SHELTER NEW SOUTH WALES

SHELTER NSW UPDATE

Financing housing assistance: information from state government agencies' annual reports 2017

September 2018

Overview of key points

This Update provides readers with an accessible overview of the information – particularly financial information – provided in the NSW government housing agencies' annual reports. But it also allows us to put a spotlight on some key questions which are increasingly hard to answer with the fragmentation of agencies now delivering social and affordable housing in NSW.

Transparency

- The information available to provide transparency about the operations of the entities in the Department of Family and Community Services (FACS) cluster has been steadily declining. For example, the social housing 'operational performance overview'[1] which, in the 2015-16 Annual Report contained a table with stock and household numbers for public housing and LAHC owned or leased properties, no longer provides this basic information. (p8)

- The 2016-17 FACS Annual Report gives 112,550 as the number of public housing dwellings, which is lower than the number reported for June 2016 on the FACS website, yet the report on Government Services (ROGS) shows a 47 unit increase in the past year. At best, this is confusing. (p8)

- The failure to report on stock movements, including transfers and disposals (as the Land and Housing Corporation annual report had done in the past) is a significant weakness in transparent reporting. This problem will only increase as more properties are transferred to the community housing sector under the Social Housing Management Transfer program or redeveloped under the Communities Plus program. (pp 9 & 15)

- FACS is not alone in reducing transparency. As in the past, the Rental Bond Board provided a report on its activities; but this year the financial reports may have been consolidated in those of its parent agency – although there is some reason to believe that the failure to include them was an oversight. (p24)

[1] FACS Annual Report 2015-16, Vol 1, p31

Stabilising supply

- Despite the lack of transparency or consistency, a picture does begin to emerge from the Annual Report and associated data. That is that:
  - Public social housing stock managed by FACS/ LAHC has not yet achieved any significant increase, despite the sales and reinvestment of stock at Millers Point and some early Communities Plus projects.
  - But it has steadily arrested the loss of public housing stock caused by the funding requirements of major maintenance, reconstruction or redevelopment; and if the trend continued, would increasingly add to supply, albeit at a far lower rate than the growth in demand.
  - Social and affordable housing supply has increased through community housing providers. A very significant part of this has been affordable housing partly funded by NRAS and some other measures. (p9)

Ignoring the hard question about tenant satisfaction

- The report notes that the Social Housing Transfer program is expected to provide better service delivery and satisfaction for tenants because of the higher satisfaction customer satisfaction received by the community housing sector. However, it conspicuously fails to report (or explain) the other side of that coin – the stubbornly low satisfaction received by NSW public housing relative to other jurisdictions[2]. (p 10)

- In 2016[3], 62% of NSW public housing tenants were satisfied overall. Other jurisdictions ranged from 74% to 86%. Similarly, the satisfaction with day-today maintenance was 57%, while all other jurisdictions ranged between 67% and 81%. Finally satisfaction with emergency maintenance was 68%, while all other jurisdictions ranged from 74% and 86%. These last two place some important context around the Annual Report mention of "delivering more and better maintenance" in 2016-17. (p 10)

But increased spending on maintenance and homelessness services …

- One of the significant changes in expenditure by the Land and Housing Corporation (LAHC) was an increase in expenditure on maintenance; from $296 million to $408 million (a 38 % increase – and 73 % increase over the average of the previous 6 years) (pp 13 & 14)

- In 2016-17 the total FACS spending across the Social Housing Assistance and Tenancy Support (SHATS) and Homelessness service groups was $951 million ($663 million and $288 million respectively). This combined expenditure is an increase of 2 % on the 2015-16. While this is a small reduction in social housing expenditure, it is a substantial (10%) increase in homelessness spending. (p 11)

---

[2] Australian Institute of Health and Welfare, *National Social Housing Survey: detailed results 2016* https://www.aihw.gov.au/reports/housing-assistance/national-social-housing-survey-detailed-2016/contents/table-of-contents

[3] The national survey is conducted every 2 years

- Grants and subsidies are the largest expenditure of the FACS service groups for Homelessness Services and for Social Housing Assistance and Tenancy Support. This year the grants to LAHC (covering such things as maintenance of crisis accommodation and public housing head leasing) fell significantly. Housing grants to community groups fell. Homelessness grants increased. Private rental subsidies increased. (pp 11 & 12)

Land and Housing Corporation (LAHC) increases maintenance, while vesting comes to an end

- LAHC revenue fell by around $100 million this year. While net rents and charges were steady, the FACS grant and 'property related' income fell. Gains on property disposals also fell by around $50 million. Expenditure, on the other hand, increased by $104.5 million. As a result, LAHC's operating deficit increased by almost $205 million, to $401 million. (p 13)

- The big change in expenditure was in maintenance, which increased by almost $112 million. Depreciation also increased by more than $50 million. On the other hand, grants fell by $60 million due to the end of the vesting program. (p 14)

Big LAHC profits from sales slow

- The value of the total LAHC asset increased again in line with land values, but at a much slower rate than last year (increasing $4.8 billion compared to $6.4 billion last year). Depreciation of the actual buildings increased by $52 million. (p 14)

- While the sale price of the residential assets sold by LAHC was $310 million (almost as much as last year), the *profit* made on sales and disposals of residential assets fell from $96.4 million to $49.7 million – although in earlier years disposals had resulted in an overall loss. (page 15)

- However, by replacing stock sold at Millers Point with properties at lower asset values elsewhere, the proceeds can be reinvested in a larger number of dwellings. To date, however, this reinvestment does not appear to have resulted in a net increase in dwellings available for applicants, since it takes place in the context of a wider program of renewal and replacement. (p 16)

- Net proceeds from the Millers Point sales were more than half the total net proceeds from residential sales in each of the last two years[4]. (p 16)

Aboriginal Housing Office facing the future with big income drop

- The National Partnership Agreement on Remote Indigenous Housing (NPARIH) has been discontinued. NPARIH funding to the AHO was down a further 45 % in 2016-17 to $13.8 million after a 62 % fall in 2015-16 as funds from the program reach their end. In 2016-17 NPARIH was 13% of AHO revenue (22% in 2015-16 and 42% in 2014-15). (p 17)

- So far state funding has barely increased to fill this gap, increasing by 52% ($2.36 million) to $6.9 million. At the same time, it should be noted that the 2017 State Budget projects a $23.1 million

[4] Excluding assets held for sale. Including these it was 53% in 2015-16 and 42% in 2016.17.

increase in government funding 2017-18, which, while it won't fully replace NPARIH funding, will make up around 35% of NPARIH funds since 2014-15. (Page 17)

- In 2016-17 AHO received $30 million less in grants and subsidies than budgeted and spent $18 million less. (p 17)

A combined picture of public housing finances in NSW shows significant losses

- The separation of the various parts of the public housing operations in NSW (FACS SHATS, LAHC & AHO), the embedding of some of these entities within the FACS mega department, and the interlocking service agreements between the entities have made it hard to get a clear picture of the financial operations of public housing in NSW.[5] We have pieced together a picture of the operating income and costs of the public housing 'entity' from the FACS Annual Report information. (p 20)

