



Social housing

PERFORMANCE AUDIT | 24 JUNE 2025

NEW SOUTH WALES AUDITOR-GENERAL'S REPORT

ROLE OF THE AUDITOR-GENERAL

The roles and responsibilities of the Auditor-General and the Audit Office, are set out in the *Government Sector Audit Act 1983* and the *Local Government Act 1993*.

We conduct financial or 'attest' audits of state public sector and local government entities' financial statements. We also audit the Consolidated State Financial Statements, a consolidation of all state public sector agencies' financial statements.

Financial audits are designed to give reasonable assurance that financial statements are true and fair, enhancing their value to end users. Also, the existence of such audits provides a constant stimulus to entities to ensure sound financial management.

Following a financial audit the Audit Office issues a variety of reports to entities and reports periodically to Parliament. In combination, these reports give opinions on the truth and fairness of financial statements, and comment on entity internal controls and governance, and compliance with certain laws, regulations and government directives. They may comment on financial prudence, probity and waste, and recommend operational improvements.

We also conduct performance audits. These assess whether the activities of government entities are being carried out effectively, economically, efficiently and in compliance with relevant laws. Audits may cover all or parts of an entity's operations, or consider particular issues across a number of entities. Our performance audits may also extend to activities of non-government entities that receive money or resources, whether directly or indirectly, from or on behalf of government entities for a particular purpose.

As well as financial and performance audits, the Auditor-General carries out special reviews, compliance engagements and audits requested under section 27B(3) of the *Government Sector Audit Act 1983*, and section 421E of the *Local Government Act 1993*.



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In accordance with section 38EC of the *Government Sector Audit Act 1983*, I present a report titled '**Social housing**'.

A handwritten signature in black ink, reading 'Bola Oyetunji'.

Bola Oyetunji
Auditor-General for New South Wales
24 June 2025

RECONCILIATION STATEMENT

We pay our respects and recognise Aboriginal peoples as the traditional custodians of the land in NSW who have cared for and protected the environment, waterways, and sacred sites over many millennia. We honour and thank the traditional custodians of the land on which our office is located, the Gadigal people of the Eora Nation, and the traditional custodians of all the lands on which our employees live and work. We pay our respects to their Elders past and present, and to the next generation of leaders.

We acknowledge that our long history of helping to foster accountability and transparency in the government and Parliament is also shared with the histories of colonisation and the resulting disadvantage of Aboriginal and Torres Strait Islander peoples in this state.

We embrace our role in holding government agencies to account for the delivery of effective services for Aboriginal and Torres Strait Islander peoples. We are committed to ensuring that our audits are culturally responsive, respectful and inclusive, and that we engage with Aboriginal and Torres Strait Islander peoples and communities in a meaningful and collaborative way.

We recognise the ancestral tie of Aboriginal and Torres Strait Islander peoples to this land, and we acknowledge that we have much to learn from their wisdom, rich and diverse culture, languages, knowledge and practices.

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Section 1 –
Social housing

Executive Summary

Context

Social housing is affordable rental housing provided to households with low incomes. In NSW, there are around 156,000 social housing dwellings. Social housing includes public housing, community housing and Aboriginal housing.

The demand for social housing significantly outstrips availability. At June 2024 there were around 56,000 households on the NSW Housing Register (approved applicants waiting for social housing). There is low turnover and long waiting times to access housing. In June 2024, the median waiting time for newly housed priority applicants was 3.5 months and the median waiting time for general applicants was 20.1 months.

The *Housing Act 2001* (NSW) sets out objectives that the social housing system ‘focuses on housing people who are most in need’ and that the available supply of housing ‘is shared equitably among people who are most in need’. Social housing agencies use the Housing Register to create a list of applicants prioritised according to need when a new property becomes available.

Audit objective

The objective of this audit was to assess whether social housing is effectively and efficiently prioritised to meet the needs of vulnerable households, and whether social housing tenants are effectively supported to establish and sustain their tenancies.

The audit concentrated on the activities of the NSW Department of Communities and Justice (DCJ) up to June 2024. On 1 February 2024, Homes NSW was established as a division of DCJ responsible for housing and homelessness functions. The audit also examined the activities of three non-government community housing providers, who have responsibility for managing social housing in specific locations.

