cannot stress enough that public housing must be central to the provision of accommodation. The current approach of looking at community housing as an alternative and providing title has worked around the world and is certainly a system that we endorse.

The bill provides safeguards to protect the right of tenants to receive a good service and to protect the Government's investment. That makes sense; they are critical inclusions in the bill. A system implemented in May means that community housing providers will have to register and comply with a regulatory code. This is to ensure the properties are well maintained and well managed. The bill also enables the Government to register an ongoing interest in the land title of properties that are transferred to community housing providers. Importantly, this interest will prevent the properties being sold or mortgaged without the reasonable consent of the Government. Again, that is an important measure. We do not want these properties being sold for profit or used as a vehicle to provide an economic windfall for parties or groups. I know that is not the intent in any way, shape or form. It is a sensible inclusion.

In the event of a provider failing to comply with the requirements of the code, the bill provides additional measures to enable the Government to intervene. It is important that tenants have security in their housing arrangements that will not be jeopardised should the provider fail in its management of the service or find itself in financial difficulty. These powers will allow the independent registrar to appoint an adviser to assist the provider in lifting its service to the standards required by the code. If the service is not improved, it is appropriate that the registration be cancelled. In this instance the Government can instruct the provider to transfer the properties to another registered provider or to the New South Wales Land and Housing Corporation.

All those provisions are in the bill but there are aspects of the bill that are decidedly vague and I will be looking to the Minister to provide some explanation. I want to look at what has happened in the United Kingdom, which is a good model. I am sure the department will have looked at the United Kingdom situation because there are some very close similarities to what is being proposed in the bill. Again, it is a timing issue, and I referred earlier to fiscal constraint. In the late 1980s the United Kingdom started to move this way. Indeed, housing Acts in 1985 and 1988 empowered

local authorities to transfer some or all of their housing stock to housing associations, which are commonly referred to in the United Kingdom as registered social landlords, by way of large-scale voluntary transfer. In essence, this is pretty similar to what is proposed in the bill. The 1988 Act also introduced private finance into social housing.

Historically in the United Kingdom local authorities controlled the majority of dwellings in the social housing sector, which again is similar to what happens here. However, in the United Kingdom this sector is huge. The total number of dwellings in the United Kingdom is approximately 20.7 million and 21 per cent, or 4.3 million homes, could be regarded as social housing. Local authorities own and manage 73 per cent, or about 3.1 million, of those homes and the remaining 27 per cent, or 1.2 million homes, are owned and managed by registered social landlords. Since the Act was introduced in 1988, local authority housing ownership has continued to decline and community sector ownership has increased. The main reason for the decline is the transfer of properties through the large-scale voluntary transfer system. Those transfers are undertaken by local authorities that are unable to maintain their housing stock to meet modern standards due to the continued reduction in council budgets payable by the United Kingdom Treasury. Obviously there was a fiscal imperative that the United Kingdom Government started to attack in the late 1980s.

I ask the Minister to pay attention to the mechanism involved in this system and provide us with some insights into what will happen in the process in New South Wales. When a local authority in the United Kingdom decides, after considering all options, to transfer its housing stock, it is achieved through the Government's annual transfer program. The transfer cannot take place unless the tenants vote in favour of it. Having read the bill, I am not sure whether that is the case here or whether letting tenants have a say in the outcomes is being considered. That system has worked in the United Kingdom and certainly I do not think we should dismiss the idea of tenants voting in favour of the options put before them. I encourage the Minister to look at that mechanism and whether it can be incorporated in our legislation, if indeed it is not there already.

The United Kingdom Government approves a defined limit on the number of houses to be transferred in any given year. Obviously the volume in the United Kingdom is more significant; it is currently 200,000 per annum. The numbers are much smaller here. Has the Government considered bunching these properties and the valuation impact this could have on the demand for private finance? Obviously we have just gone through the global financial crisis and there is significant demand for private finance. There is no doubt that banks have tightened their lending regimes and the amount of capital available. The question is one of tiering this process and making the capital available. Has the Government looked at bunching to make sure we do not restrict the amount of capital available?

The transfer program in the United Kingdom has extended the time for complex transactions. Obviously some transfers will be much more complex than others. The time frames in which this is expected to take place under the bill are not clear. I cannot see detailed in the bill the time frames that will enable this sort of transfer to go through.

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If we are to go through this lengthy transfer process there must be some structure to it and people must be held to account for its time frame. I refer to the stock transfer process, which is interesting. Once the transfer process has been decided it would then be submitted to the Deputy Prime Minister—in this case I think it goes back to the director general—but there is a mechanism to send the process back to the Government. The application would then be considered and the authorities that were approved for inclusion would be announced—an important part of a rigorous process. Obviously the tenants would have been listened to, the financial capabilities of the provider would have been determined, and a purchase price would then be agreed.

The last point I leave with the Minister is that the purchase price appears to be silent. How will we determine the transfer price of this property? We all want to facilitate this process, but at same time there must be transparency and a clear understanding of the asset transfer price. We do not want to be in a position where we favour one provider over another, or where the valuation of individual stock is not transparent to everyone in New South Wales. It will be interesting to establish how that will be determined. The model that is used in the United Kingdom is a 30-year discounted cash flow model, which is transparent and easy to determine. If the Government has not implemented such a model I encourage it to advise all members—in debate or through the provision of supplementary information—whether it will do so. If title is transferred a value should be ascribed to such a transfer and we need to know what it is.

