

SHELTER NSW UPDATE

Financing housing assistance: information from state government agencies' annual reports 2016

1 Introduction

This update provides information on the revenue and spending of NSW Government agencies that provide housing, housing assistance, homelessness services, fund not-for-profits to do this work, or fund advocacy and advice services related to housing and homelessness. It focuses on the following agencies:

- Family and Community Services cluster
- Aboriginal Housing Office
- Land and Housing Corporation
- Teacher Housing Authority
- Rental Bond Board

Information in this update is drawn from three documents. These are the 2015-16 annual reports for the Family and Community Services (FACS) cluster¹, the Teacher Housing Authority (THA)², and the Rental Bond Board (RBB)³. The THA and RBB are both statutory authorities. The FACS annual reporting incorporates the Department of Family and Community Services (which gives the cluster its name), the Aboriginal Housing Office (AHO), the Land and Housing Corporation (LAHC), and the John Williams Memorial Trust⁴. The AHO and the LAHC are statutory bodies, however their finances are reported on separately within the FACS annual report, as are those of the John Williams Memorial Trust, which is classified as a 'special reporting entity'.

¹ The FACS Annual Report is published in two volumes. Volume 1 provides information on the Department's performance and activities, and Volume 2 contains the financial statements. Both volumes are available at https://www.facs.nsw.gov.au/about_us/publications/annual-reports.

² Available at <http://www.tha.nsw.gov.au/Annual%20Reports>.

³ Available at <https://www.parliament.nsw.gov.au/la/papers/DBAssets/tailedpaper/webAttachments/69817/Tab%20A%20-%20RBB%20Annual%20Report%202015-16%20final.pdf>. At the time of writing this report had not been uploaded to the NSW Fair Trading website, which contains previous RBB annual reports. These are available at http://www.fairtrading.nsw.gov.au/ftw/About_us/Publications/Annual_reports.page.

⁴ The John Williams Memorial Charitable Trust owns properties used by DFACS and NGOs for respite care and accommodation for children with disability. Its net result was \$898,000; this result was achieved even though the Trust's revenue was only \$70,000 and expenses were \$212,000, because of a gain of \$1 million from revaluation of property. The Trust has land and building valued at \$8.9 million (FACS Annual Report 2015-16 Vol. 2, pp.150-171).

This update does not include:

- Information on housing for people with disability or older people that is funded or provided by the Ageing, Disability, and Home Care division within FACS, who provide funding for both support and housing;
- Housing for people with disability funded by the National Disability Insurance Scheme; or
- Aged care, which is funded by the Commonwealth Government.

2 Family and Community Services cluster overview

The Family and Community Services cluster reports to two Ministers, Brad Hazzard and John Ajaka. Minister Hazzard has responsibility for the FACS cluster as a whole and also for social housing.

The FACS cluster's vision, values and objectives include the goal of using social housing assistance to break disadvantage. It is also the lead cluster responsible for delivering the following housing-related Premier's and State Priorities:

- Increase the number of households successfully transitioning out of social housing by five percent over three years; and
- Increase housing supply across New South Wales.⁵

One of the major housing-related pieces of work conducted during the reporting period was the publication of the policy document *Future directions for social housing in NSW*.⁶

The FACS cluster incorporates the following agencies:

- **The Department of Family and Community Services (DFACS).** This Department incorporates what was Housing NSW, whose activities are now generally called FACS Housing,⁷ which is responsible for managing the public housing system and delivering housing assistance services.⁸ The Department is also responsible for funding homelessness services.⁹ It conducts policy development on housing and homelessness. This includes monitoring and evaluation, secretariat support for ministerial councils, and funding a number of peak bodies, including Shelter NSW.

⁵ FACS 2015-16 Annual Report Vol. 1, p.8.

⁶ The paper is available at <http://www.socialhousing.nsw.gov.au/?a=348442>. A Shelter NSW analysis of the 'Future Directions' policy paper can be found in the March 2016 edition of Shelter NSW's journal, *Around the House*, available at http://www.shelternsw.org.au/sites/shelternsw.org.au/files/public/documents/ATH_104_Web.pdf.

⁷ Housing NSW was not a statutory authority and is no longer a stand-alone department. The successor activities and operational units, integrated into the Department of FACS, have responsibility for current and prospective public housing tenants, but not the public housing dwellings themselves, which are owned and managed by the Land and Housing Corporation.

⁸ Other services provided by FACS Housing include managing the community housing system, managing tenancies on behalf of the Aboriginal Housing Office, some private rental assistance, and the housing policy development and the overall regulation of public and community housing in New South Wales. For more information see <http://www.housing.nsw.gov.au/about-us/services-offered>.

⁹ For more information see <http://www.housing.nsw.gov.au/help-with-housing/specialist-homelessness-services/what-we-do>.

- The **Land and Housing Corporation**, a statutory authority responsible for managing the NSW Government’s social housing portfolio, including public housing stock and other housing where tenancies are managed by community housing providers and the Aboriginal Housing Office;
- The **Aboriginal Housing Office**, a statutory body that manages a portfolio of properties for Aboriginal people. Tenancy management for these properties is provided by Aboriginal community housing providers (CHPs), mainstream CHPs, and by FACS Housing; and
- The **John Williams Memorial Trust**.

3 Department of Family and Community Services: Social Housing and Tenancy Support, and Homelessness Services

The financial reporting for the Department of Family and Community Services is itemized by service group. Of the eight service groups, two relate to the housing and homelessness functions of the Department. These are Social Housing and Tenancy Support (SHATS) and Homelessness Services.¹⁰ In 2015-16 the total spending across these two service groups amounted to \$930 million (\$666 million and \$264 million respectively). This expenditure is an increase of 6 percent on the 2014-15 figure, and brings the spending back in line with 2013-14.¹¹ See Figure 1.