Conclusion

The process to apply for a social housing property is inefficient and inequitable. The application process requests substantial amounts of evidence to determine whether an applicant is a priority. Collecting this evidence can be difficult and expensive for vulnerable households. While some households can access support from external providers to complete an application, many cannot. This discourages applications from potential applicants who would otherwise qualify.

The process to allocate available social housing properties is inefficient and inequitable. In the month of June 2024, DCJ took an average of 33 days to fill a vacant property, more than three times its target of nine days. Just under a third of offers of housing result from manually selecting an applicant, rather than using the priority ranked list of applicants. DCJ does not monitor manual allocation decisions, which risks inequitable outcomes for applicants waiting at the top of the Housing Register who would otherwise have been housed next.

Social housing tenants do not consistently receive effective support to help them establish a successful tenancy or sustain that tenancy when issues arise. DCJ does not have a clearly articulated strategy for supporting tenancies, nor does it monitor or report on the support it coordinates for tenants. Community housing providers have clearer expectations to coordinate support for tenants, both as a general condition of registration and as a contractual requirement for specific programs.

Key findings

The social housing application process is overly complex and discourages eligible applicants who cannot navigate the process by themselves

Applicants must provide significant amounts of information to demonstrate their eligibility for social housing. Collecting all the required evidence can be difficult, expensive and time-consuming, resulting in abandoned applications and discouraging eligible applicants from applying. DCJ and community housing providers can assist clients with their initial application but offer limited support to collect the additional evidence required to complete it.

Applicants linked with a support service are more likely to receive help to collect the evidence required to submit an application. This increases their chance of being placed on the priority Housing Register compared to other vulnerable groups who do not have access to support services. For example, elderly applicants are not automatically designated as priority unless they are over 80 years old (over 55 for Aboriginal applicants). Other applicants must provide evidence from a doctor or occupational therapist to demonstrate why their medical or mobility issues should qualify them for priority on the Housing Register.

The number of clients waiting in temporary accommodation doubled between July 2023 and June 2024, putting pressure on timely processing of social housing applications

The number of clients in temporary accommodation each night doubled from July 2023 to June 2024, from an average of around 1,360 households per night to around 2,770 households per night. The administrative work required to manage clients in temporary accommodation is time-consuming and DCJ was slow to increase frontline resources in this area as numbers increased. This has had flow on impacts for timeframes to process applications for social housing.

DCJ did not meet benchmarks for answering calls for housing assistance in 2023–24. It only answered 11.6% of calls within the target timeframe of three minutes. The average waiting time was 19.5 minutes. Long wait times can discourage vulnerable households from making an initial application.

At June 2024, there were 9,280 outstanding applications waiting for an initial assessment. Of these, 2,970 had been waiting between 30 and 90 days and a further 4,094 applications had been waiting over 90 days. Long delays in initial assessments mean that applicants spend weeks unsure of whether they are eligible for social housing. Applicants may also need to supply additional documents following the initial assessment, further adding to delays.

The process to allocate housing is inefficient and only 60% of offers are accepted

In 2023–24, around three quarters of newly housed households were priority applicants. Only a small portion of applicants on the general Housing Register were offered housing, often in properties designated as ‘hard to let’.

Allocating a property is time-consuming and inefficient. In June 2024, DCJ took an average of 33 days to sign up a new tenant to a vacant property, more than three times its benchmark of nine days. In 2023–24, only 60% of offers were accepted. This suggests that the properties being offered did not meet the needs of applicants. DCJ’s policy of removing an applicant from the Housing Register if they reject two offers of housing is administratively burdensome for both applicants and housing providers. Applicants seek medical reports to justify rejecting an offer so they can receive another offer. Housing providers produce evidence and reports to show why they believe an offer was reasonable.

In 2023–24, around 31% of offers of housing were made by manually selecting an applicant, rather than by choosing the highest-ranked priority applicant. In some parts of NSW over 90% of offers were allocated manually. The use of manual allocations is not monitored centrally, which risks the fairness and equity of the system. Frontline staff we spoke with during the audit reported allocating offers manually to take vulnerable households out of temporary accommodation when they had been there too long, or to relocate clients from supported accommodation where funding was no longer available.