We need transparency in all these areas. I look forward to hearing what the Minister has to say. What are the implications and what opportunities will be available when one is operating with fiscal

restraints? Since the late 1980s about \$40 billion—a huge capital injection—has been lent to this sector in the United Kingdom. I desperately hope that this strategy, which I endorse, will provide relief to those who come to my electorate office seeking to upgrade the roofs of their homes, let alone requiring assistance for other maintenance. We all want to hear fewer stories about those who do not have a home and to hear that our public sector is providing homes to those who are vulnerable and who are living in difficult circumstances. When transferring community title the Government should use operators who have proven expertise and who have a desire to make it happen. I believe this is a positive step for the State. I endorse the Minister's strategy and raise the concerns to which I referred earlier after considering the experience in the United Kingdom. I ask the Minister to address those concerns when he replies to debate on this bill.

Mr MATTHEW MORRIS (Charlestown—Parliamentary Secretary) [5.12 p.m.]: As a supporter of the provision of housing it is with pleasure that I take this opportunity to speak in debate on the Housing Amendment (Community Housing Providers) Bill 2009. The member for Manly referred earlier to housing as being in crisis. It appears to me that the only thing in crisis at the moment is the Liberal Party. However, some Opposition speakers might enlighten us later about the wisdom to be found within that party.

ACTING-SPEAKER (Mr Thomas George): Order! I ask the member for Charlestown to direct his comments through the chair.

Mr MATTHEW MORRIS: Members will be aware that under the Nation Building Economic Stimulus Plan the New South Wales Government is currently delivering almost 6,000 affordable homes across the State to people in need. I am pleased that the Federal Government undertook this initiative. It is fair to say that in years to come we will never see such funding. Currently New South Wales is ahead of the pack in delivering these homes. We are well on the way towards meeting the tight targets set by the Commonwealth, which reflects the hard work done by the Minister through to the staff in Housing NSW and the team of planning people engaged to assist in delivering the stimulus plan. I congratulate them all on their efforts thus far.

Under the stimulus plan one of the targets of the Commonwealth's plan is to support the growth of the not-for-profit sector. New South Wales has taken the historic decision to transfer ownership of government properties to registered high-performing community housing providers. I note that this historic shift will establish the not-for-profit sector as a sustainable and significant component of the social housing sector in New South Wales. In the Newcastle and Hunter area Compass Housing Services has made its mark as a social housing provider. I take my hat off to Compass, which did an amazing job in establishing itself and in helping so many in our community. Its efforts are much appreciated by the tenants that it has assisted.

The bill provides the Government with measures to manage the transfer of ownership of government-funded social housing to not-for-profit community housing providers. The transfer of ownership to community housing providers is a significant initiative of the New South Wales Government to support the growth of a viable and independent community housing sector in New South Wales. By owning the houses they manage, community housing providers will be able to leverage additional finance for investment in affordable housing. By securing borrowings against the value of their asset base this will increase the supply of affordable rental accommodation, as the more houses they own the more providers can borrow to buy and build more housing. It is not rocket science, and I am sure Opposition members understand that.

This innovative approach forms part of the New South Wales Government's broader strategy to increase the supply of community housing to 13,000 homes by 2016 and to improve housing affordability for lower-income people in New South Wales. Earlier the member for Manly referred to the difficulties being experienced by one of his constituents. My constituents have similar difficulties surviving and securing homes. It is paramount that we continue our work to ensure that properties are available for those in need. The New South Wales Government also recognises that with the introduction of new and innovative approaches there are risks. Importantly, the controls allow the Government to register an ongoing interest in the properties that are transferred to ensure that priority public housing eligible tenants continue to be housed and the rights of tenants are protected.

The controls also provide the Government with a range of measures to protect its investment by restricting the sale of the properties without consent and through the ability to direct the transfer of land in serious situations when a provider fails to perform adequately and there is a risk of failure. The legislation also provides clarity on the scope of government intervention to ensure that the assets are appropriately managed and improve certainty for tenants. Clearly, that is something we

all work towards. The new legislative amendments are one part of the New South Wales Government's prudent approach to managing risks. Supporting the legislative controls is part of the statutory registration and regulatory system for community housing providers introduced in this House in 2008.

Under this system the independent regulator, the Registrar of Community Housing, will regularly assess the performance of community housing providers to ensure that they remain viable, to ensure that properties are well managed, and to ensure that the organisation is well positioned to expand and develop more affordable housing in the future. This bill, which is relatively straightforward, is a good initiative of the Minister. I thank the Minister for his work in ensuring that New South Wales leads the way. I hope New South Wales continues to lead the way. Some of my parliamentary colleagues in Victoria are jealous about the way in which we have worked with the Federal Government to pull this program together. It is something of which all members should be proud. We still have some distance to travel to finalise and deliver these properties, but to date we are doing very well. I am pleased to support the bill.

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Ms LYLEA McMAHON (Shellharbour—Parliamentary Secretary) [5.19 p.m.]: I support the Housing Amendment (Community Housing Providers) Bill 2009. The New South Wales Government knows that people are suffering from housing stress and is doing something about it. We are committed to growing the not-for-profit community housing sector to deliver more affordable rental housing for people on low incomes in New South Wales. We have set an ambitious target to more than double the size of community housing to 30,000 homes by 2016. Growing this sector is an important part of addressing the housing affordability problem in New South Wales. By securing funds from the private sector for investment in new housing supply, community housing providers can deliver more housing than government can alone. To support the growth of this sector the New South Wales Government recently announced an historic reform to allow community housing providers to own the properties they manage.