- The aggregated picture shows a deficit of $500 million in 2016-17 ($292 million in 2015-16) (p 20)

- But it is a partial picture, since it does not include State funding reported, but not attributed to service groups, in the consolidated FACS report. We have attributed a share of these funds sufficient to fund the deficit (after Commonwealth funding) in the SHATS service group. (p 21)

- **Taking this into account, as far as the available annual reports show us, public housing in NSW had an unfunded operating deficit of $407.4 million in 2016-17**. (p 21)

The loss is borne by the assets

- This loss is fully accounted for by the expenditure item 'depreciation' (around $550 million in 2016-17). Rather than an outlay, this is a loss of value in the balance sheet, indirectly reflecting the future cost to upgrade or replace. So rather than an unfunded operating deficit in 2016-17, there is an unfunded asset liability in future years. (p 21)

- However, the actual expenditure on upgrades, redevelopment and new construction is also only reflected in the balance sheet. In 2016-17 additions and capital improvements were $450 million. Without any additional funding source, it is reasonable to assume that these have been largely funded from sale proceeds which in 2015-16 were $412 million and in 2016-17 were $298 million. (p 22)

- In effect, this reflects, not only accounting practice, but the actual situation in which the all such upgrades (which are not part of 'repairs and maintenance'), renewal, redevelopment or new construction is funded from the existing balance sheet. That is, from the sale of part of the public housing asset supported by its strong and appreciating balance sheet. (p 22)

- The limitations of this approach are clear. Growth is only possible while land values increase (or while trading off high value for low value location). What growth is achieved is far too small

[5] This analysis is restricted to the publicly managed part of the social housing system. Such consolidated information is not available for the part of the system managed by community housing providers.

to keep pace with demand. It comes at the cost of significant tenant dislocation and waiting list delays due to rehousing. In some forms it is a dangerously short-term strategy since it involves the sale of the appreciating asset (land) in return for a depreciating asset (dwelling). Ultimately, if land values do not increase, or opportunities for uplift from densification are run out, then essential upgrades and renewal will once again only be funded by a net loss of supply. (p 22)

The State and the Commonwealth contribute fairly equally to homelessness, but the Commonwealth has a far bigger role in subsidising the operations of public housing

- There is no way to know how Commonwealth funding through the NAHA is allocated between subsidising the operations of public housing (including other housing assistance products) and homelessness services. This is important, so that we are able to say whether the State is 'pulling their weight' when matching is not formally required, or how much of the operational subsidies for social housing are at risk from changes to Commonwealth funding.

- It seems that the State more than matches funding for homelessness services, when FACS staffing in this service area are included, but provides a far smaller operating subsidy for social housing.

- Funding contributions that can be attributed for homelessness (basing the share of the NAHA on previous SAAP share of the CSHA) are:

Commonwealth	$101.9 million (35.4%)
NSW State funding	$185.3 million (64.3%)
Other income	$954,000 (0.3%)

(p 22)

- Funding contributions for the ongoing operations of public housing are:

Commonwealth contribution	$329.8 million (22.4%)
State contribution	$114.4 million (7.8%)
Rents and other internal income	$1,027.6 million (69.8%)
Unfunded operating deficit[6]	$407.4 million

[6] Based on the comprehensive income statement but excluding operations only reflected in the balance sheet

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

This *Update* provides readers with an accessible overview of the information – particularly financial information provided in the agencies' annual reports. But it also allows us to put a spotlight on some key questions which are increasingly hard to answer with the fragmented structures now delivering social and affordable housing in NSW:

- What is being delivered by the raft of policy initiatives and changes we've seen over the last few years – particularly what growth are we actually seeing in access to social and affordable housing?
- How big is the gap in financing for the social housing operations in NSW – is it sustainable?
- Is the quality of information available declining?

Information in this Update is drawn from three documents. These are the 2016-17 annual reports for the Family and Community Services (FACS) cluster[7], the Teacher Housing Authority (THA)[8], and the Rental Bond Board (RBB)[9]. 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 Trust[10]. 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'.

This update does not include:

[7] 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.

[8] Available at https://www.property.nsw.gov.au/sites/default/files/THA%20Annual%20Report%202016-17.pdf

[9] Available at https://www.finance.nsw.gov.au/sites/default/files/annual_report_rental_bond_board_2016-17.pdf. Previous reports are available at http://www.fairtrading.nsw.gov.au/ftw/About_us/Publications/Annual_reports.page.

[10] 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 $274,000; this result was achieved even though the Trust's revenue was only $66,000 and expenses were $273,000, because of revaluation of its assets. The Trust has overall assets of $11.1 million land and building valued at $9.4 million (FACS Annual Report 2016-17 Vol. 2, pp.150-171).

- 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 three Ministers, Pru Goward, Tanya Davies and Ray Williams. Minister Goward has responsibility for the FACS cluster as a whole and is also Minister for Social Housing. Since Jan 2017 there has been a separate Minister for Housing, Anthony Roberts, who is also Minister for Planning.

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,[11] which is responsible for managing the public housing system and delivering housing assistance services.[12] The Department is also responsible for funding homelessness services.[13] 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.
- 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 owns and 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,** which provides respite and care accommodation for children with disability.

Is FACS meeting its housing objectives?

The Annual Report is an opportunity to assess whether the housing agencies in NSW are meeting their own objectives.

[11] 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.
[12] 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.
[13] For more information see http://www.housing.nsw.gov.au/help-with-housing/specialist-homelessness-services/what-we-do.

The FACS cluster's vision, values and objectives include the goal of using social housing assistance to break disadvantage. This is further elaborated in the FACS Housing section, 'Improving social housing assistance and homelessness services', where "realise(ing) opportunities for people to successfully exit social housing" is given equal billing with "breaking disadvantage". This is to be done by:

- improving the economic and social outcomes of people in social housing and those using other forms of housing assistance
- working to prevent homelessness
- building more social housing in locations close to services

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 % over three years;
- Increase the proportion of young people who successfully move from Specialist Homelessness Services to long-term accommodation to more than 34 % by 2019.[14]

It is fair to say that the comprehensiveness of the information provided that would allow an assessment of these (or other) outcomes has steadily declined.

The results of FACS' investment in social housing

In this annual report, FACS Housing highlighted:

- "a continuing investment in social housing by FACS"

It refers to "112,550 public housing residential dwellings managed by FACS and a further 4,626 Aboriginal Housing Office (AHO)", while noting that community housing numbers will be available in the Report on Government Services (ROGS) provided by the Productivity Commission.

In the 2015-16 Annual Report the social housing 'operational performance overview'[15] contained a table with stock and household numbers for public housing and LAHC owned or leased properties – both of these showed a small reduction over the last two years. No such table was provided in this section in the 2016-17 Annual Report.

However, the number of public housing dwellings reported in the Annual Report is lower than the number reported for June 2016 in the data provided on the FACS website[16] (2017 data is not yet published on the web-site as at April 2018). That number was 113,419 dwellings, which would suggest that public housing dwellings have fallen. On the other hand, the data FACS reported to ROGS for June 2017 (which is tenancies rather than dwellings) showed 110,221 at June 2017[17], a slight increase of 47 over the previous year.