DCJ does not have a clearly articulated approach to help tenants access support to sustain their tenancy

DCJ does not have a clear overarching strategy to identify tenant support needs and provide effective referrals to relevant services. DCJ has central procedures that encourage referrals to appropriate organisations. Tenants' access to support, however, is variable. It depends on the capacity and capability of staff in their local office and the availability of external services.

For several years, DCJ has operated a pilot program in partnership with external agencies focused on tenancy sustainment, but access is limited as it only operates in six pilot sites. The program supported 687 people in 2023–24 (of around 170,000 people living in DCJ managed housing).

Registered community housing providers have clearer expectations to assist tenants to access support services

As a condition of registration, community housing providers must detail their approaches to facilitate access to support for tenants with complex needs. The DCJ contracts with community providers include additional requirements to provide tenant support coordination services. Community housing providers we audited take a range of approaches to providing such support. These include up-front assessment of tenant needs, community development activities and specialist teams that provide case coordination to refer tenants to external services.

There are gaps in how DCJ assesses the vulnerability and support needs of new tenants

DCJ does not routinely collect or analyse information on the vulnerability of new tenants to determine the relative risks of tenancy failure. This information could be used to help prioritise referrals to support those at greatest risk. Because housing is prioritised to those most in need, many new tenants are likely to have varied and complex needs.

Visiting new tenants in the first few months can help identify how tenants are coping and whether they require additional support. DCJ is not meeting its benchmarks for 95% of initial tenancy visits within 12 weeks, increasing risks of missed early warning signs and opportunities for referrals. At June 2024, only 58% of DCJ managed tenancies that commenced within the last 12 months had a successful visit within 12 weeks of commencement.

High workloads affect the capacity of DCJ to identify early warning signs that a tenancy is at risk

DCJ is not consistently helping social housing tenants sustain their tenancies by providing referrals to support when needed. Each DCJ tenancy officer is responsible for monitoring many households, which affects the time they can spend with each tenant. In 2024, around 38% of DCJ tenancy officers had portfolios of more than 350 households, while 31% had between 251 and 350 households. Managers have limited capacity to supervise and support their staff with complex cases, due to the high portfolio sizes.

High staff workloads lead to a reactive approach to tenancy sustainment. DCJ tenancy officers are more likely to make referrals to external services when a tenancy is at risk of failure. At this point, an issue may have escalated to a crisis point, tenants may be less likely to respond positively and there can be long wait times to access support. DCJ does not centrally record, monitor or report on referrals to support services.

For example, at June 2024 there were around 6,990 DCJ managed tenancies in arrears (7.3% of all tenancies). Rental arrears indicate that a household is experiencing underlying financial issues. Unaddressed, rental arrears can soon reach levels that a household is unable to repay within a reasonable timeframe and action is taken to terminate the tenancy. Former tenants who were evicted owing money to a social housing provider find it more difficult to secure a new social housing tenancy. This increases risks of homelessness, which has high costs to individuals and government services.

Recommendations

By June 2026, the Department of Communities and Justice should:

1. simplify the social housing application process to reduce barriers to applying for eligible applicants and improve the efficiency of processing applications
2. review and improve the allocation and offer process to better match client needs with available properties and increase the number of offers that are accepted
3. regularly monitor and report on the use of manual allocations to ensure they are consistent with policy and do not create inequitable outcomes
4. clearly articulate the role of Homes NSW as a social housing landlord to help tenants access support to sustain their tenancy, including by:
 - a) strengthening the Homes NSW practice framework for support coordination
 - b) strengthening local approaches to working in partnership with government agencies and support services
5. align key data sets to improve data consistency between DCJ and community housing providers to enable system-wide analysis and reporting on outcomes for tenants.