Under this reform, the New South Wales Government will transfer thousands of Commonwealth and State Government funded social housing homes to community housing organisations to help the sector grow and gain more independence. This is a crucial and bold step in our strategy to increase housing options for people on low incomes. It will enable providers to secure private finance against the value of the assets they own for investment in more secure, affordable rental housing for those in most need in New South Wales. Owning the homes will give community housing providers greater scope in securing private investment. In New South Wales we will transfer the title of around 7,000 properties by the end of June 2012. This will help community housing organisations raise millions of dollars to build and buy more homes. While transferring ownership is a significant reform for the community housing sector, importantly, the change in ownership will not alter who is housed and will not impact on services for community housing tenants.

The Government will keep an ongoing interest in the transferred properties and approval will be needed to redevelop or sell any of the properties to ensure that the number of social housing homes in New South Wales is not reduced. To ensure tenants continue to receive high-quality services, community housing providers that own government-funded properties will be subject to the highest level of regulatory oversight. These providers will need to continually demonstrate that they effectively manage their tenants, their assets, their finances, new developments and partnerships. We will register also an interest in the land, similar to placing a caveat on the land title, which will indicate that the land has certain restrictions. This legislation gives us the power also to prevent providers from dealing in that land so they cannot sell, mortgage or lease the land without the consent of the corporation.

In the event that a provider's registration is cancelled or the provider becomes insolvent, Housing NSW will instruct that provider to transfer the land to another provider. This will ensure limited inconvenience to the tenant. It provides the Government also with additional regulatory powers for a special adviser, whose role is to provide independent advice to the provider in order to address any compliance issues identified by the Registrar of Community Housing. This will allow the Government to effectively manage any risk and protect the rights of tenants. This will provide the Government and the wider community with further assurance that community housing providers are viable, well-run organisations that are well placed to contribute to addressing housing affordability in New South Wales.

Ms CLOVER MOORE (Sydney) [5.22 p.m.]: The Sydney electorate has a significant social housing community, with estates in Surry Hills, Chippendale, Darlinghurst, Woolloomooloo, Pyrmont, Ultimo and Millers Point. The 2006 census recorded more than 2,000 public tenant

households in the Sydney electorate. The City of Sydney has 10,000 social housing properties—more than any other local government area in the country. Housing is a basic need that was neglected by the former Federal Government, and I strongly welcome much-needed Commonwealth investment. As the New South Wales Federation of Housing Associations Executive Director points out in an article in the Shelter New South Wales publication *Around the House*, these new funds compare to "growth rates a generation ago".

I again call on the Commonwealth Government to reinstate the \$750 million that was cut from the social housing funds economic stimulus plan to redress some of the housing backlog that has approximately 50,000 people in need waiting for affordable accommodation in New South Wales alone. I understand that all properties delivered under the Commonwealth Nation Building Economic Stimulus Plan will be transferred and managed by community housing providers and that the State Government plans to almost double community housing over the next six years, largely by stock transfers from Housing NSW. I welcome the intent of the Housing Amendment (Community Housing Providers) Bill 2009, which aims to provide better and more social housing.

The bill will enable the Government to register and maintain an interest in housing properties that are transferred to community providers, while ensuring that providers can use their property ownership to expand. Where a community housing provider is poorly managed or is having financial difficulties, the Government will be able to transfer properties to another provider and, in serious circumstances, transfer properties back to Housing NSW. The bill also allows providers to sell these social housing properties with the approval of the Government. This has raised some concern among social housing tenants that their homes might be sold. The Government must commit formally to maintaining social housing. The Minister tells me that community housing tenants' rights will be protected when they are transferred to community housing. I hope the same rights will exist for tenants who are housed initially in community housing.

While the Minister has said that rights will be protected, I am aware of one community housing tenant in my electorate who was able to keep her pet only following intervention from outside when her tenancy was transferred to a community housing provider. I am concerned that similar difficulties could arise for other tenants. I understand that community housing tenants will have the same access as public housing tenants to the Housing Appeals Committee. I ask the Minister to ensure that community housing tenants will have the same access to all dispute resolution and investigation powers as public housing tenants. At the moment members of Parliament do not have the same relationship with community providers as they do with Housing NSW, and I am concerned that community tenants could lose representation. In a recent instance my office had difficulty getting action from a community housing provider in an apartment building, whereas my staff obtained immediate action for other tenants whose landlord is Housing NSW—a tick for the Minister.

Members of Parliament must be able to continue to represent community housing tenants in the same way as they represent public housing tenants. The Minister for Housing should retain an investigative and review role. I support the Inner City Legal Centre's call for community housing providers to establish anti-vilification policies for tenants. The centre has encountered a number of cases of vilification between tenants, particularly directed towards homosexual tenants and people living with HIV-AIDS. Disputes can be difficult to resolve and transfers of either the perpetrator or victim can be difficult due to the limited availability of appropriate housing stock. Limited housing stock may impact also on the capacity to address domestic violence incidents and resolve neighbourhood disputes. There are similar concerns for social housing tenants who need to be close to specialist medical services or a family carer.