[14] FACS 2016-17 Annual Report Vol. 1, p.9.
[15] FACS annual report 2015-16, Vol 1, p31
[16] https://www.facs.nsw.gov.au/facs-statistics/objective-3 Dashboard 7 (as of 13 February, 2018
[17] ROGS reports the number of tenancies, while the FACS web-site reports the number of dwellings. It is assumed that this explains the consistently lower numbers in ROGS data

All of this suggests that the FACS investment in social housing – and the new housing constructed using the proceeds of the sale of public housing at Millers Point and the Rocks – has not resulted in any obvious net increase in public housing.

The failure to report on stock movements, including transfers and disposals, as the Land and Housing Corporation annual report had done in the past, is a significant weakness in transparent reporting. Since the Annual Report does not provide such transparency, the only available data for 2017 is ROGS. Excluding 5,219 NRAS subsidized affordable housing dwellings, the 2018 ROGS shows an increase of 571 dwellings/ tenancies in combined community housing and public housing supply in 2017 – almost all of this generated by community housing.

The report does outline the range of initiatives under Communities Plus and the Social and Affordable Housing Fund (SAHF) that were commenced in 2016-17 – both of which are part of *Future directions for social housing in NSW* [18] – and which are intended to provide a future pipeline of renewed and increased social housing. The first 33 dwellings funded under SAHF were tenanted in 2016-17.

The Annual Report also notes that 836 NRAS subsidised affordable housing homes were completed in 2016-17, bringing the total NRAS properties in NSW to 5,489. However, the NSW Government contributes a minority share to the NRAS subsidy.

Despite the lack of transparency or consistency, a picture does begin to emerge from the Annual Report and associated data. That is that:

- Public social housing stock managed by FACS/ LAHC has not yet achieved any significant increase, despite the sales and reinvestment of stock at Millers Point and some early Communities Plus projects.
- But it has steadily arrested the loss of public housing stock caused by the funding requirements of major maintenance, reconstruction or redevelopment; and if the trend continued, would increasingly add to supply.
- However, this will become even less easy to observe, as the management of replacement for public housing under Communities Plus moves to community housing providers and the Social Housing Management Transfers Program gets underway.
- Social and affordable housing supply has increased through the agency of community housing providers. A very significant part of this has been affordable housing partly funded by NRAS subsidies and some other measures.

Improving the social housing experience

As well as new supply, FACS reports on:

- private rental assistance, (with an objective of increasing by 60% by 2025),
- connecting social housing tenants with education and employment opportunities,

[18] The paper is available at http://www.socialhousing.nsw.gov.au/?a=348442.

- creating better social housing environments by providing $6.3 million in funding to over 150 projects under the Social Housing Community Improvement Fund
- expanding electronic access to housing services via the Housing Connect Program,

Better responding to tenants' needs

It also notes that the process of "transferring up to 35 %, over the next three years from 2017, of all social housing property management to the community housing sector" was commenced in 2016-17 and the successful tenders announced.

While the report notes that such transfer is expected to provide better service delivery and satisfaction for tenants because of the higher satisfaction customer satisfaction received by the sector, it does not report on the other side of that coin – the stubbornly low satisfaction received by NSW public housing relative to other jurisdictions[19].

In 2016[20], 62% of NSW public housing tenants were satisfied overall. Other jurisdictions ranged from 74% to 86%. Similarly, the satisfaction with day-today maintenance was 57%, while all other jurisdictions ranged between 67% and 81%. Finally satisfaction with emergency maintenance was 68%, while all other jurisdictions ranged from 74% and 86%. These last two place some important context around the Annual Report mention of "delivering more and better maintenance" in 2016-17.

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 itemised 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.[21]

FACS does not report the appropriations – particularly those originating from intergovernmental agreements like the National Affordable housing agreement (NAHA) – as income for individual divisions. Rather these appear in aggregate for the consolidated entity. Given that the Department made a surplus, we must assume that the deficits reported in the SHATS and Homelessness divisions is funded by the identified Commonwealth agreements and the balance from the State.

In 2016-17 the Commonwealth Government provided the NSW Government with $460 million in funding for housing and homelessness programs via the National Affordable Housing Specific Purpose Payment and the National Partnership Agreement on Homelessness. Payments under the

[19] Australian Institute of Health and Welfare, *National Social Housing Survey: detailed results 2016* https://www.aihw.gov.au/reports/housing-assistance/national-social-housing-survey-detailed-2016/contents/table-of-contents

[20] The national survey is conducted every 2 years

[21] the Supported Accommodation for People with a Disability service group also provides housing to people whose needs are not adequately met in the private market. It, which had expenses of $1.7 billion (down from $2.0 billion in 2015-16; see FACS Annual Report Vol. 2, p.32). However, not all of the costs in this service group are housing costs

National Partnership Agreement on Indigenous Housing ceased in 2016.[22] These grants make up 48% of the $951.4 million spent on housing and homelessness by the Department. The Land and Housing Corporation paid FACS Housing a further $112 million to manage public housing tenancies.

In 2016-17 the total spending across the SHATS and Homelessness service groups was $951 million ($663 million and $288 million respectively). This expenditure is an increase of 2 % on the 2015-16 figure. See Figure 1. While this is a small reduction in social housing expenditure, it is a substantial (9%) increase in homelessness spending.

Figure 1: DFACS affordable housing and homelessness programs—financial results ($), 2015-16 and 2016-17

$'000	2015-16 SHATS+HS	2016-17 SHATS+HS
Expenses		
Total expenses excluding losses	929,866	951,392
Revenue		
Recurrent appropriation	n.a.	n.a
Capital appropriation	n.a.	n.a
Other revenue	237,696	239,049
Total revenue	237,696	239,049
Gain/loss on disposal	250	-155
Other gains/losses	-565	-373
Net result	-692,485	-712,871
Other comprehensive income	-354	2,912
Total comprehensive income	-692,839	-709,959

The SHATS and Homelessness Services service spending comprises 16 % of the Department's total expenditure of $6.1 billion.

Apart from employment expenses ($271 million for housing and $30 million for homelessness services), the SHATS and Homelessness Services service groups' main expense is on 'grants and subsidies'. They spent $562 million on grants and subsidies, a 4 % increase on 2015-16. Most of this increase was for homelessness services (a 10% increase).

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. Unfortunately, information is not provided for 54 % of grant and subsidy expenses, although the majority of this is clearly homelessness grants, presumably to specialist homelessness services. See Figure 2 and
Figure 3 below.[23]

[22] Commonwealth of Australia (2016) Budget Paper No. 3, pp.42-44, available at http://www.budget.gov.au/2017-18/content/bp3/html/

[23] 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 %.