1. Introduction

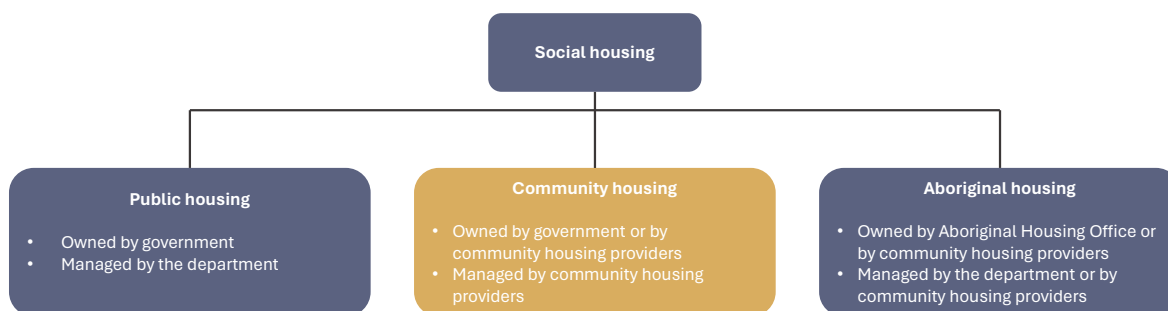
1.1. The social housing sector

Types of social housing providers

The NSW Government helps people having difficulty with finding and sustaining affordable and appropriate housing in the private housing market. Social housing provides eligible households with rents set below market rates (based on a percentage of a tenant's income). Tenants in social housing typically pay 25% to 30% of their income as rent.

In NSW, social housing is provided through public housing (managed by the Department of Communities and Justice (DCJ)), community housing (managed by registered not-for-profit organisations) and Aboriginal housing (managed by the Aboriginal Housing Office) (Figure 1).

Figure 1: Types of social housing providers



Note: A small percentage of social housing dwellings are owned privately and leased to housing providers (referred to as head-leased properties).
Source: Department of Communities and Justice.

Legislation and regulation

The *Housing Act 2001* (NSW) provides the framework for social housing in NSW. The Act sets out a series of objectives covering equity, social and financial sustainability. Relevant objectives include:

- to ensure that public housing and community housing reflects the housing standards of the general community and is designed to cater for the ongoing needs of consumers
- to ensure that the public housing system focuses on housing people who are most in need
- to ensure that the available supply of public housing is shared equitably among people who are most in need
- to maintain an efficient housing administration to ensure the effective coordination and provision of all housing services
- to encourage social mix and the integration of different housing forms in existing and new communities.

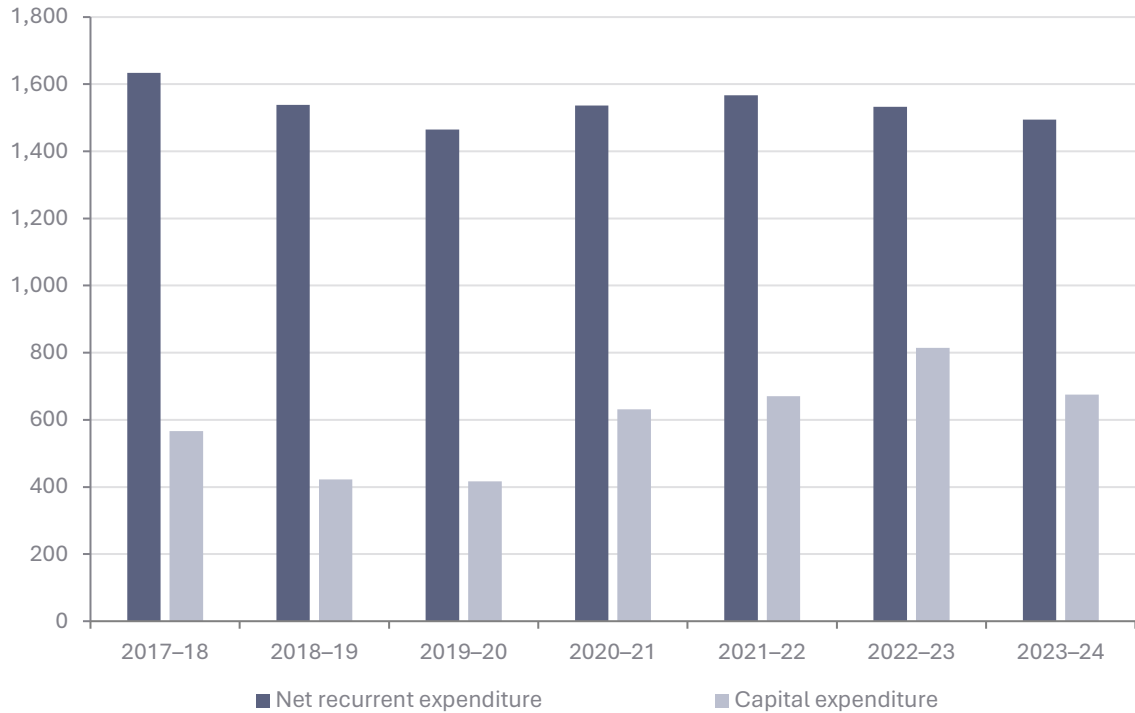
The *Residential Tenancies Act 2010* (NSW) applies to social housing tenants, including tenants of DCJ managed housing and community housing providers. The Act grants social housing tenants similar rights and responsibilities to private tenants. Social housing providers have additional rights and obligations under the Act compared to private landlords. These are primarily focused on the grounds to terminate a social housing tenancy (for example, breach of agreement or no longer meeting eligibility).