Housing NSW and all community housing providers must be able to work together to resolve these problems. I ask the Minister in his reply to commit to a common access register for social housing tenants waiting for transfers to ensure that tenants have access to a broad range of stock when they request transfers. While there is some logic in community housing providers specifically targeting particular groups, such as housing appropriate for Aboriginal and Torres Strait Islander people, or refugees or seniors, the Inner City Legal Centre points out that this must be in line with clear and broadly accepted goals. Community housing providers should not be exempted from anti-discrimination legislation and allowed to exclude people based on prejudice.

Housing NSW information indicates that public housing tenants will not be forced to transfer to community housing. However, if a property is earmarked to go to community housing, tenants may have to move. Where there is no Housing NSW property available, community housing may be asked to manage the property on behalf of Housing NSW. Some of my constituents are concerned about having to choose between remaining in a Housing NSW property, which is their preference,

or having to leave their home. Some inner-city public housing tenants see community housing as a threat. The Minister is aware of this as he has already met and spoken with these tenants. They expressed their distress about this issue and their concern that the Government may abrogate responsibility for social housing.

In this instance I refer to the most disadvantaged and vulnerable in our community other than, of course, the homeless. They believe it could lead to an accelerated loss of inner-city social housing properties. I have repeatedly called for the Government to maintain inner-city social housing in order to maintain the social mix, meet inner-city economic needs for worker housing, and provide accommodation near health services and work opportunities. Community housing providers will be expected to use ownership of their properties to expand supply. While I support providers expanding housing stock, I share public housing tenants' concerns about the incentive to sell inner-city properties to fund additional properties where land values are lower.

While the bill requires Government approval before stock can be sold, there is no guarantee that inner-city housing will be retained. The bill should include a provision that it is not reasonable for a community housing provider to sell social housing properties on the sole basis to obtain funds to invest in additional properties elsewhere. The sale of Millers Point heritage properties to purchase housing in the west has, understandably, made a number of inner-city public housing tenants uneasy. Woolloomooloo tenants remain concerned about the Government's commitment to the 1974 tripartite agreement that committed all levels of government to public housing in that precinct.

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I suggest that the Minister in his reply reaffirm the Government's commitment to inner city social housing.

Social housing must be more than just a social welfare safety net: it must provide a housing service for large and diverse groups of people who are not catered for by the private rental market, including people on low incomes, or those with serious health conditions, mental illness or physical disabilities. Currently public housing provides only for the seriously disadvantaged, with many low-income earners being left to rely on the private rental market.

I hope that the community housing approach will help to achieve a better mix in social housing with housing for low-income earners as well as for those who are seriously disadvantaged. City West Housing has provided a model of this approach with tenants at different income levels cross-subsidising cheaper accommodation for those on lower incomes. The Commonwealth Government must confirm tax deductibility for community housing providers so that they are not caught in complex taxation arrangements that prevent benefits sought under this bill from being achieved.

Some of the benefits of community housing that have been widely discussed include new management approaches, instead of the current one-size-fits-all approach; improved efficiency; access to additional funding; the ability to serve a broad range of clients; the use of charity status to expand capital; absence of Cabinet and Treasury constraints; and the ability to borrow funds directly. I welcome these benefits and I am hopeful about the opportunities, but I am not convinced that the Government could not provide the same benefits, or even additional benefits, through social housing.

Changes to Housing NSW management and adequate resources to do the complex and sensitive job that its officers carry out would allow Housing NSW to provide a better service. I am aware that there are many officers in that agency who are committed and working hard to help disadvantaged people. My staff and I work closely with them, and have done so for many years. While public sector agencies cannot borrow directly, the Government can—and at a lower rate than those applying to commercial entities. Borrowed funds could be re-invested in new housing stock; that would be a good investment. The Government could invest in affordable housing, and even market value housing, to subsidise housing for disadvantaged people. I urge the New South Wales Government to work with the Commonwealth through the Council of Australian Governments to maintain a national commitment to social housing, with adequate funds for growing stock and providing the support that tenants need.

As individual community housing providers get more housing stock and grow, there is the potential to develop the same efficiency problems that are experienced in government bureaucracies. The February report of the Australian Housing and Urban Research Institute, entitled "What future for public housing? A critical analysis", points out that the only way to address the short supply of affordable housing is for social housing authorities to generate the income and increase the supply of housing stock. Expanding community housing is one approach to meeting this challenge.

The Government of Singapore has a public housing policy of all citizens owning their own homes. That government subsidises its commitment. Last year I visited a public housing family home with proud owners, not tenants, who told me about their investments to improve the property. I will continue to monitor community housing progress to ensure that there are benefits for our tenants and that this expanding sector is about meeting more needs, rather than being an opportunity for the New South Wales Government to shirk responsibilities. I understand other bodies, such as the Tenants Union, also will monitor events closely to ensure benefits are achieved for tenants. The provision of social and affordable housing is a vital part of a sustainable community. We have long needed a new approach to expand our supply of housing for low to medium income earners and disadvantaged people. I hope that community housing will help to house more people in a growing social housing sector

Mr MATT BROWN (Kiama) [5.32 p.m.]: It is with pleasure that I support amendment of the Housing Act by the Housing Amendment (Community Housing Providers) Bill. The crux of this important bill is that it provides more homes for people in need by realising equity in properties that the New South Wales Government will hand over to the community housing sector to manage. The introduction of the bill supports the New South Wales Government's work to meet the national reform agenda to grow the not-for-profit housing sector. As the House is aware, the Government currently is delivering almost 6,000 homes across the State under the Nation Building Economic Stimulus Plan.