Figure 1: DFACS affordable housing and homelessness programs—financial results (\$), 2013-14 and 2014-15

	2014-15	2015-16
\$'000	SHATS+HS	SHATS+HS
Expenses		
Total expenses excluding losses	877249	929866
Revenue		
Recurrent appropriation	n.a.	n.a.
Capital appropriation	n.a.	n.a.
Other revenue	221716	237696
Total revenue	221716	237696
Gain/loss on disposal	-135	250
Other gains/losses	720	-565
Net result	-654948	-692485
Other comprehensive income	-2028	-354
Total comprehensive income	-656976	-692839

¹⁰ There is another service group that provides housing to people whose needs are not adequately met in the private market, namely the Supported Accommodation for People with a Disability service group, which had expenses of \$2 billion (up from \$1.6 billion in 2014-15; see FACS Annual Report Vol. 2, p.12). Not all of the costs in this service group are housing costs: many of them are for accommodation support (rather than supported accommodation in a narrower sense). This service group was managed by the Aging, Disability and Home Care division of the Department.

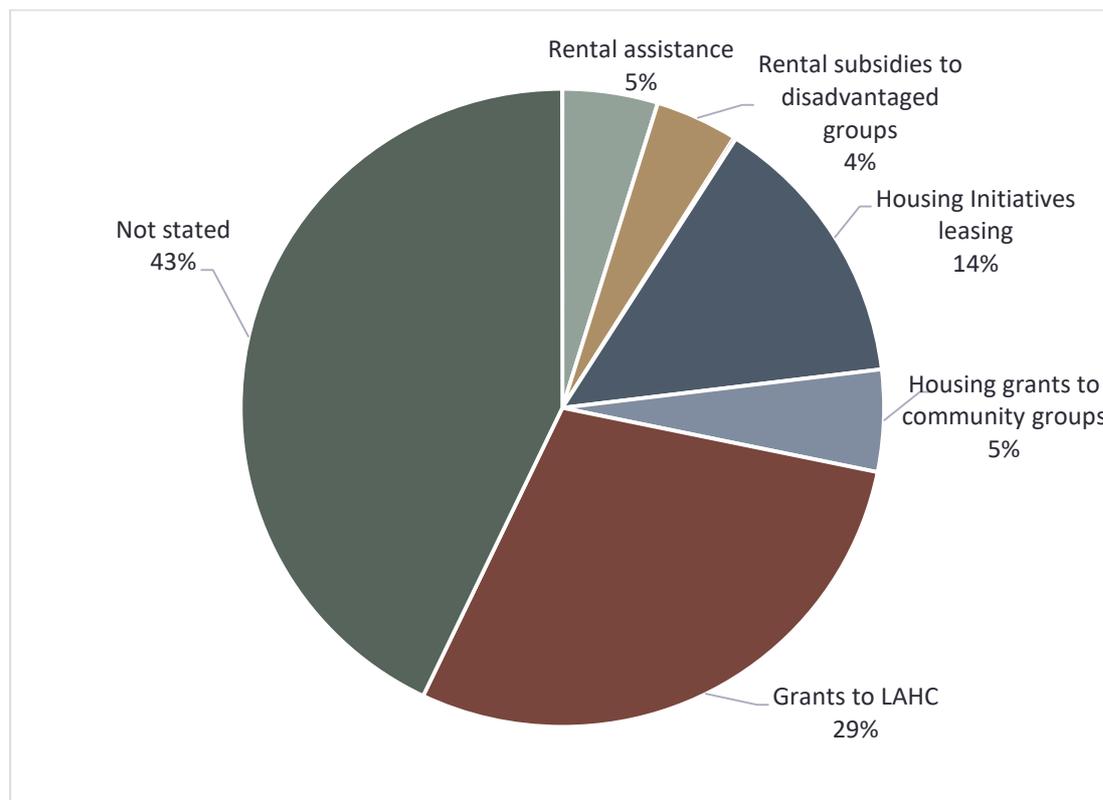
¹¹ There would have been a drop in spending compared to 2013-14 in real terms because of inflation.

The SHATS and Homelessness Services service spending comprises 15 percent of the Department’s total expenditure of \$6.3 billion. In 2015-16 the Commonwealth Government provided the NSW Government with \$502 million in funding for housing and homelessness programs via the National Affordable Housing Specific Purpose Payment, the National Partnership Agreement on Homelessness, and the National Partnership Agreement on Indigenous Housing.¹² These grants make up 54 percent of the \$930 million spent on housing and homelessness by the Department.

The SHATS and Homelessness Services service groups spent \$541 million on grants and subsidies, a 7 percent increase on 2014-15. This ‘grants and subsidies’ item gives a rough idea of the sorts of (sub)services that these two service groups provided. Information on expenditure is provided for six grant and subsidy categories, as shown in Figures 2 and 3 below.¹³ Unfortunately, information is not provided for 43 percent of grant and subsidy expenses.

The largest sub-item is a grant of \$156 million to LAHC, an 18 percent increase on the previous year’s grant of \$133 million. It is worth noting that the LAHC’s accounts, included in the same volume, note that the corporation received \$178 million in grants from DFACS.¹⁴ See Figure 2 and Figure 3.

Figure 2: DFACS grants and subsidies expenses for SHATS+HS service groups (%), 2015-16