The NSW Registrar of Community Housing is responsible for regulating community housing providers. Providers are required to comply with a regulatory code that sets performance standards in areas including tenant and housing services, financial viability and governance. Community housing providers must be registered to receive assistance from DCJ.

NSW Government expenditure on social housing

In 2023–24, the NSW Government spent around \$1.5 billion in recurrent expenditure and \$0.7 billion in capital expenditure across all forms of social housing. In real terms, this was \$139 million lower than in 2017–18 for recurrent expenditure and \$109 million higher than in 2017–18 for capital expenditure.

Figure 2: Costs of providing social housing, 2017–18 to 2023–24, \$million in 2023–24 dollars



Source: Productivity Commission Report on Government Services 2025, Housing.

NSW Government social housing strategies

Future Directions for Social Housing in NSW (2016–25) set out the former NSW Government’s vision for social housing. It sought greater involvement of non-government partners in owning and managing social housing, expanded capacity and capability of community housing providers, and greater support and incentives to avoid and/or leave social housing. Two key programs were:

- The Social Housing Management Transfer program (2018–19) involved the transfer of the management of nearly 14,000 existing public housing properties from DCJ to community housing providers in nine locations. The providers are responsible for managing the tenancies and all social housing services formerly provided by DCJ in the nine locations.
- The Social and Affordable Housing Fund (2017–19) uses investment returns from a \$1 billion fund to deliver around 3,500 new social and affordable housing dwellings. It established 25-year outcomes-focused services contracts with registered community housing providers to provide property and tenancy management services.

On 1 February 2024, Homes NSW was established as a division of DCJ. The establishment of Homes NSW brought together responsibility for the housing and homelessness functions of DCJ, the NSW Land and Housing Corporation, the Aboriginal Housing Office (AHO) and key worker housing functions from across government into one area. The AHO remains a statutory body, with its own independent board. The AHO is focussed on the delivery of Aboriginal housing underpinned by the principle of self-determination.

The NSW Government is updating the strategy for social housing. The vision in the draft Homes for NSW Plan (2025–35) is that ‘everyone has access to a decent home and support if they need it’. To achieve the vision, the draft plan proposes three priority areas: customer-driven service; more and better homes; and a system that works. The final plan will include objectives, indicators and actions. DCJ aims to release the final plan in mid-2025.

1.2. The NSW Housing Register

Single application process

People looking for social housing can apply by calling the Housing Response Centre or they can complete the online application form. The process is the same across the State.

Once approved, clients are listed on the NSW Housing Register. This is a single register of clients who are waiting for social housing. The Housing Register records each applicant’s required housing location, approval category and approval date. When a suitable property becomes available, DCJ and community housing providers use the Housing Register to offer housing.

General eligibility criteria

The *Housing Act 2001* (NSW) states that the public housing system should focus on housing people who are most in need, and that community housing is provided for people on a very low, low or moderate income. NSW Government guidelines define:

- very low income households as earning less than 50% of the median household income
- low income households as earning 50% to 80% of the median household income
- moderate income households as earning 80% to 120% of median household income.