Thank heavens the New South Wales Government is doing that. After more than a decade of the Liberal Howard Government's administration, funding for New South Wales public housing was slashed to the tune of \$1 billion, thereby preventing Housing NSW from adequately growing its housing stock. Unlike other States, New South Wales maintained its public housing stock for people who need it. Other States had no option but to hold a fire sale and reduce public housing stock. When I hear any member of the Liberal Party or The Nationals bleating about the Nation Building Economic Stimulus Plan, I hasten to point out that one of the justifications for the plan has been the lack of attention, the lack of funding and, most importantly, the lack of compassion displayed by the conservatives. Even though the conservative Howard Government had received record levels of taxpayer funds, it cut services provided to public housing tenants and those who needed support the most.

Through the Nation Building Economic Stimulus Plan, almost 90 per cent of social housing homes will be transferred to the community housing sector. That will be achieved through a title arrangement that will mark a historic shift in the provision of social housing by establishing the community housing sector as a viable component of the housing sector and, importantly, providing it with the financial security to expand. The provisions of the bill allow the State Government to transfer ownership of government-funded housing to community housing providers. Transfer of property ownership to community housing providers will allow community housing organisations to leverage government capital to undertake investment in more affordable housing.

Earlier the member for Sydney referred to the rights of tenants. I noticed her concerns being noted by the Minister. However, another group is often forgotten when social housing is discussed, and I refer to the 40,000-odd people whose names are on the social housing register—those who desperately desire occupancy of a decent dwelling and being able to live their lives with dignity. The New South Wales Government is proactively ensuring that those people will be able to do that while ensuring that communities become stronger by the provision of sufficient homes. I congratulate the Minister for Housing on introducing this groundbreaking legislation. I look forward to debate on the bill.

I also congratulate Mike Allen and his departmental officers for their enormous contribution to the legislation by undertaking continuous consultation with the community housing sector and tenants over a long period. I also thank Fiona Townsend and officers of the Centre for Community Housing who also have been involved in preparation of the bill. Without the combined efforts of all the hardworking individuals who have been involved in translating policy into legislation, the Government would not be in a position to present this legislation. The Minister may be justifiably proud that this groundbreaking legislation is being debated in Parliament—legislation which, as I observed at the outset of my speech, will provide more homes for those who need them by applying all the entrepreneurial skills of people involved in the community housing sector to achieving that goal.

Ownership provides community housing organisations with greater flexibility in management of properties to better meet future housing needs and to create a much-needed asset base against which the providers can leverage private sector finance to fund the development of more homes.

That can be accomplished much more easily by transfer of title to community housing organisations instead of by extended leases. The finance sector has continually provided advice to the Government and the Government has actively leveraged the realisation of equity. This policy initiative has been driven not by the Opposition but by the New South Wales Government. Internationally it is common practice for not-for-profit housing providers to own social housing that has been funded by government, and to use that asset base to secure finance to grow the supply of affordable rental housing.

The community housing sector in New South Wales is well placed take up new opportunities for growth. Already a number of high performing community housing providers are using new models of financing and development to deliver new housing. One only has to meet people engaged in the community housing sector to know how committed they are to their local community, to those to whom they provide homes, and to those who are in desperate need of housing, such as those who are living in cars, couch surfing, or staying with friends or relatives. By combining government capital grants with their own equity and borrowings from the private sector, community housing providers have been able to deliver more housing than would have been delivered by government funding alone.

The new legislative controls have been designed to facilitate further growth of the community housing sector by balancing the need to protect the Government's investment with the need for flexibility to enable providers to access private sector finance for investment in additional supply.

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A number of the proposed controls have been modelled on the Victorian system for community housing ownership. That system has been operating for a number of years, with Victorian housing providers successfully securing finance for new housing projects from major banks and large credit unions.

It is important to note that transferring ownership to community housing providers does not impact on tenants' rights and community housing providers will be required to continue to house high-priority public housing eligible tenants. Aspects of the bill will be advanced further. Our public housing policy has two-year, five-year or 10-year leases and then a reassessment of those leases. I hope that discussions with the community housing sector continue. There should be a start and finish to every agreement to ensure that tenants understand what has been provided to them and at the end of the term the lease can be reassessed. This will benefit the tenants and those who need the provision of public housing.

This bill provides the means to ensure that the homes continue to house lower income New South Wales residents in need. The Government is committed to increasing housing affordability. This amendment to the Housing Act gives community housing providers an asset base and financial security and demonstrates our support for this sector to expand its role in delivering affordable housing. Our new Premier, Kristina Keneally, has a large proportion of public housing tenants in her electorate. No matter the position she has held, as a local member, Minister or Premier, she has been passionate about ensuring the dignity of those constituents. Without doubt, this bill is going through with her blessing. I place on record my thanks to the Minister for Housing, the Department of Housing, community housing providers and those who have participated in this process. The measures in this bill are significant for the provision of affordable housing in New South Wales.