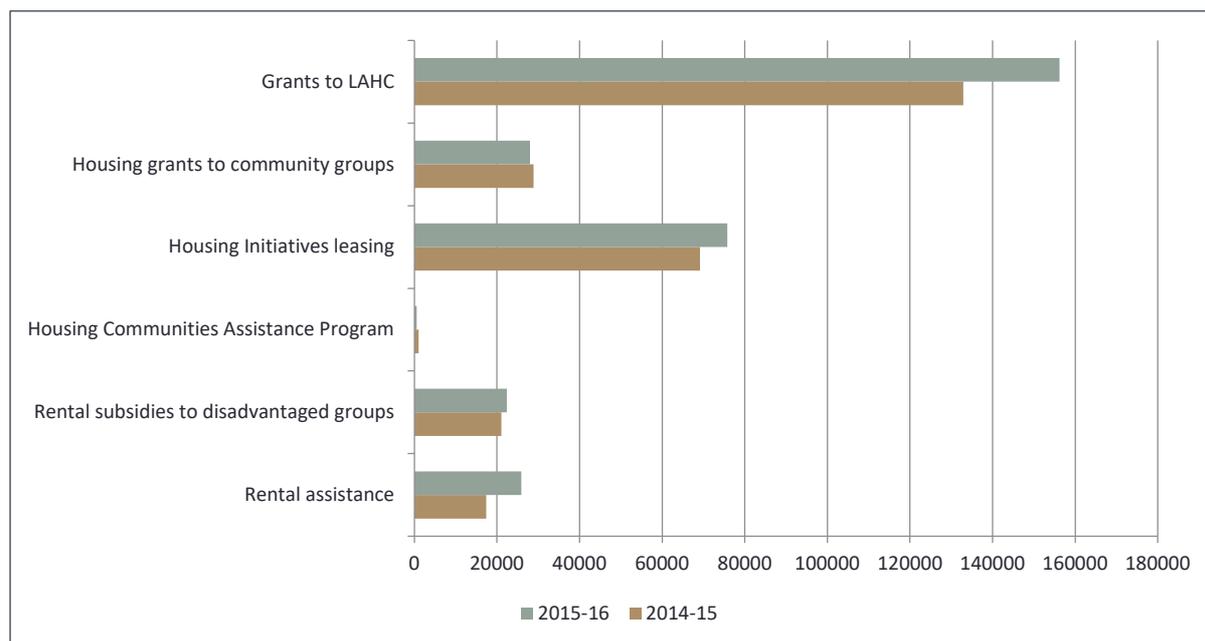


¹² Commonwealth of Australia (2016) Budget Paper No. 3, pp.44-47, available at http://budget.gov.au/2016-17/content/bp3/download/BP3_consolidated.pdf.

¹³ Figure 2 only provides information on five of these six categories, as the expenditure for one item, the Housing Communities Assistance Program, is modest compared to the others and rounded to 0 percent.

¹⁴ FACS 2015-16 Annual Report Vol. 2, p.225.

Figure 3: DFACS grants and subsidies expenses for SHATS+HS service groups (\$'000), 2014-15 and 2015-16



4 Land and Housing Corporation

The Land and Housing Corporation is the largest owner of social housing in New South Wales, and indeed in Australia. As with previous years, the Corporation ran a deficit budget. Revenue was \$1.1 billion, and expenses were \$1.3 billion, a deficit of \$197 million. This is a modest improvement on the previous year's deficit of \$239 million. See Figure 4.

In 2015-16 LAHC made a \$96.4 million *gain* on disposals of assets.¹⁵ This is a shift from the loss of \$36.6 million on disposal of assets in 2014-15. Although the sale price of the assets disposed of was greater than \$96.4 million, this figure takes into account deductions for selling expenses and the carrying amount of the assets sold.¹⁶ The net proceeds of *residential* asset sales increased from \$19.4 million in 2014-15 to \$102.0 million in 2015-16. In 2014-15 LAHC recorded a \$16.0 million loss on sales proceeds from *land*. In 2015-16, however, this changed to a gain of \$9.8 million.¹⁷

The Corporation's finances also include an item called 'other income'.¹⁸ This includes an 'asset revaluation reserve'.¹⁹ Essentially, the asset revaluation reserve is an accounting process where a change in equity brought about by a revaluation of assets is treated as income, in much the same way as depreciation of assets is treated as an expense.

¹⁵ FACS 2015-16 Annual Report, Vol. 2, p.228.

¹⁶ The *carrying amount* of an asset is a measure of its value: it is the original cost minus accumulated depreciation.

¹⁷ The lion's share of the Corporation's grants and subsidies of \$63.4 million was the vesting of 160 properties on a single block of land valued at \$60.2 million to a community housing provider.

¹⁸ These items are not classified to the net result, and are identified separately.

¹⁹ This process is explained in the FACS 2015-16 Annual Report, Vol. 2, pp.217-218 and p.239.

Figure 4: Land and Housing Corporation — financial results (\$), 2014 to 2016

	\$'000	2013-14	2014-15	2015-16
Revenue				
Market rent		1757851	1869773	1984458
less: rental subsidies		975039	1057248	1122050
Net rent		782812	812525	826408
Water usage charges		37690	39361	40510
Gov. grants: Cwlth		641		
Gov. grants: other NSW agencies		166688	164010	177987
Interest		11024	8536	6355
Other revenue		58465	95565	52550
		<u>1057320</u>	<u>1119997</u>	<u>1103810</u>
Expenses				
Repairs and maintenance		223040	272163	296095
Council and water rates		217029	220959	227848
Tenancy management		117360	115100	115100
Personnel services		53414	55467	61600
Depreciation and amortization		326774	361603	424857
Grants and subsidies		487770	87942	63414
Other expenses		215196	209217	208247
Total		<u>1640583</u>	<u>1322451</u>	<u>1397161</u>
Loss on disposals		43621	36576	-96447
Total costs		<u>1684204</u>	<u>1359027</u>	<u>1300714</u>
Net result		<u>-626884</u>	<u>-239030</u>	<u>-196904</u>
Other income		1867122	4300805	6351061
Total comprehensive income		<u>1240238</u>	<u>4061775</u>	<u>6154157</u>

In 2015-16 the 'other income' category in the LAHC's audited accounts increased by 55 percent to \$6.35 billion.²⁰ Presumably this reflects the dramatic increase in the value of residential property in New South Wales over the last year.

The Corporation's revenue in 2015-16 was \$1.1 billion, not substantially different to that of previous years. Revenue items were broadly similar, with the exception of 'other revenue', which is an amalgamation of the 'management fees' and 'other revenue' items from the LAHC financial statements.²¹ Revenue for this category dropped was \$52.6 million, a drop of 45 percent on the previous financial year, and the lowest in the period since 2010-11.²²

The most important source of revenue for LAHC is tenants' rent payments. Net rent, the difference between market rent and the subsidy that tenants receive, was \$826 million. This represents 75 percent of the Corporation's revenue.