The largest sub-item is a grant of $97 million to LAHC. This is a very large 38 % reduction on the previous year's grant of $156 million. It is worth noting that the LAHC's accounts, included in the same volume, note that the corporation received $152 million in grants from DFACS.[24]

Figure 2: DFACS grants and subsidies expenses for SHATS+HS service groups (%), 2016-17

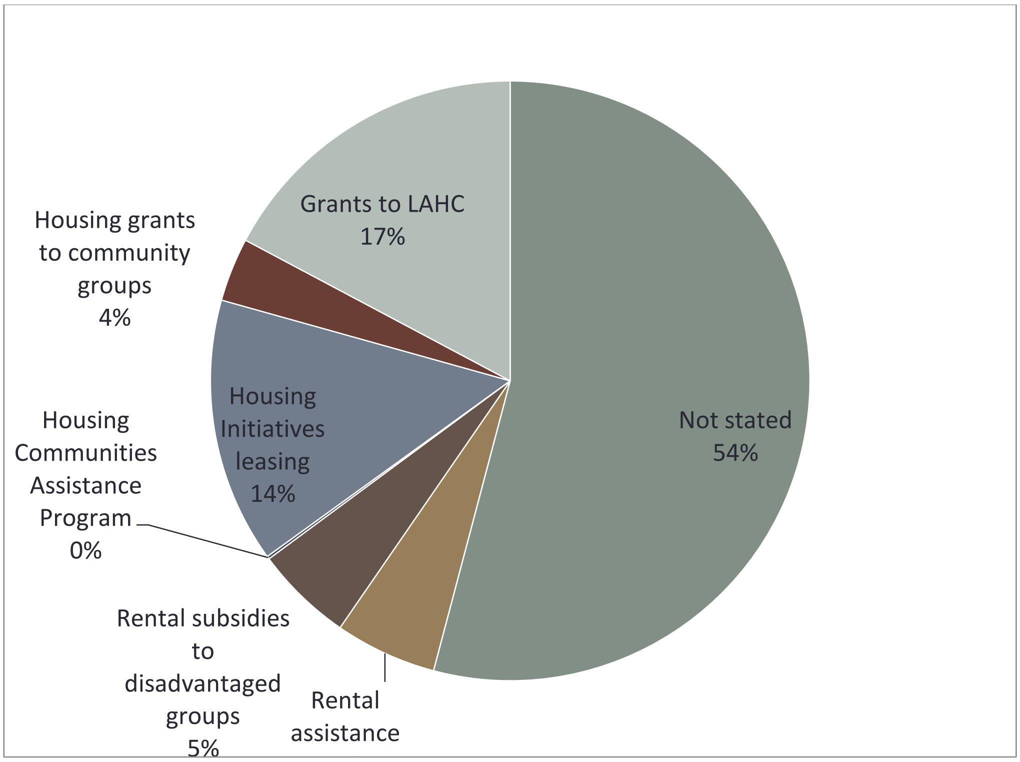
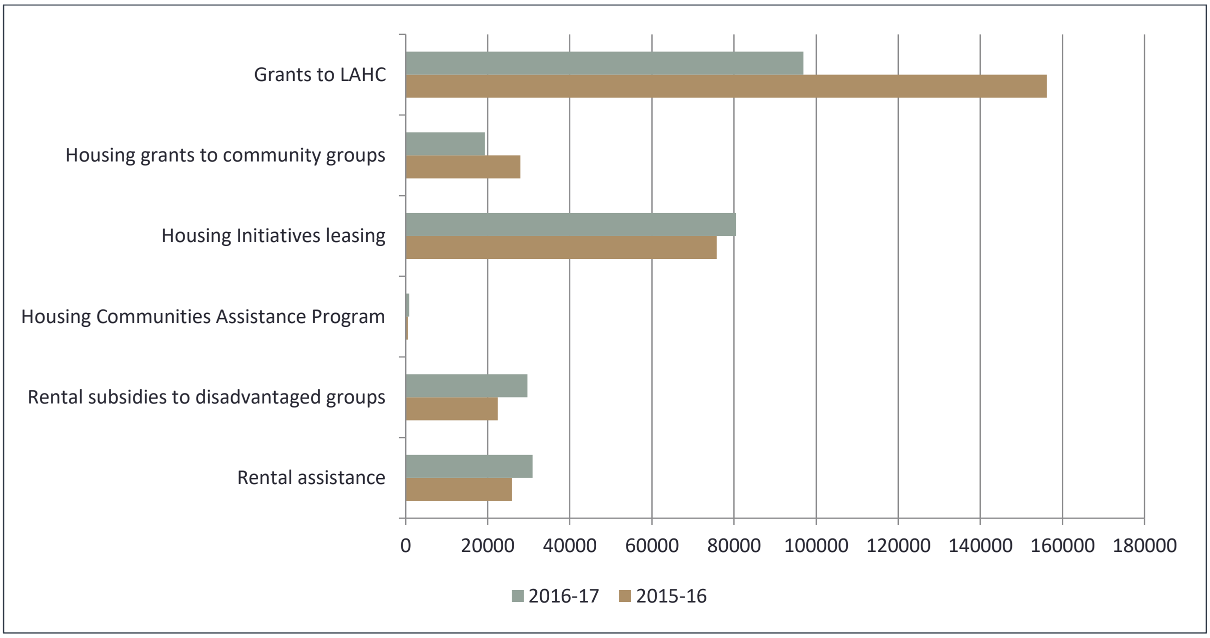


Figure 3: DFACS grants and subsidies expenses for SHATS+HS service groups ($'000), 2015-16 and 2016-17



[24] FACS 2016-17 Annual Report Vol. 2, p.226.

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 $1.05 billion, and expenses were $1.45 billion, leading to a deficit of $401 million. This is more than double the previous year's deficit of $197 million. See Figure 4.

Revenue

The Corporation's revenue in 2016-17 was $1.05 billion – $50 million lower than that of previous years. Revenue items were broadly similar, with the exception of government grants and 'other revenue', which is an amalgamation of the 'management fees' and 'other revenue' items from the LAHC financial statements.[25] Falls in 'property related income' and 'project management fees' saw revenue for this category fall by $29 million, a drop of 45 % on the previous financial year, and the lowest in the period since 2010-11.[26]

The most important source of revenue for LAHC is tenants' rent payments. Despite a 3 % increase in market rents, net rent (the difference between market rent and the subsidy that tenants receive) rose very little, and was $828 million. This was 79 % of the Corporation's revenue.

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.[27] As noted above, this fell significantly from $178 million to $152 million, a 15 % decline. As noted above, the DFACS financial statements provide a different figure, $97 million.

Figure 4: Land and Housing Corporation — financial results ($), 2015 to 2017

$'000	2014-15	2015-16	2016-17
Revenue			
Market rent	1,869,773	1,948,458	2,009,943
less: rental subsidies	1,057,248	1,122,050	1,181,516
Net rent	812,525	826,408	828,427
Water usage charges	39,361	40,510	40,975
Gov. grants: Cwlth			
Gov. grants: other NSW agencies	164,010	177,987	151,690
Interest	8,536	6,355	6,333
Other revenue	95,565	52,550	23,063
	1,119,997	**1,103,810**	**1,050,488**
Expenses			
Repairs and maintenance	272,163	296,095	408,420
Council and water rates	220,959	227,848	227,823
Tenancy management	115,100	115,100	112,163
Personnel services	55,467	61,600	59,608

[25] FACS 2016-17 Annual Report, Vol. 2, p.225.
[26] 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.
[27] FACS 2016-17 Annual Report, Vol. 2, p.226.