Mrs KARYN PALUZZANO (Penrith—Parliamentary Secretary) [5.41 p.m.]: I support the Housing Amendment (Community Housing Providers) Bill. I do so as part of a Government that listens to and delivers for the people of New South Wales, in particular the people of Penrith, the lower Blue Mountains and Hawkesbury. In the last budget \$4.4 million for upgrades to social housing was allocated to the electorate of Penrith. Wentworth Community Housing Ltd, which is a community housing provider in my electorate, is a not-for-profit housing company that provides affordable rental housing and other housing assistance to eligible people who are on low to medium incomes. It provides community housing, affordable housing, assistance with private rental, and information and referral.

In the area of Penrith, the lower Blue Mountains and the Hawkesbury a task force, of which the member for Blue Mountains is chair and I am deputy chair, has been dealing with homelessness. Nick Sable, Chief Executive Officer of Wentworth Community Housing, has made a significant contribution to the task force. With the assistance of a Community Development Support Expenditure [CDSE] grant and Penrith RSL, Wentworth Community Housing has written a book to assist those who are homeless or at risk of homelessness. This resource is available from the organisation or online through the Wentworth Community Housing site.

This amendment bill will provide an asset base and financial security to community housing providers to expand and deliver more homes to people in need in our community. The New South Wales Government is making sure that government-funded assets are protected when title is transferred to the ownership of community housing providers. Previously the member for Sydney outlined concerns in relation to Housing NSW. All members who have high numbers of Housing NSW tenants and know of the growth in the community housing sector would acknowledge the need for close relationships. I have held a roundtable meeting with Wentworth Community Housing and Housing NSW to discuss the relationships that will have to be explored and created. Housing NSW encourages relationships with its tenants and works with them to properly maintain housing, to undertake appropriate transfers and to provide accommodation that suits their needs.

I have spoken with the Chief Executive Officer of Wentworth Community Housing to see what we, as the local member and a local organisation, can do to assist tenants. Currently Wentworth Community Housing has approximately 1,000 homes and hopes that figure will grow by another 1,000. We want to make sure that those 2,000 tenants in the Penrith, Hawkesbury and lower Blue Mountains area will receive the same service that they now access from Housing NSW. The register of community housing will facilitate that.

The New South Wales Government has developed controls that will be in place before any assets are transferred. The amendments to this Act will provide new powers to protect the Government's investment in social housing that is transferred to the ownership of community housing providers. The control framework includes binding contractual arrangements and high levels of ongoing regulatory oversight by the Registrar of Community Housing. The Government will register an ongoing interest in the transferred properties and restrict the sale of any property without consent. Contractual arrangements and statutory regulation will work together to make sure that community housing providers continue to effectively manage their tenants, assets, finances and any borrowings.

The chair of the board of Wentworth Community Housing, Graham Smith, has worked in the community sector for decades. Under his leadership, the board can provide a strong commitment to manage its assets, finances and any borrowings. He was one of the first people to introduce the NIL [no interest loans] scheme in New South Wales, which started in the lower blue Mountains. The registrar will closely monitor the financial position of community housing providers to ensure their ongoing financial viability and will assess early signs of financial trouble. In the event of poor performance the registrar will intervene before a provider becomes insolvent or defaults on a loan repayment. Extra controls to this Act will allow the Government to appoint an administrator in the event of a community housing provider finding itself in serious financial trouble. The administrator will be able to step in to manage the assets and protect the interests of tenants until the outstanding issues are resolved.

The Government also will have the power to transfer the properties to another registered community housing provider if the provider becomes insolvent. Together these controls provide a strong foundation to manage the transfer of government-funded assets to community housing providers and give an assurance to Government over the long term that its investment is protected. This investment is worth almost \$2.6 billion. As the Minister said, I cannot conceive of any government other than a Labor Government making such a massive and conscientious investment in social housing. At a time when disadvantaged people need a roof over their heads, hopefully these initiatives will provide the housing.

The \$2.6 billion includes the \$1.05 billion Nation Building Economic Stimulus plan. It takes in the start of construction on 269 homes under the stimulus plan and provides \$14 million for crisis accommodation and \$13 million to the Aboriginal Housing Office to fund 78 homes. These homes will be for people doing it tough during difficult economic times, the elderly, the frail and people with mobility issues. On a recent visit to Penrith the Minister inspected two adaptable homes that are almost key ready. These homes, totalling more than \$900,000, are part of the Australian Government's Nation Building Economic Stimulus plan. They are being constructed in partnership with TAFE New South Wales and Housing NSW as part of a pre-apprenticeship program.

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The homes have been designed for wheelchair accessibility and improved energy efficiency. The homes were designed by a TAFE teacher, who had the supports in the bathrooms, kitchens and areas that might be needed for lifting totally re-engineered.

I thank TAFE New South Wales, particularly the Western Sydney institute, not only for training the students in the pre-apprenticeship program but also for the TAFE teachers getting involved with

Housing New South Wales to remodify an adaptable home. As the Minister knows, adaptable homes are important for people with specific needs. Those homes in Tornaros Avenue are welcomed by the Penrith community. I also acknowledge the residents of Torton Place. Recently they contacted my office about maintenance issues. I put on the record my support for those residents and the work of the Penrith office to support them through a difficult time. We have had critical rain events in the past few months, and some of them resulted in flooding of the Penrith central business district and other areas in Penrith, and my Penrith office. The residents of Torton Place have my support and that of my Penrith office staff. This fundamental reform supports growth and further innovation in the community housing sector. Owning assets that they may manage will enable community housing providers to grow the supply of affordable housing and strategically manage their housing stock to meet the diverse and changing needs of residents. Ownership also provides the foundation for a more independent and viable sector that is well positioned to take up the increasing opportunities for investment in new affordable housing supply. I commend the bill to the House.