²⁰ FACS 2015-16 Annual Report, Vol. 2, p.210.

²¹ FACS 2015-16 Annual Report, Vol. 2, p.225.

²² This line item has jumped around over the years. Between 2010-11 and 2015-16 this figure has ranged from \$52.6 million to \$120.0 million.

The other significant revenue comes from grants received from DFACS. This covers the cost of items not covered by the National Affordable Housing Agreement, such as head leasing, repairs and maintenance on crisis accommodation, and capital works.²³ This year DFACS grants totaled \$178.0 million, an 8.5 percent increase on 2014-15. As noted above, the DFACS financial statements provide a different figure, \$156 million.

At \$1.3 billion, the overall expenses for the Corporation in 2015-16 were broadly similar to the previous year, a \$58 million decrease. The most significant change was a 31 percent increase in the cost of depreciation and amortization, which increased from \$361.6 million to \$424.9 million.

The 'balance sheet', called a statement of financial position, shows total assets valued at \$45.7 billion, liabilities of \$806 million, and total equity of \$44.9 billion. The key item to note here is the value of property, plant and equipment, at \$45.3 billion.²⁴ Of this, some \$44.4 billion is the value (net carrying amount) of the Corporation's residential properties.²⁵

During 2015-16 the Corporation delivered 708 new social housing dwellings.²⁶ This compares to 486 dwellings in 2014-15.²⁷

In January 2015 LAHC established a dedicated bank account to receive sales proceeds and incur expenditure attributed to the controversial sale of public housing in Millers Point, Sydney.²⁸ This account will allow the investment of new public housing from the sales of the Millers Point properties to be tracked. This year the net proceeds from the sale of Millers Point properties increased dramatically, from \$41 million to \$161 million, a jump of 292 percent.²⁹ Intriguingly, interest earned on this cash was only \$4,000, compared to \$96,000 in interest earned on last year's smaller proceeds.

Expenditure on the 'Millers Point accommodation plan'³⁰ rose from \$10 million in 2014-15 to \$18 million in 2015-16. Reinvestment in new dwellings, part of the Government's commitment to deliver 1500 new social housing dwellings from the sale of the Millers Point properties, increased from \$45.9 million in 2014-15 to \$101 million in 2015-16. Neither Volume of the FACS Annual Report actually apportioned which new social housing has been funded by the sale of Millers Point properties, although it might be assumed that the increase in the number of new social housing

²³ FACS 2015-16 Annual Report, Vol. 2, p.225.

²⁴ FACS Annual Report 2015-16, Vol. 2, p.209.

²⁵ FACS Annual Report 2015-16, Vol. 2, p.233.

²⁶ FACS Annual Report 2015-16, Vol. 1, p.31.

²⁷ See FACS Annual Report 2014-15, vol.1, p.28. The number of new dwellings completed in 2013-14 was 441 and in 2012-13 536 new dwellings were delivered. (See FACS Annual Report 2013-14, vol.1, p.30; and LAHC Annual Report 2012-13, p.10.)

²⁸ See FACS Annual Report 2015-16, Vol. 2, p.247.

²⁹ It is worth bearing in mind that this account was only established half way through the 2014-15 financial year, meaning that there was money flowing into it for half the period during that financial year compared to 2015-16.

³⁰ The FACS Annual Report 2015-16 notes that 'expenditures associated with the Millers Point Accommodation Plan relate to bringing the Millers Point properties to sale and include a range of costs such as infrastructure and titling costs, tenancy relocation costs, marketing costs, third party service provider costs, change of use and conservation management plans for heritage purposes.' (p.247).

dwellings from 486 to 708 over the previous financial year is primarily a result of additional funding for dwelling construction/acquisition from the Millers Point sale program.³¹

Information about the location or type of properties disposed of as part of LAHC’s disposals program is not given. Disposals take four forms: assets sold, assets demolished, assets written off and impaired, and sale of assets held for sale.³² See Figure 5.

In contrast to the losses incurred on disposals in the previous two financial years, in 2015-16 the Corporation made a *gain* of \$96 million on its disposal of assets.³³ Figure 5 shows data for those assets that were *residential* properties. There was a significant increase in the sales proceeds from residential properties, from \$103 million in 2014-15 to \$287 million in 2015-16, an increase of 178 percent. Interestingly, the selling expenses, at \$13.5 million were similar to the previous year. After selling expenses and carrying costs were taken into account, the corporation made a surplus of \$102 million from the sale of residential assets.

There was a financial gain of \$8.9 million from assets held for sale, and a \$20 million dollar loss from the demolition of assets.

Figure 5: Land and Housing Corporation — gain/loss on disposal of residential properties (\$), 2013-14 and 2015-16

	\$'000	2014	2015	2016
Sale of assets				
<i>Residential properties:</i>				
Sales proceeds		97123	103033	286532
Less: selling expenses		-4622	-13934	-13503
Net proceeds		92501	89099	273029
Less: carrying amount of assets sold		-98303	-69704	171044
Gain/loss		-5802	19395	101985
Sale of assets held for sale				
<i>Residential properties:</i>				
Sales proceeds		18546	8258	27355
Less: selling expenses		-697	-35	226
Net proceeds		17849	8223	27129
Less: carrying amount of assets sold		-15335	-7924	-18190
Gain/loss		2514	299	8939
Assets demolished		-23791	-13161	-20528
Gain / loss on disposal of residential properties		-27079	6533	90396
Total loss on disposal of all assets		-43621	-36576	96447

³¹ The Minister for Social Housing has indicated that proceeds of the sales, from the beginning of the program up to 30 June 2016, had been used to construct or commence construction on 648 dwellings (Hon Brad Hazzard MP (Minister for Family and Community Services, Minister for Social Housing), ‘Millers Point sales help house the homeless’, media release, 25 September 2016).

³² Assets held for sale are expected to be sold in the following financial year (FACS Annual Report 2015-16, Vol. 2, p.232).

³³ FACS Annual Report 2015-16, Vol. 2, pp.228-229.