Depreciation and amortization	361,603	424,857	477,329
Grants and subsidies	87,942	63,414	3,000
Other expenses	209,217	208,247	213,269
Total	1,322,451	1,397,161	1,501,612
Loss on disposals	36,576	-96,447	-49,732
Total costs	**1,359,027**	**1,300,714**	**1,451,880**
Net result	**-239,030**	**-196,904**	**-401,392**
Other comprehensive income	4,300,805	6,351,061	4,789,296
Total comprehensive income	4,061,775	6,154,157	4,387,904

In 2016-17 LAHC made a $49.7 million gain on disposals of assets[28]. (See Figure 5 for the residential assets part of this.) This is lower than the $96.4 million gain made in 2015-16 (although that was the first gain in six years[29]). Although the sale price of the assets disposed of was greater than $49.7 million[30], this figure takes into account deductions for selling expenses and the carrying amount of the assets sold.[31]

In 2015-16 the net proceeds of sales of *residential* asset and land sales increased dramatically. In 2016-17 proceeds remained high although they fell from $110.9 million in 2015-16 to $76.5.0 million in 2016-17. Similarly, in 2015-16 LAHC recorded a $21.3 million gain on sales of *land*, which declined to $14.9 million in 2016-17.

Expenses

The overall expenses for the Corporation increased by $151 million in 2016-17, to $1.452 billion. There were three significant changes:

- A very substantial increase in maintenance expenditure from $296 million to $408 million (a 38 % increase – and 73 % increase over the average of the previous 6 years)
- a 12 % increase in the cost of depreciation and amortization, which increased from $425 million to $477 million
- Lower profit on disposal of assets which fell from $96 million to $50 million

These were somewhat offset by dramatically lower grants and subsidies. These fell from $63 million in 2015-16 to only $3 million in 2016-17. This was because for the first time in years no properties were vested to community housing organisations. Over previous years 6,277 properties with a carrying value of $1,537.6 million were vested to the sector.

Finally, although the changes are relatively modest, it is worth noting that the tenancy management fees LAHC pays to FACS Housing to manage public housing tenancies have fallen from $115 million to $112 million (a 2.6 % decline). This is the lowest level since these arrangements began in 2012-13.

[28] FACS 2015-17 Annual Report, Vol. 2, p.229.
[29] There was a loss of $36.6 million on disposal of assets in 2014-15
[30] The sale price was $394.7 million
[31] The *carrying amount* of an asset is a measure of its value: it is the original cost minus accumulated depreciation.

Assets

While this item appears in the income statement rather than the balance sheet, the Corporation's finances also include an item called 'other comprehensive income (not reclassified to the nett result)'.[32] This includes an 'asset revaluation reserve'. 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. In 2016-17 this was $4.8 billion and presumably reflects the continuing increase in the value of residential property in New South Wales over the last year. [33]

While this is an accounting device and does not have any effect on the operational costs of public housing in NSW, it is presented in such a way as to suggest that LAHC ends the year in a strong financial position. Of course, without realising those gains (selling off the assets) once again public housing made a very large operating deficit.

The Land and Housing Corporation balance sheet shows total assets valued at $50.1 billion, liabilities of $836.5 million, and total equity of $49.3 billion. The key item to note here is the carrying amount of the Corporation's residential properties – $48.8 billion, up from $44.4 the previous year.[34]

However, this appears to be the first year that no information has been provide on the number of new social housing dwellings that were delivered by the Land and Housing Corporation. This follows a steady reduction in the detail of housing supply provided in the annual report, which once included information on completions, new works (in the pipeline) off set by transfers and disposals.

No information is given about the location or type of properties disposed of (let alone the number) as part of LAHC's disposals program; although as noted above, the income or loss from disposals is reported. Disposals take four forms: assets sold, assets demolished, assets written off and impaired, and sale of assets held for sale.[35] See Figure 5.

Figure 5 shows data for those assets that were *residential* properties. Last year's significant increase in the sales proceeds from residential properties has been largely maintained, falling from $287 million in 2015-16 to $232 million in 2016-17. And when the sale of properties 'held for sale' is taken into account, total sale proceeds of residential properties were $311.0 million in 2016-17 ($313.8 million in 2015-16).

However, after selling expenses and carrying costs were taken into account, the Corporation made a surplus of $76.6 million in 2016-17 from the sale of residential assets (including those held for sale), compared to $110.9 million in the previous year. This is because the 'carrying value' lost by selling was a higher proportion of the net proceeds (and hence a lower 'profit')[36].

[32] These items are not classified to the net result, and are identified separately.
[33] FACS 2016-17 Annual Report, Vol. 2, p.207.
[34] FACS Annual Report 2016-17, Vol. 2, p.234.
[35] Assets held for sale are expected to be sold in the following financial year (FACS Annual Report 2016-17, Vol. 2, p.233).
[36] It should be noted that this relates to the asset value, not the number of dwellings that can be provided with that value

Figure 5: Land and Housing Corporation — gain/loss on disposal of residential properties ($), 2013-14 to 2016-17

$'000	2014	2015	2016	2017
Sale of assets				
Residential properties:				
Sales proceeds	97,123	103,033	286,532	231,731
Less: selling expenses	-4,622	-13,934	-13,503	-11,588
Net proceeds	92,501	89,099	273,029	220,143
Less: carrying amount of assets sold	-98,303	-69,704	-171,044	-182,531
Gain/loss	-5,802	19,395	101,985	37,612
Sale of assets held for sale				
Residential properties:				
Sales proceeds	18,546	8,258	27,355	79,306
Less: selling expenses	-697	-35	226	-702
Net proceeds	17,849	8,223	27,129	78,604
Less: carrying amount of assets sold	-15,335	-7,924	-18,190	-39,622
Gain/loss	2,514	299	8,939	38,982
Assets demolished	-23,791	-13,161	-20,528	-22,037
Gain / loss on disposal of residential properties	-27,079	6,533	90,396	54,557
Total gain/ loss on disposal of all assets	-43,621	-36,576	96,447	49,732

Millers Point

Over 40% of the proceeds from the sale of residential properties have come from the sale of Miller's Point public housing. However, apart from Miller's Point, the sales program in 2016-17 was substantially higher than in previous years. 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.[37] 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 was $125.4 million - somewhat lower than the $160.5 million in 2015-16, but still much higher than the $41 million in 2014-15.[38]

Reinvestment in new dwellings, part of the Government's commitment to deliver 1,500 new social housing dwellings from the sale of the Millers Point properties, increased from $101.4 million in 2015-16 to $109.4 million in 2016-17. This brings the total reinvested to $256.7 million at June 2017. Neither Volume of the FACS Annual Report actually identifies how much new social housing has been funded by the sale of Millers Point properties, although the FACS web-site reports that "As of December 2017, a total of 757 units have been completed and 348 units are currently under construction as a result of the Millers Point sales." [39]

[37] See FACS Annual Report 2016-17, Vol. 2, p.248.
[38] This account was only established half way through the 2014-15 financial year.
[39] http://www.millerspoint.facs.nsw.gov.au/new-homes-funded-by-millers-point Viewed 21 February 2018.