Mr DAVID BORGER (Granville—Minister for Housing, Minister for Western Sydney, and Minister Assisting the Minister for Transport and Roads) [5.51 p.m.]: I support the Housing Amendment Bill. Community housing is an idea of its time and it has arrived. Community housing is a way of making public housing better. As a young fellow growing up with my brother and sister and grandparents in Abbott Avenue, Sefton, we lived in a great little street. It was a street with fibro houses, occupied by war widows and workers, bus drivers and bus conductresses. People mowed their lawns and clipped their hedges; they generally looked after each other and got on pretty well. I do not remember the place as having any sense of social stigma, disadvantage or isolation, although it was a long way from the railway station. To some extent, housing changed after that period. We moved into large estates on the fringes of Sydney, in the southwest, in suburbs such as Mount Druitt, and even in isolated areas on the fringes of country towns. Public housing then was different. It was often distant from shops, jobs and opportunities.

More recently we have been looking at how we can improve social housing. I appreciate the comments of previous speakers. I particularly acknowledge the comments of the shadow Treasurer. I think he gets this idea, and that is a good thing. The member for Hornsby, who is in the House, also gets this idea and the importance of social housing. I simply wish that some of their colleagues could show some leadership and compassion, and understand that all these people we worry so much about, who do not have a roof over their head or a decent place to live, need the critical stimulus housing that is being delivered at the moment. The Federal Government has funded almost 6,000 units, and 3,000 units are being funded by the New South Wales Government. The units have been designed by some of the best architects in New South Wales. These modest, small-scale salt and pepper developments—for the most part, they will be handed over to the community sector—are making a great contribution. I encourage all members to support those who have spoken in this debate and not fan the flames of fear campaigns but rather work with local communities to help their constituents understand that social housing is changing and improving, making a difference for members of our community, who are ultimately our brothers and sisters, our uncles and aunties, who need a place to live.

At its base, community housing has three main advantages from a financial point of view. The first is that community housing associations are able to capture a thing called Commonwealth rent assistance. It is modest assistance from the Federal Government that is available to private renters. That assistance means that individual tenancies managed by community housing operate, on average, at a surplus rather than a deficit, which is the case with traditional public housing. The second advantage of community housing with the model we are establishing, which mirrors models around the world in Europe, the United Kingdom and to some extent Victoria, is that it will allow community housing providers to establish a balance sheet, to borrow against that asset and to grow the sector, to grow the amount of housing that is available for disadvantaged people. It is important that we use this asset. Public housing is about 20 per cent of the State's asset base, and we need to grow that asset.

The third advantage of community housing from a financial point of view is that providers, based on current tax rulings, do not pay GST on new construction. That third financial advantage is driving us towards community housing. One point to make is that with that leveraged amount community housing providers will be able to build more, and with that additional amount there will be some flexibility in terms of who can be housed in community housing. I hope that we can move back to a much more functioning sector by allowing a broader range of people back into social housing. That helps from the point of view of social stability but also in terms of the financial viability of those organisations. Community housing providers have done a good job. We are ramping up the sector. Our policy is to grow the sector from 13,000 to 30,000 over a 10-year

period, and we are exceeding that.

This historic reform and transfer of assets that will be gifted to the community housing sector will allow us to leap ahead and start to ramp up the sector even more. We are ensuring that those government-funded assets are still protected when title is transferred to the ownership of community housing providers. We have developed controls that will be in place before any assets are transferred. The amendments to the Act will provide new powers to protect the Government's investment in social housing transferred to the ownership of community housing providers. The control framework includes binding contractual arrangements and high levels of ongoing regulatory oversight by the registrar of community housing. The registrar in Burwood is doing an exceptional job. She is an independent woman who absolutely understands the need for high-performing community housing providers to have a greater level of regulation.

In the case of the growth providers, the high-performing providers, we will be asking them to take more responsibility. The future of the sector is in encouraging larger providers. Larger providers can be innovative but it is important for the financial viability of community housing that they have scale. They have lots of things; they have better management potentially and better quality boards that are able to advise them on complex financial transactions. The registrar is doing a good job at that. The Government will register an ongoing interest in the transferred properties and restrict the sale of any property without consent. Contractual arrangements and statutory regulation will work together to ensure that community housing providers continue to effectively manage their tenants, their assets, their finances and any borrowings. The registrar will closely monitor the financial position of community housing providers to ensure their ongoing financial viability.

Frankly, community housing providers will have to produce their books on a regular basis and the registrar will go over those books. For those providers who do not make the cut or those who cannot keep their registration status, there will be a requirement for their housing assets to be transferred to other providers if those providers are deregistered. But our aim—we are conscious that this is a historic reform and that we need lots of oversight—is to understand the organisations from financial and governance points of view and to ensure that we know at the earliest possible point if there are signs of trouble so that we can intervene and take action quickly. In the event of poor performance the registrar will intervene before a provider becomes insolvent or defaults on a loan repayment. We are also growing the capacity of the sector, and that is important. Large providers now need to step up not only in terms of opportunities but also in terms of much greater obligations on them. There is an expectation that this historic title transfer, this gifting of almost \$2 billion worth of property assets, needs to be used and used well. It needs to be used effectively. Lazy assets cannot remain.