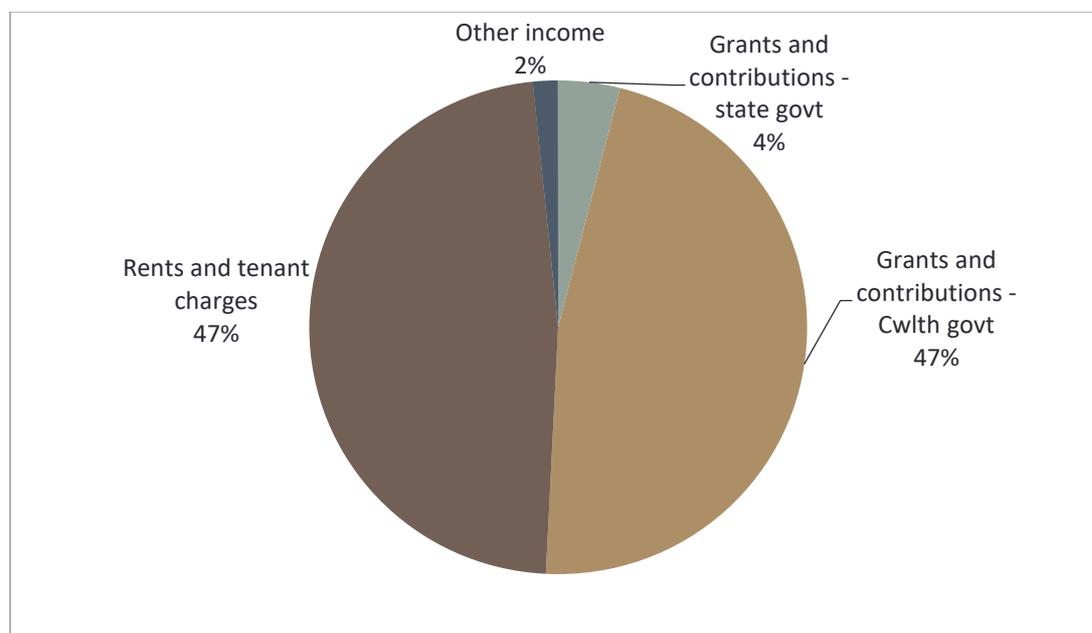
5 Aboriginal Housing Office

As is the case for the Land and Housing Corporation, the Aboriginal Housing Office is a statutory agency that sits within the Family and Community Services cluster. Its financial report stands alone within Volume 2 of the 2015-16 FACS Annual Report, although reporting on the AHO's activities and outcomes is bundled in with other housing-related items in Volume 1 of the Annual Report.

The total comprehensive income for the AHO was \$200 million³⁴, up 8.7 percent from \$184 million in 2014-15. This figure for total comprehensive income is somewhat illusory: although the total income for the year is \$16 million greater than 2014-15, revenue is down by \$63.8 million. The difference is largely made up by a greater increase in the property, plant and equipment revaluation surplus, i.e. the increase in value of the AHO's assets. At \$191 million, this year's revaluation surplus is \$63.8 million greater than last year's revaluation surplus of \$136 million.³⁵

Key sources of revenue for the AHO are grants and contributions from the Commonwealth and rents and tenant charges, both comprising 47 percent of revenue. (See Figure 6.) The Commonwealth funding is made up of grants from two sources: a portion of the NSW share of the National Affordable Housing Agreement (NAHA), and funding from the National Partnership Agreement on Remote Indigenous Housing (NPARIH). While the NAHA grants have remained stable (up by 1.7 percent on 2014-15), there has been a significant decline in NPARIH funding, down by 62.4 percent from \$66.1 million in 2014-15 to \$24.9 million in 2015-16. The AHO's overall revenue decreased by \$63.8 million, from \$157 million in 2014-15 to \$113 million this year. This difference is largely accounted for by the decrease in NPARIH funding.³⁶

Figure 6: Aboriginal Housing Office: sources of revenue (%), 2015-16



³⁴ FACS Annual Report 2015-16 Vol.2, p.176.

³⁵ FACS Annual Report 2015-16 Vol.2, p.176.

³⁶ FACS Annual Report 2015-16 Vol.2, p.190.

The AHO owns 5,619 dwellings and 174 vacant blocks of land. Of the dwellings, 4,647 are managed by FACS Housing, 710 are managed by Aboriginal community housing providers, and 262 are managed by mainstream community housing providers.³⁷ There were 4,518 households living in AHO dwellings.³⁸

6 Taking stock: a profile of FACS cluster properties and tenants

Volume 1 of the FACS Annual Report provides some headline figures about the size of the part of the social housing sector that falls within its interest:

- The number of LAHC owned and headleased properties was 131,936.³⁹
- 708 new social housing dwellings were delivered in 2015-16.⁴⁰
- The number of Aboriginal Housing Office properties was 5,793 (up slightly from 5756 in 2014-15).⁴¹
- There were 139,373 households living in social housing, an almost identical number to the previous year. Of these, 108,637 were in public housing, 26,218 in community housing, and 4518 in Aboriginal housing. (See Figure 7 below.)⁴²
- The proportion of new tenancies allocated to priority approved applicants increased from 40.7 percent in 2014-15 to 45.4 percent in 2015-16.⁴³
- 2073 households were 'transitioned' out of social housing.⁴⁴
- 1,252 new affordable rental dwellings were delivered as part of the National Rental Affordability Scheme.⁴⁵

The report provides some information on the number of people assisted by the Homelessness Services service group. (See Figure 8 below.) As was the case in the 2014-15 Annual Report, this document gives an estimate of the number of people assisted by specialist homelessness services. This figure is 54,000 people. This was also the estimate last year, but the final figure ended up being 48,262.

Temporary accommodation services were used by 21,561 households in 2015-16, an increase of 21.6 percent on the previous year.

³⁷ FACS Annual Report 2015-16 Vol. 1, p.41.

³⁸ FACS Annual Report 2015-16 Vol. 1, p.31. There is a significant difference between this reported number of tenancies and the number of dwellings owned by the AHO (5,619).