5 Aboriginal Housing Office

Like the Land and Housing Corporation, the Aboriginal Housing Office (AHO) is a statutory agency that sits within the Family and Community Services cluster. Its financial report stands alone in Volume 2 of the 2016-17 FACS Annual Report[40], although reporting on the AHO's activities and outcomes is bundled in with other housing-related items in Volume 1 of the Annual Report – and this year was virtually unmentioned.

The AHO has been focused on building the capacity of the Aboriginal community housing sector, including moving to registration as part of the mainstream regulatory system, and the planned transfer of its government managed properties to the Aboriginal community housing sector. The aim is to provide the capacity to take advantage of opportunities for growth to tackle the critical housing disadvantage of Aboriginal people in NSW.

The net result for the AHO was $7.6 million in 2016-17, down from $9.5 in 2015-16. Both these results are substantially lower than previous years, reflecting the reduction and end of Commonwealth National Partnership Agreement on Remote Indigenous Housing (NPARIH) funding.

The key sources of revenue for the AHO are rents and tenant charges (52%), and grants and contributions from the Commonwealth (41%). State government funding is 7% (See Figure 6).

Although revenue from rents and charges increased significantly in 2012-13, 2013-14 and 2014-15 due to rent reforms, these changes have now run their course. This year there was a very tiny decline.

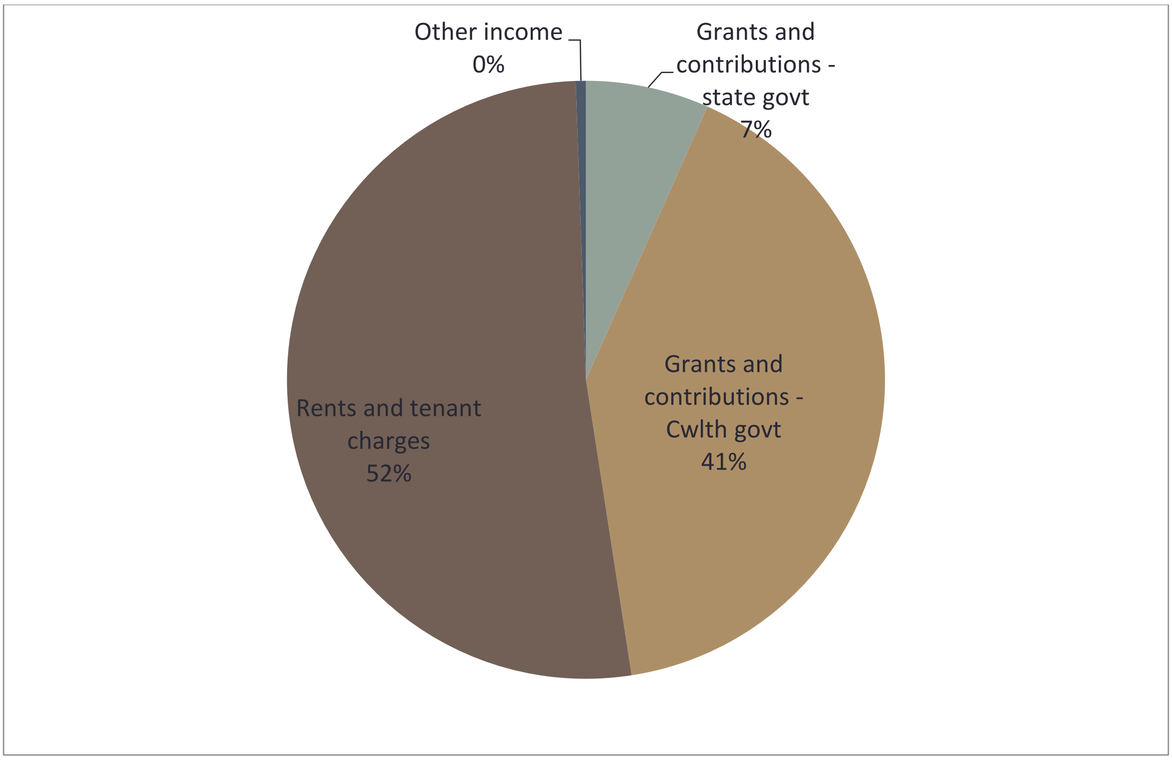
The Commonwealth funding is made up of grants from two sources: a portion of the NSW share of the National Affordable Housing Agreement (NAHA), and funding from NPARIH. While the NAHA grants have remained stable (up by 1.3 % on 2015-16), there has been a terminal decline in NPARIH funding, down a further 45 % in 2016-17 to $13.8 million after a 62 % fall in 2015-16 as funds from the program (which has been discontinued) reach their end.

So far state funding has barely increased to fill this gap, increasing by 52% ($2.36 million) to $6.9 million. However this follows a cut of $1.1 million the previous year. At the same time, it should be noted that the 2017 State Budget projects a $23.1 million increase in government funding 2017-18, which, while it won't fully replace NPARIH funding ,will make up around 35% of NPARIH funds since 2014-15.

The AHO's overall revenue fell by $10 million, from $113.3 in 2015-16 to $103.3 million this year. This difference is largely accounted for by the decrease in NPARIH funding.[41]

[40] FACS Annual Report 2016-17 Vol.2, p.172
[41] FACS Annual Report 2016-17 Vol.2, p.191.

Figure 6: Aboriginal Housing Office: sources of revenue (%), 2016-17



Unlike previous years, the 2016-17 Annual Report did not provide any information on the properties or land owned by the AHO, or the number of tenancies.

In 2016-17 the AHO spent $37.8 million on property repairs and maintenance, which was a little higher than budgeted for the year. However, it spent only $29.8 million on capital expenditure on new dwellings and minor works, which is 56% of the $53.3 million budgeted for the year[42].

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

In previous years volume 1 of the annual report provided some headline figures about the size of the parts of the social housing sector, including households assisted in various ways. In 2016-17 this information is fragmented and has shrunk to a trickle.