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Extra controls in the bill will enable the Government to appoint an administrator in the event that a community housing provider is found to be in serious financial trouble. The administrator would step in to manage the assets and protect the interests of the tenants until the outstanding issues were resolved. The Government will also have the power to transfer the properties to another registered community housing provider if the provider becomes insolvent. Together these controls provide a strong foundation to manage the transfer of government assets to community housing providers and provide assurance to government over the long term that its investment is protected. This is a fundamental reform to support growth and further innovation in the community housing sector, which I know certain former housing Ministers, such as the member for Kiama, absolutely support.

I will just respond to some issues that were raised in debate. The shadow Treasurer raised the issue of choice. Choice is important, but one of the issues we will face is whole-of-estate title transfer. We have been doing that, although not for the title but for the management of community housing assets. A few areas such as Broken Hill and Mudgee are cases in point. One of the challenges we will have in those remote locations is: when will it not be viable for public housing to continue to manage three or four houses out of a portfolio of 300 or 400 units? That is something we will have to face, but removing any choice at all is certainly not part of the bill.

One issue that was raised was bunching and evaluation impacts. I absolutely support trying to get community housing providers more engaged, particularly in meeting the challenges on large estates. Argyle had some very good success at Claymore. That needs to be replicated, expanded and duplicated. There are great opportunities there. We also need to educate tenants. We need a program that engages tenants in the different management structures around community housing.

In relation to time frames, a competitive process is being undertaken for the bulk of the stimulus housing. Stage one is about 800 units and stage two is the remainder of the 6,000 units. Treasury

has been involved in that process. In addition we have some existing housing assets to show that we support this reform and we are not just doing it because of the Commonwealth stimulus. The 6,000-odd properties will keep a large number of existing community housing providers busy for the next couple of years. Our challenge is to ensure that the registrar fulfils her functions and that the sector gets the enhancements it needs in relation to management. We will continue to look at opportunities for further growth providers that have boards that are able to step up to the plate and manage this.

Another issue related to price. Our title transfer is different to some examples in the United Kingdom. We intend to gift the properties, which means that part of the competitive process does not involve bidding over price. The other issues raised by the member for Sydney were related to the rights of tenants. Overall, community housing tenants are happier in community housing than public housing tenants. We know that one of the reasons for that is that the structure is far more nimble and localised. The number of layers between the person who ultimately has responsibility within the organisation and the tenant is compacted and tends to be based on subregions or local areas. There are some exceptions to that but generally the people with responsibility within the organisation tend to look after a subregion, which means they often have good relationships with local government. There may be some opportunities down the track in that respect.

In terms of the rights of tenants, a common access strategy is being developed to make sure that community housing providers give access to those most in need and they do not cherry-pick, particularly with properties that are being transferred. There is a housing appeals committee in New South Wales run by Lyndon Esdaile, which does an excellent job in addressing concerns around transfers, maintenance and a range of issues about whether someone does or does not get into public housing, whether they are in a priority scheme and so on. The housing appeals committee will also apply to community housing tenants. If those tenants have similar issues to public housing tenants they can rock up to the appeals committee. It is a very non-legalistic environment that allows people to take their issues directly to a small panel of very expert people. Obviously there is a registration process, and that could be useful in terms of issues about the rights of tenants. The Residential Tenancy Act means that community and public housing tenants essentially have to be engaged in the same lease structure with the same conditions.

The other issue related to Millers Point. I respect the member for Sydney's very deep involvement in housing issues over a long period of time. I think we probably have a meeting of the minds on just about all of these issues. However, I will make one point. Millers Point is a unique area that consists of a range of heritage properties. But frankly, properties for which we have agreed on 99-year leases—large, four-storey Regency houses next to the harbour in Sydney with very expensive heritage restoration bills—may not be suitable for many people who are in social housing or on the waiting list. Our demand profile is being driven very much by elderly, single people who find that the private rental market is very difficult for them in terms of meeting their basic needs. One has to question the suitability of Housing NSW providing limited resources to restoring those historic four-storey Regency gems to their original state. Housing tenants should be located close to jobs, shops and centres that provide for their needs, such as medical services, and they should be able to access those services by bus or train and preferably be right in the thick of it. I am not sure that a social housing tenant needs to be in the middle of a global financial centre for south-east Asia to live a quality life.

Certainly, in the very centre of Sydney we are very keen to look at opportunities for affordable housing. In fact, currently we are working with the City of Sydney on a project in Glebe. Ownership provides the foundation for a more independent and viable sector that is well positioned to take up the increasing opportunities for investment in new, affordable housing supply. This is a historic bill. I believe it will pass both Houses of Parliament and I very much commend all those who have been involved in it, particularly the community housing sector and all those advocates who have been working on this legislation for many years. They have had the insight to see how we might be able to build and grow a sector that helps our most disadvantaged.

Question—That this bill be now agreed to in principle—put and resolved in the affirmative.

Motion agreed to.

Bill agreed to in principle.

Passing of the Bill

Bill declared passed and transmitted to the Legislative Council with a message seeking its concurrence in the bill.