³⁹ FACS Annual Report 2015-16, Vol. 1, p.31.

⁴⁰ FACS Annual Report 2015-16, Vol. 1, p.31.

⁴¹ FACS Annual Report 2015-16, Vol. 1, p.41.

⁴² FACS Annual Report 2015-16, Vol. 1, p.41. These figures do not include social housing provided independently of FACS, such as by Aboriginal-community housing providers or by non-Aboriginal organisations (e.g. local governments, or not-for-profit organizations that provide social housing independent of the FACS-controlled sector).

⁴³ FACS Annual Report 2015-16, Vol. 1. This proportion is still lower than the 2013-14 figure of 52 percent or the 2012-13 figure of 54.3 percent.

⁴⁴ FACS Annual Report 2015-16, Vol. 1.

⁴⁵ FACS Annual Report 2015-16, Vol. 1, p.33.

Figure 7: Social-housing tenancies (N), 2011 to 2016

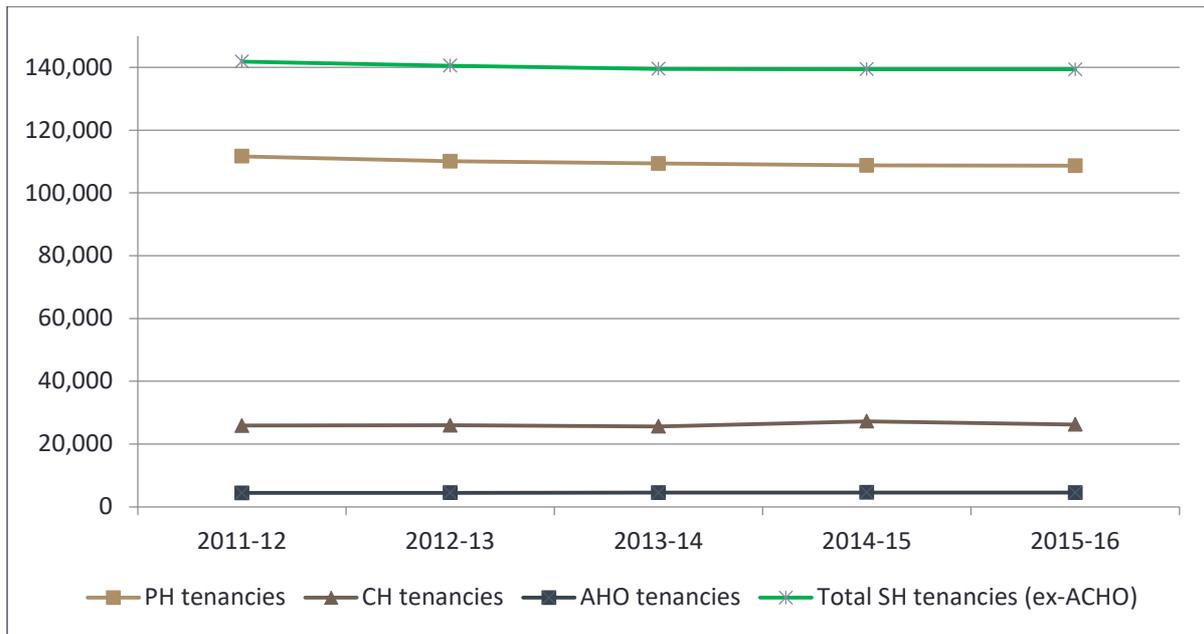
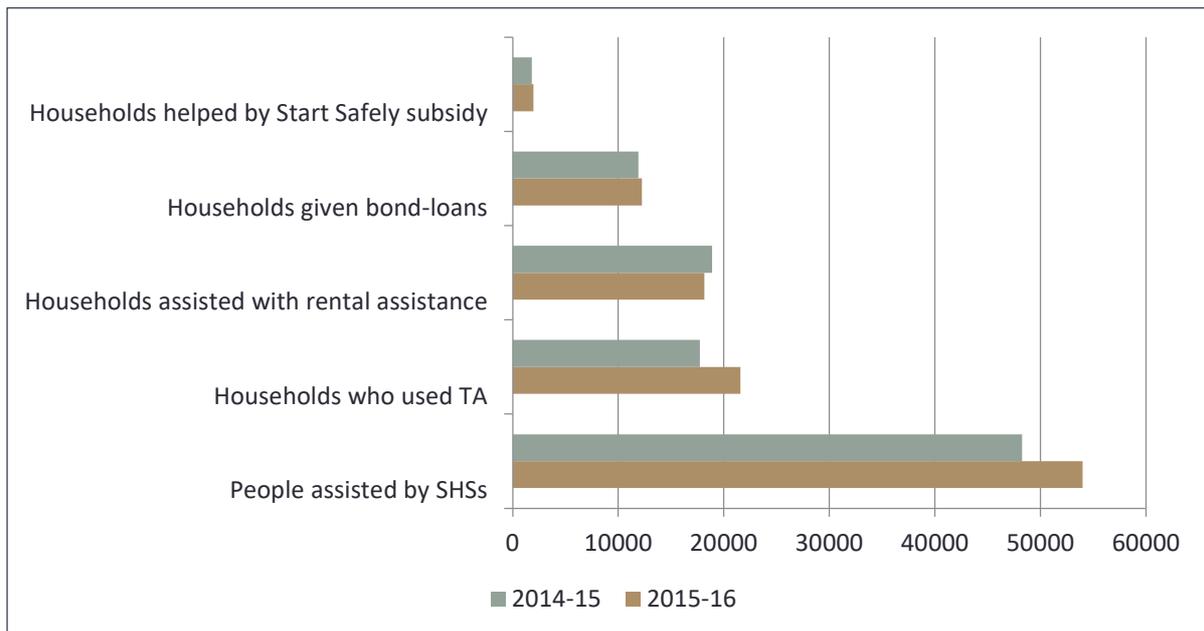


Figure 8: Households assisted by or through FACS Homelessness Services service group (N), 2014-15 and 2015-16



Some 18,152 households were assisted with rental assistance, a drop of 3.9 percent on 2014-15.⁴⁶ Some 12,251 households were assisted with a Rentstart interest free bond loan, an increase of 2.8

⁴⁶ FACS Annual Report 2015-16 Vol. 1, p.33. The report does not indicate how this figure was arrived at. It notes that private rental assistance was provided via NRAS (1,252 new dwellings; a total of 4653), 12,251 Rentstart Bond Loans, 1,974 households were assisted through the Start Safely program, and 98 young people were assisted by the Youth Private Rental Subsidy. The number of households supported through these programs do not add up to 18,152.

percent on 2014-15. There was also an increase in the number of households assisted with a private rental market subsidy through the Start Safely program, which assists people escaping domestic and family violence. This figure rose from 1,815 households in 2014-15 to 1,974 households in 2015-16, an increase of 8.8 percent.