FACS provides information on its web-site on annual social housing property numbers. But with *ad hoc* exceptions, the annual report no longer provides this fundamental information about performance – and certainly not in a systematic way. The following is information that can be gleaned this year:

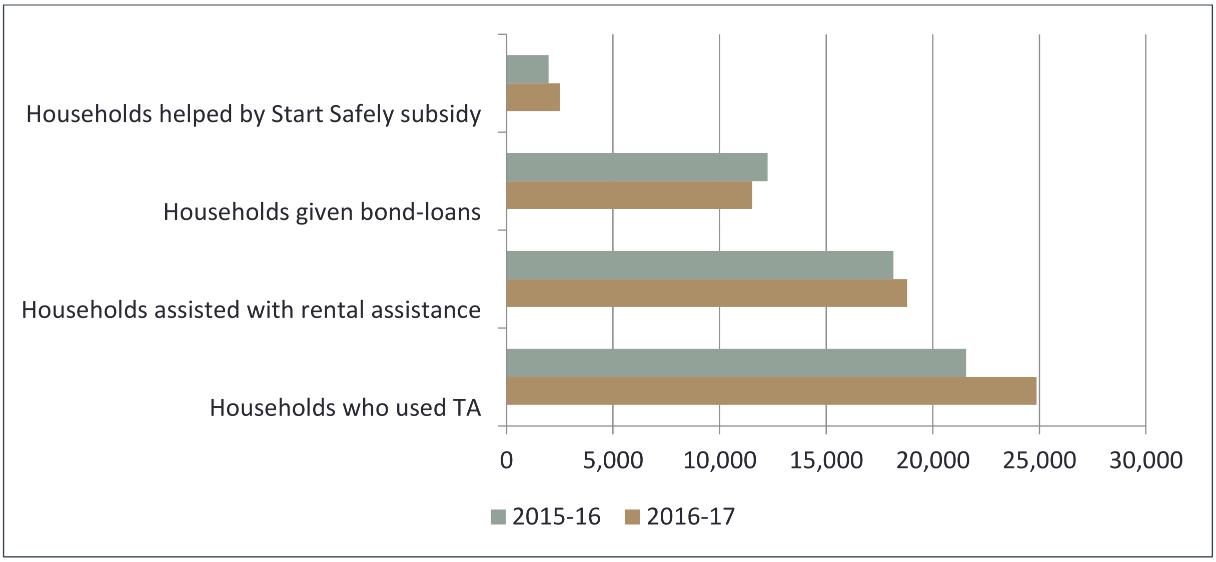
- The total number of social housing tenancies was 139,057.[43] The breakdown between public housing, community housing and Aboriginal housing is no longer available in the report. The total number is 316 less than 2015-16.

[42] FACS Annual Report 2016-17 Vol. 1, p.15
[43] FACS Annual Report 2016-17 Vol 1 p18

- 836 new affordable rental dwellings were delivered as part of the National Rental Affordability Scheme.[44]
- There were 112,550 public housing dwellings and 4,626 AHO dwellings managed by LAHC. [45] There is no information on either Aboriginal community housing or 'mainstream' community housing. Both the above numbers would represent a very small net decline.
- 24,865 households were assisted with Temporary Accommodation. This is a 15% increase over the number reported last year.[46]
- 11,525 households were assisted with Rentstart bond loans in 2016-17.[47] This is a 6% reduction over last year.
- 2,516 households escaping domestic violence were assisted with Rentchoice Start Safely – a 28% increase over last year[48]
- 208 young people were assisted to enter the private rental market with Rentchoice Youth – a 112% increase[49]

The Annual Report has no information on the number of specialist homelessness service beds or the number of people accessing specialist homelessness services.

Figure 7: Households assisted by or through FACS Homelessness Services service group (N), 2015-16 and 2016-17



[44] FACS Annual Report 2016-17, Vol. 1, p.27
[45] FACS Annual Report 2016-17, Vol. 1, p.27
[46] FACS Annual Report 2016-17 Vol 1 p18
[47] FACS Annual Report 2016-17, Vol. 1, p.27
[48] FACS Annual Report 2016-17, Vol. 1, p.28
[49] FACS Annual Report 2016-17, Vol. 1, p.28

7 How is the aggregate public housing 'entity' performing?

Fifteen or so years ago it became clear that public housing around the country was operating at a significant loss and the sustainability of the system was in question. Recently in NSW, IPART attempted to quantify the funding gap for public housing in NSW, recommending that it be explicitly funded by the state to make the system sustainable. Even more recently, changes to the structure of the Commonwealth's housing funding for the States (the new National Housing and Homelessness Agreement) planned to make such funding conditional, posing risks to an already tenuous system.

However, the separation of the various parts of the public housing operations in NSW (FACS SHATS, LAHC & AHO), the embedding of some of these entities within the FACS mega department, and the interlocking service agreements between the entities have made it hard to get a clear picture of the financial operations of public housing in NSW.[50][51] We have pieced together a picture of the operating income and costs of the public housing 'entity' from the FACS Annual Report information.

Figure 8: Initial operating income and expenditure of the combined public housing entity in NSW[52]

	2016-17	2015-16
Income		
Commonwealth funding - NAHA, NPARIH	372,088	378,437
State social housing to AHO	4,487	4,486
State grants & contributions to SHATS	17,501	15,304
Net rent	879,097	876,904
Water charges	43,930	43,901
Interest, AHO investment & AHO asset recognition	6,897	8,198
SHATS sale of goods & services etc	19,296	7,336
Other	30,665	63,816
Gains/(losses) on disposal	47,723	92,736
	1,421,684	1,491,118
Expenditure		
Employees (except PH tenancy management)	159,078	130,857
PH tenancy management	112,163	128,308
R&M	408,420	296,095
Headleasing, capital, CAP R&M	151,690	177,987
Depreciation, amortisation, leasehold improvement	549,798	488,999
Loan repayments (mainly Commonwealth)	55,237	58,734
Rates, water (some other eg impairment allow)	230,591	220,696
Grants and subsidies	175,909	221,987
Audit, financial services, balancing for some transfers	3,574	-33,380[53]
Other	75,011	92,375
	1,921,471	1,782,658
	-499,787	-291,540

[50] This was made clear when the a recent AHURI study aimed at identifying the cost benefit of social housing providers found that it was impossible to establish the costs of the public housing providers to compare with CHP costs.
[51] This analysis is restricted to the publicly managed part of the social housing system. Such consolidated information is not available for the part of the system managed by community housing providers.
[52] Not including State only appropriations attributable to SHATS
[53] This line is a result of transfers between agencies. LAHC receives a grant from FACS for head leasing, crisis accommodation repairs & capital (shown as expenditure by FACS SHATS & income by LAHC). To remove the transfer out & in, this line has been shown separately, and removed from the most relevant composite LAHC line, which is then negative.

How much of this deficit is funded?

The above aggregation shows a deficit of $499.8 million in 2016-17. But it is a partial picture. It includes an attribution of the Commonwealth funding through the National Affordable Housing Agreement (NAHA) and the National Partnership Agreement on Remote Indigenous Housing (NPARIH). (The NAHA funds also include funding for homelessness services that became part of the NAHA when it replaced the CSHA, SAAP and CAP. The notional homelessness funding share of the NAHA has not been included above[54] (See Homelessness funding below)).

A small amount of the NAHA funding and all of the state's NPARIH funding is explicitly identified in the AHO report, but for no other agency or service group. However, we are justified in assuming that all of the NAHA funding is included in the $5.717 billion of 'appropriations' that is shown, but not attributed, in the FACS consolidated service group statement, together with an unspecified amount of state government sourced appropriations. Moreover, the consolidated FACS entity shows a small 1.5% surplus, making it reasonable to assume that the combined Commonwealth and state funding was available and used to fund the operating deficits of FACS SHATS and FACS Homelessness service groups.