In 2023–24 the income threshold for a single person applying for social housing was \$770 per week or \$40,040 per year. This is between the very low and low income thresholds. The number of people in the household affects the income limits for social housing. For example, a household with two adults and three children can have a higher total weekly income of \$1,705 or \$88,660 per year.

Applicants for social housing cannot own a property that they could live in, must be an Australian citizen or permanent resident, and must be resident in NSW. In addition they must be able to sustain a successful tenancy, either without support or with appropriate supports in place.

Other criteria can limit eligibility for social housing, such as an outstanding debt from a past social housing tenancy. Applicants may not be eligible to be placed on the Housing Register if they have committed registrable offences and if they are likely to present an unacceptable risk of harm to themselves, other social housing tenants or to neighbours.

Priority status

Applicants who meet additional criteria can be eligible for priority housing. They must demonstrate an urgent need for housing and that they are unable to find housing in the private rental market.

An urgent need for housing includes:

- unstable housing circumstances, such as imminent homelessness or couch surfing
- at risk factors, for example, domestic or family violence, child abuse, or neglect
- current housing is inappropriate, including severe overcrowding, substandard property condition or need for modified property due to an ongoing medical condition or disability.

DCJ lists several factors that make it difficult for applicants to rent privately. These include: the need for a property that has been modified to accommodate disability, or personal factors such as intellectual disability or mental illness. The availability and cost of private rental properties is also considered. Rent is considered unaffordable if it costs more than 50% of the household’s weekly income.

1.3. Responses to homelessness

Extent of homelessness in NSW

The Australian Bureau of Statistics defines homelessness as: ‘when a person does not have suitable accommodation alternatives, they are considered homeless if their current living arrangement:

- is in a dwelling that is inadequate
- has no tenure, or if their initial tenure is short and not extendable
- does not allow them to have control of, and access to space for social relations’.

The number of people experiencing homelessness in NSW grew by 26% over the decade before the last census, from 27,479 in 2011 to 35,011 in 2021 (most recent census data available). Across NSW, most people experiencing homelessness at the time of the most recent census were living in severely crowded dwellings (42%) or boarding houses (25%). Of people experiencing homelessness, three per cent were sleeping ‘rough’ with little or no shelter at all.

NSW Government homelessness strategies

The NSW Homelessness Strategy (2018–23) set out the former NSW Government’s intent to respond to homelessness. The strategy had three focus areas: ‘prevention and early intervention’, ‘effective supports and responses’, and ‘an integrated, person-centred service system’. The Audit Office examined this strategy in the 2021 performance audit ‘Responses to homelessness’.

The draft NSW Homelessness Strategy (2025–35) vision is ‘to make NSW a place where homelessness is rare, brief and not repeated because people have a safe home and the support to keep it’. The strategy will be supported by whole-of-government action plans to achieve this vision. The NSW Government intends to release the final strategy and action plans in mid-2025.

Specialist homelessness services

Specialist homelessness services are agencies that receive government funding to provide accommodation, assistance and/or support services to people experiencing homelessness or at risk of homelessness. In 2023–24, NSW spent \$316 million on these services for 67,900 clients.

Specialist homelessness services cannot meet the accommodation needs of all presenting clients. In 2023–24 around 43,000 clients presented with a need for accommodation. Of those:

- 36.1% were provided with accommodation by the specialist homelessness service
- 18.0% were referred to another service
- 45.9% were neither provided with accommodation nor referred to another service.

Temporary accommodation for people experiencing homelessness

Temporary accommodation is short-term accommodation in low-cost motels or caravan parks for people experiencing homelessness. There are also supported temporary accommodation services delivered by non-government organisations. Temporary accommodation is provided by DCJ and some community housing providers. Some homelessness services arrange temporary accommodation for clients using brokerage funding. Temporary accommodation is generally offered for a few days at a time and can be extended as needed. With the exception of clients escaping domestic and family violence, clients must contribute to the costs of temporary accommodation.

In July 2023, DCJ changed its policy on temporary accommodation to address concerns with access and eligibility and limit the time people spend experiencing homelessness. The changes:

- increased the initial eligibility from two to seven days temporary accommodation
- removed the limit of 28 days of temporary accommodation per person per financial year
- increased the asset cap on eligibility from \$1,000 to \$5,000
- removed the requirement to complete a rental diary.