Information is not provided about the cost of every one of these programs, however the report does note that the cost of the Start Safely program is \$8.9 million.⁴⁷ The audited financial statements give a figure of \$22.4 million as the total cost of 'rental assistance', although the report does not indicate which specific programs are covered by this grant.⁴⁸

Some information that was provided in previous annual reports from FACS is not included in the 2015-16 volume. This includes:

- the proportion of Aboriginal tenants in public housing and mainstream community housing;
- the number of applications for housing that have been received and the number of approved households on the Housing Register;⁴⁹
- the number of households assisted by private brokerage services;⁵⁰
- the number of LAHC owned assets and the number of LAHC leased assets (the combined figure is still reported on; see above);
- the number of FACS supported properties owned or managed by community housing providers: unlike previous annual reports, this year's does not have a sub-heading called 'Community Housing' that contains this information.

7 Home Purchase Assistance Fund

This Fund was established in 1989 to support the state government's home purchase programs, following the collapse of the government's HomeFund home loan program. At that time, the home-purchase assistance programs, which included a number of home-loan portfolios from earlier lending programs, were transferred to the Fund. The Fund must purchase mortgages and defaulting mortgages that were established under HomeFund.

In 2015-16 the fund reported revenue of \$8.7 million and expenses of \$3.4 million.⁵¹ It has net assets of \$270 million.⁵² The Fund is also one of the sources of the NSW State Government's matching contribution for the National Rental Affordability Scheme (NRAS).⁵³ These incentives apply to

⁴⁷ FACS Annual Report 2015-16 Vol. 1, p.33.

⁴⁸ FACS Annual Report 2015-16, Vol. 2, p.32.

⁴⁹ This information was provided on p.31 of Vol. 1 of the FACS 2014-15 Annual Report.

⁵⁰ This information was provided on p.29 of Vol. 1 of the 2014-15 Annual Report. It is not included in the comparable subsection in this year's annual report (p.33), although private brokerage services are mentioned as a service that DFACS provides on page 32.

⁵¹ FACS Annual Report 2015-16 Vol. 2, p.263.

⁵² FACS Annual Report 2015-16 Vol. 2, p.264.

⁵³ Contributions to the Home Purchase Assistance Fund must be paid into the Housing Reserve Fund, a fund established under the *Housing Act 2001* (s.66). Funds from the Housing Reserve Fund may be used to contribute to the funding of rental housing in accord with the state's obligations to provide matching funds under any relevant Commonwealth-state agreement.

approved NRAS-developments over a 10-year period. In 2015-16 the Home Purchase Assistance Fund's commitment was \$63.8 million.⁵⁴

8 Teacher Housing Authority

The Teacher Housing Authority (part of the Finance, Services and Innovation cluster) provides housing to teachers in public schools in rural and remote communities, where the private rental market is considered inadequate for their needs. Rents are charged at a market rate, however the Department of Education funds and provides rental subsidies to teachers at 'incentive' schools in rural and remote locations. These are paid at between 70 and 90 percent (depending on the remoteness of the school) of a standard Authority rent.⁵⁵

The Authority manages a portfolio of 1,353 dwellings (down 2 from last year), with an 88 percent occupancy rate (slightly up from 85 percent in 2014-15).⁵⁶

In 2015-16 the Authority had revenues of \$17.3 million, an increase of 2.5 percent from the previous year. This included a \$5.9 million grant from the state government. Expenses were \$19.8 million, leaving a deficit of \$2.5 million.⁵⁷

9 Rental Bond Board

The Rental Bond Board (RBB) is a statutory body that acts as an independent custodian of rental bonds on private residential tenancies. This provides equal access to rental bonds for both tenants and landlords. Although the RBB is a statutory authority, its primary functions (primarily rental bond lodgment, custody, and refund) are provided by NSW Fair Trading, which also provides policy and legislative support. Fair Trading sits within the Department of Finance, Services, and Innovation cluster, which provides corporate support (human resources, IT, etc.).⁵⁸

Importantly, the RBB also provides financial support for a range of other programs, including the Tenants' Advice and Advocacy Program, the tenancy functions of the NSW Civil and Administrative Tribunal, and a grants program that funds, among other things, credit counselling, and the No

⁵⁴ FACS Annual Report 2015-16 Vol. 2, p.279. Interest earned on rental bonds is also used to contribute to NRAS (see below).

⁵⁵ See <http://www.dec.nsw.gov.au/about-us/careers-centre/school-careers/teaching/teach-rural/rural-living> (accessed 3 December 2016). The Department of Education funds these subsidies. The Department will also provide a rental subsidy for non-THA housing, but only if the teacher has first applied for THA housing and there is none available. For more information see <http://www.dec.nsw.gov.au/about-us/careers-centre/resources/salaries-and-allowances> or download the Department's Rental Subsidy Information Sheet (Word file), available http://www.dec.nsw.gov.au/documents/15060385/15385042/rental_subsidy_info-HRSSC.doc (accessed 3 December 2016).

⁵⁶ THA Annual Report 2015-16, p.15. Available at

http://www.tha.nsw.gov.au/sites/default/files/THA_Annual_Report_2016.pdf (accessed 8 December 2016).

⁵⁷ THA Annual Report 2015-16, p.34.