The loss (before Commonwealth or state funding) for the FACS SHATS service group was $422.3 million in 2016-17. The total Commonwealth 'mainstream' funding (ie. net of the AHO or homelessness apportionment) was $329.8 million. It might then be reasonable to also attribute $92.4 million of state sourced funding to cover the deficit of this FACS service group. This would, in fact, partly cover the $151.7 million SHATS grant to LAHC for activities not covered in the NAHA (head leasing, crisis accommodation repairs and maintenance, and some capital works)[55]

However, there is no indication in any of the other state government funding to cover the deficit of the combined public housing entity, apart from the $4.5 million identified in the AHO statements as State Social Housing funds[56] and $17.5 million 'grants and contribution' to SHATS which are already included in the above consolidated income and expenditure statement.

As far as the available annual reports show us, public housing in NSW had an unfunded deficit of $407,350 million in 2016-17.

There are two qualifications to this. The first relates to how we view 'depreciation' in an analysis of the actual operations in this year, since this 'expense' is simply a loss of value in the balance sheet, indirectly reflects the future cost to upgrade or replace. So rather than an unfunded operating deficit in 2016-17, there is an unfunded asset liability in future years. Since depreciation was around $550 million in 2016-17 the business remains 'viable' for now.

---

[54] In 2008-9 when the NAHA began, the SAAP component was $62 million and CAP $14.1 (16.7% and 3.8% respectively). Those SAAP proportions of the 2016-17 NAHA funding has been attributed to homelessness.

[55] FACS Annual Report 2016-17, Note 5, p226. "LAHC receives government grants for initiatives not covered by the National Affordable Housing Agreement. During the year LAHC received grants from the NSW Department of Family & Community Services for programs such as head leasing, repairs & maintenance on crisis accommodation and capital works"

[56] FACS Annual Report 2016-17, AHO note 3© p 191.

But this 'viability' and the *ongoing* viability of public housing of public housing, relies on $372 million Commonwealth funding and a far smaller contribution from the state of $114.4 million (which includes $22 million of identified state grants) - only 23.5% of direct government subsidy for the public housing system.

The second qualification to the picture above is that the actual expenditure on construction or purchase of new dwellings or redevelopment is not shown, since it is capitalized and only shown on the balance sheet (as the carrying value of the works).

This reflects, not only accounting practice, but the actual situation in which all such upgrades (which are not part of 'repairs and maintenance'), renewal, redevelopment or new construction ($475 million in 2016-17) is funded from the existing balance sheet.[57] That is, from the sale of part of the asset[58]. In accounting terms, the business is viable because of its strong and appreciating balance sheet – until we remember that that balance sheet is made up of the homes of public tenants.

The limitations of this approach are clear. Growth is only possible while land values increase (or while trading off high value for low value location). What growth is achieved is far too small to keep pace with demand. It comes at the cost of significant tenant dislocation and waiting list delays due to rehousing. In some forms it is a dangerously short-term strategy since it involves the sale of the appreciating asset (land) in return for a depreciating asset (dwelling). Ultimately, if land values do not increase, or opportunities for uplift from densification are run out, then essential upgrades and renewal will once again only be funded by a net loss of supply.

Homelessness funding

The largely recurrent funding for homelessness services is somewhat less fraught. The annual reports, combined with the assumed apportionment of NAHA funds to homelessness services, leave a deficit before any state funding of $185,348 million. For the reasons discussed above, we can assume that this is fully funded by state contributions. Importantly this means that the state more than fully matches the Commonwealth funding for homelessness. – contributing 65% of government funding for homelessness services in NSW.

Figure 9: Homelessness services income & expenditure

Income	**2016-17**	**2015-17**
NAHA homelessness	71,920	70,951
NPAH	30,000	30,000
comprehensive income	954	930
	102,874	101,881
Expenses		
Grants & subsidies	245,701	223,227
employee	30,459	26,206
other	12,062	14,798
	288,222	264,231
	-185,348	-162,350

[57] It should be noted that the FACS grant to LAHC (most of which we have assumed to be funded from state appropriations) is described by LAHC as including a component of 'capital'. The size or nature of this is unknown.
[58] And $85million of free cash flows in addition to $377 million sales proceeds.

8 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 2016-17 the fund reported revenue of $8.1 million and expenses of $3.6 million [59] It has net assets of $255.3 million.[60] The Fund is also one of the sources of the NSW State Government's matching contribution for the National Rental Affordability Scheme (NRAS).[61] These incentives apply to approved NRAS-developments over a 10-year period. In 2016-17 the Home Purchase Assistance Fund's commitment (to be delivered over 10 years) was $61.2 million, with $3.4 million being expended in 2016-7 (although it had budgeted to spend $9.4 million.)[62] –

9 Teacher Housing Authority

The Teacher Housing Authority is a statutory authority, but since 2015 its functions have been part of Property NSW, Housing Services. [63] It 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 % (depending on the remoteness of the school) of a standard Authority rent.[64]

The Authority manages a portfolio of 1,282 dwellings (down 71 from last year), with an 84 % occupancy rate (down from 88 % in 2015-16).[65]

In 2015-16 the Authority had revenues of $17.4 million, the same as the previous year. This included a $6.0 million grant from the state government. Expenses were $20.1 million, leaving a deficit of $3.0 million.[66]

---

[59] FACS Annual Report 2016-17 Vol. 2, p.265.
[60] FACS Annual Report 2016-17 Vol. 2, p.266.
[61] 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.
[62] FACS Annual Report 2016-17 Vol. 2, p.281. Interest earned on rental bonds is also used to contribute to NRAS (see below).
[63] The 2016-17 Annual Report is not available on the Property NSW website, although a PDF can be found by googling Teacher Housing Authority of NSW Annual Report 2016-17
[64] 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. Department's Rental Subsidy Information Sheet (Word file), available
[65] THA Annual Report 2016-17 (page numbers are not available in this version).

10 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.).[67]

In previous years we have been able to include financial information for the RBB. In 2016-17 this information was not contained in the annual report, other than a small number of items contain in the text.

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 Interest Loans Scheme.[68] 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.

The Board provides 50 % of the funding for the Tenants Advice and Advocacy Program[69], 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 tenants in New South Wales.

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.

The grants that can be identified in this year's annual report show a substantial decline over 2015-16.

Figure 10: Selected RBB grants

	2015-16	2016-17
Credit Counselling Program	6058	3150
No Interest Loans Scheme	3716	1450
Tenants' Advice and Advocacy Program	6984	5030

11 Next steps

Previously, this *Update* has been prepared simply to provide a convenient consolidation of information on housing financing and performance from a range of annual reports. This year, however, we have sought to be more evaluative and identify issues (and secondary analysis) arising from the reports.

[66] THA Annual Report 2016-17
[67] RBB Annual Report 2016-17, p.1.
[68] RBB Annual Report 2016-17
[69] RBB Annual Report 2016-17.

Because of this, we propose to be more proactive in the use and circulation of the report. In particular, we have engaged with FACS to pursue the issues identified.

A priority in these discussions has been to encourage improvements in transparency in reporting and to arrest the erosion of transparent and accessible information on the performance of housing and homelessness support by NSW government agencies.

Published by Shelter NSW
www.shelternsw.org.au
April 2018
Prepared by Adam Farrar
Prepared for information purposes. The views in this *Shelter NSW Update* do not necessarily reflect those of Shelter NSW.