Around 29,800 households were assisted with temporary accommodation in 2023–24 at a cost of around \$161.3 million.

1.4. Submissions from members of the public

Between November 2024 and February 2025, the audit received submissions via an online public mailbox and general correspondence sent to the office. These contributions were voluntary, sharing people’s experiences with applying for and being offered social housing. The audit also received submissions from organisations in the homelessness and social housing sector.

Most of the contributors reflected negatively on their experience with applying for social housing and being offered a property. Many contributors were concerned about the complexity of the application process and evidentiary requirements, particularly for vulnerable people. Other contributors spoke of challenges with the ‘two-offer’ policy. Issues such as the need for greater support for vulnerable people through the application process and for staff to take trauma-informed approaches were raised in several submissions.

2. Social housing in numbers

2.1. Approved applicants waiting to be housed

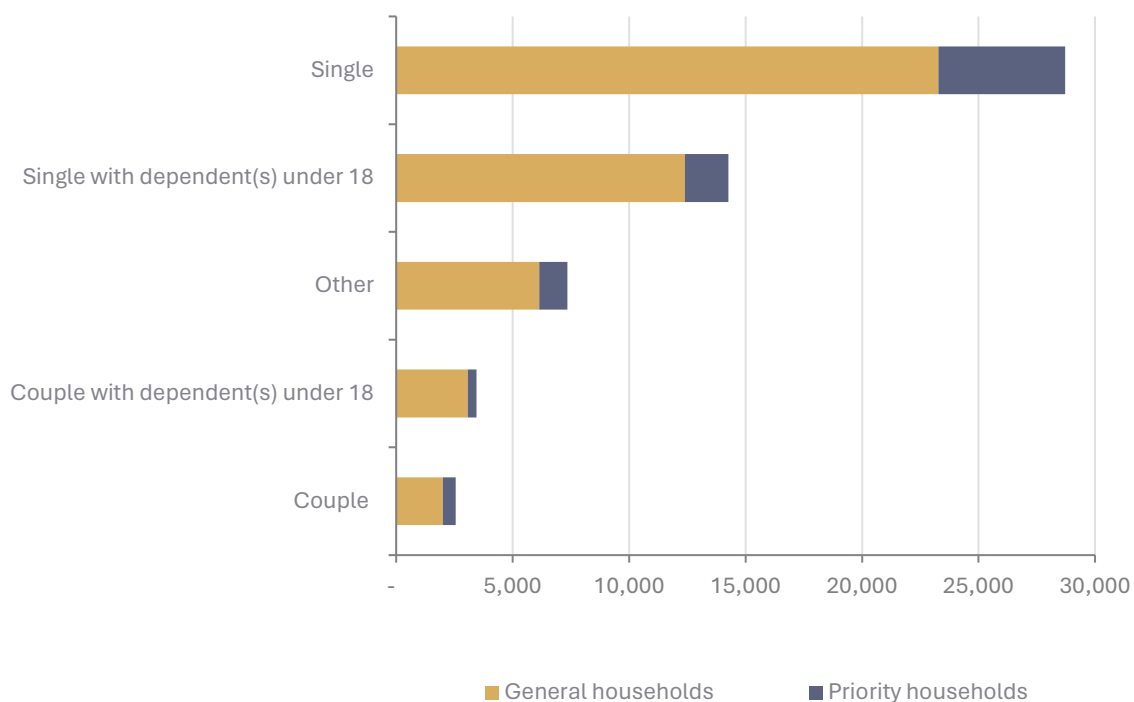
In June 2024 there were 56,332 households on the NSW Housing Register waiting to be housed. This was made up of 46,904 general applicants (83%) and 9,428 priority applicants (17%).

During 2023–24, 18,345 households were added to the Housing Register (9,688 general applicants and 8,657 priority applicants).

Characteristics of applicant households

Figure 3 shows that the most common household types on the Housing Register were single-person households (28,722 households) and single-person households with dependents under 18 (14,263).

Figure 3: Composition of households waiting to be housed, June 2024



Source: Audit Office analysis of DCJ data.