⁵⁸ RBB Annual Report 2015-16, p.1.

Interest Loans Scheme.⁵⁹ These functions are paid for using the interest earned on rental bonds that are held in trust. Another way of looking at this is that it is tenants' money that funds these services.

Tenants do get paid some interest when they receive their bond refunds. The RBB Annual Report explains that:⁶⁰

Interest accrues on bonds held by the Board and is paid to customers with their bond refund. Interest is credited to the bond amount each month—based on the minimum balance held during the month. The interest is compounded each June and December. The rate of interest payable on residential rental bonds is prescribed in the Residential Tenancies Regulation 2010 and is equivalent to the rate payable by the Commonwealth Bank of Australia on an Everyday Access Account balance of \$1,000.00.

The RBB, however, earns considerably more interest than this on bonds held in trust. This interest is its primary source of revenue. (See Figure 9 below.)

In 2015-16 the RBB received revenue of \$60 million, a 2.6 percent decline from the previous year. The Board's expenses increased by 10.2 percent from \$55.5 million to \$61.1 million, leaving it with a deficit of \$4.2 million. The Board has considerable equity, \$62.4 million.⁶¹

Figure 9: Rental Bond Board investment revenue (\$'000) 2012 to 2016

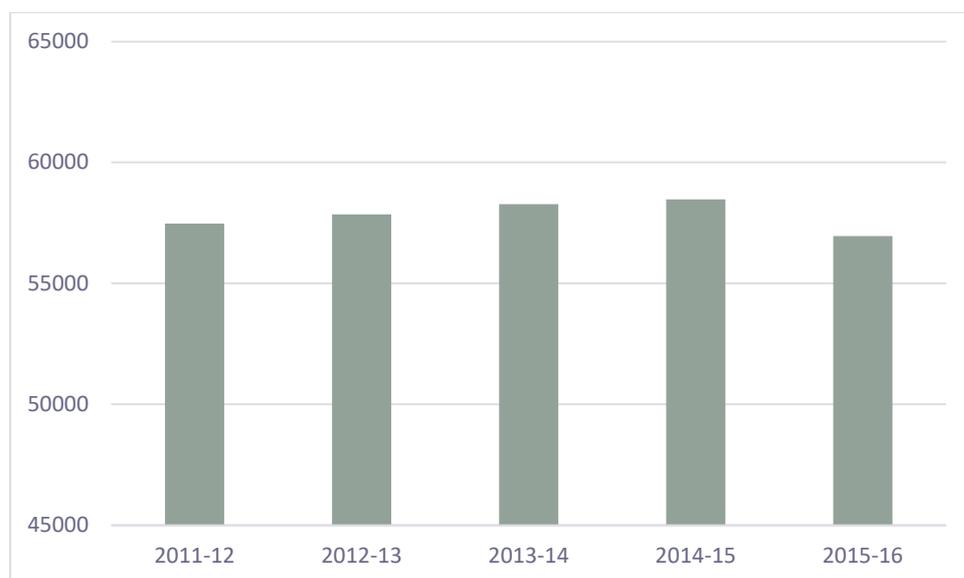


Figure 10 shows the Rental Bond Board's financial result for the last four financial years. This year (2015-16) the Board spent more on grants and subsidies than in any of the previous five years.

⁵⁹ RBB Annual Report 2015-16, p.1.

⁶⁰ RBB Annual Report 2015-16, p.4.

⁶¹ RBB Annual Report 2015-16, p.18.

Figure 10: Rental Bond Board Financial Result 2013 to 2016

	\$'000	2012-13	2013-14	2014-15	2015-16
Revenue					
Interest received		59138	60744	61351	58710
Other income			67		
Amortisation of (Premium)/Discounts on Rental Bond		-1282	-2538	-2876	-1751
Total revenue		57856	58273	58475	56959
Operating expenses					
Administrative Service + Capital Expenditure Charges		24218	25460	24483	23997
Fair Trading Dispute Mediation Unit		0	0	2719	2395
Interest paid on rental bonds		132	151	223	178
Other		1004	2836	968	1245
Total		25354	28447	28393	27815
Grants and subsidies					
Tenancy Services		573	540	176	316
Credit Counselling Program		3204	3451	3146	6058
No Interest Loans Scheme		2021	2108	2179	3716
Tenants Advice and Advocacy Program		7488	5348	4860	6984
Tenancy functions of NCAT		13530	14368	14215	13753
National Rental Affordability Scheme		2500	2500	2500	2500
Total		29316	28315	27076	33327
Total expenses		54670	56762	55469	61142
Comprehensive income		3186	1511	3006	-4183
Assets					
Total assets		66577	65775	71267	69648
Total liabilities		4557	2244	4730	7294
Total equity		62020	63531	66537	62354

There is considerable fluctuation in the amount of grants and subsidies awarded. For example, 'tenancy services' ranges from \$5.7 million in 2012-13, \$5.4 million in 2013-14, drops to \$1.8 million in 2014-15, and then increases to \$3.2 million in 2015-16. No explanation is given for this fluctuation.

The Board provides 50 percent of the funding for the Tenants Advice and Advocacy Program⁶², which provides funding to nonprofit organisations, including the Tenants Union of NSW, to provide information, community education, advice, and advocacy services to private and social-housing

⁶² RBB Annual Report 2015-16, p.9.

tenants in New South Wales.⁶³ This funding commitment has also fluctuated, ranging from \$7.5 million in 2012-13, \$5.4 million in 2013-14, \$4.9 million in 2014-15, and \$7 million this year.

Perhaps the most striking change in grant distribution is the doubling of funding in 2015-16 to the Credit Counselling Program, which received \$6.1 million (compared with \$3.2–3.4 million in the previous four years).

The Board's funds are also used to contribute part of the State Government's matching contribution for the National Rental Affordability Scheme, with \$2.5 million being allocated each year.

⁶³ See http://www.fairtrading.nsw.gov.au/ftw/About_us/Our_services/Grants/Tenants_advice_and_advocacy_program.page (accessed 20 December 2016).



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