Across households, there were 113,645 individuals waiting to be housed. This was made up of:

- 35,619 children under 16
- 15,175 youth aged 16 to 24 years
- 40,825 adults aged 25 to 54 years
- 22,024 adults aged 55 years and over.

Of those waiting for housing, 17,126 were Aboriginal, or 15.1% of total applicants. Of individuals on the priority Housing Register, 20% were Aboriginal.

There were 18,626 households awaiting disability-modified or accessible housing, which is 33% of households on the register. Of the priority households on the Housing Register, 50% required disability-modified or accessible housing (4,734 households).

Length of time waiting to be housed

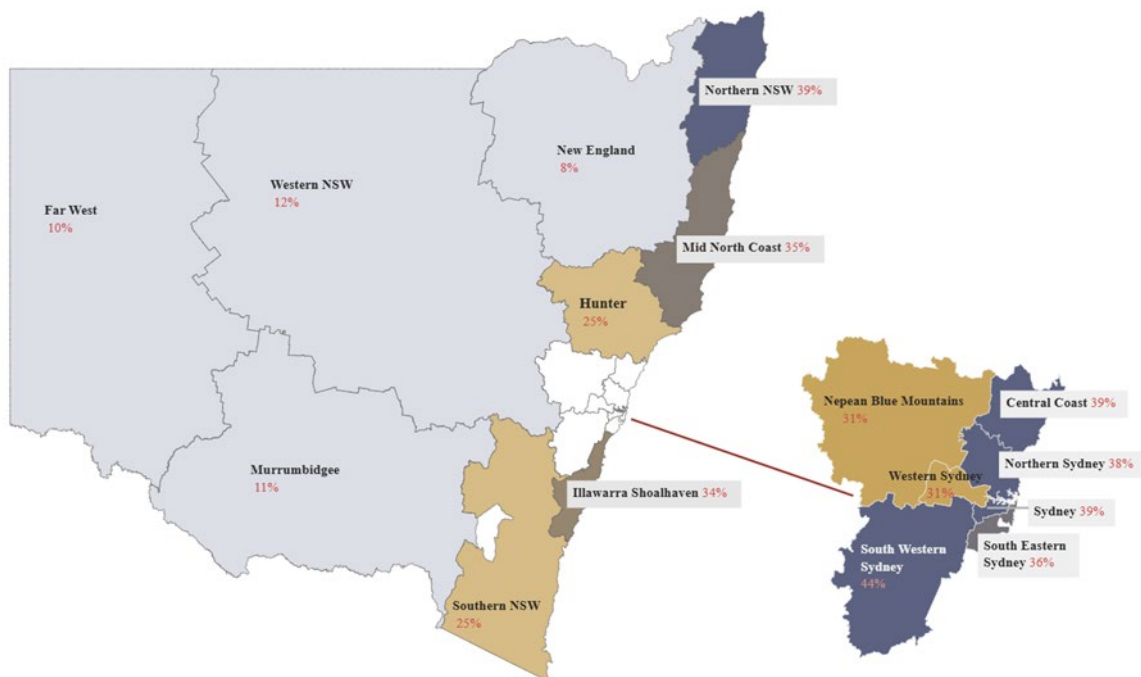
During 2023–24, 8,257 applicant households were housed from the Housing Register. The median waiting time for the 6,278 priority households who received housing in 2023–24 was 3.5 months. The 1,979 general households who received housing had a longer median waiting time of 20.1 months.

Published waiting time figures concentrate on newly housed households. This does not show the length of time for applicants who continue to wait for housing. In June 2024, the Housing Register had:

- over 18,800 approved applicants who had been waiting for housing for five or more years
- over 6,000 approved applicants who had been waiting for ten or more years
- over 750 approved applicants who had been waiting for 20 or more years.

The proportion of applicants waiting for five or more years varies across NSW. Figure 4 shows that in Sydney areas at least 30% of applicants had been waiting for five or more years, with South Western Sydney having the highest proportion at 44%. Most regional areas near the coast also had a high proportion of applicants waiting five or more years, including 39% of applicants in Northern NSW. At 30 June 2024 only 13% of the applicants who had waited for five or more years were priority applicants. Many of these applicants were added to the Housing Register as general applicants and later reassessed as priority.

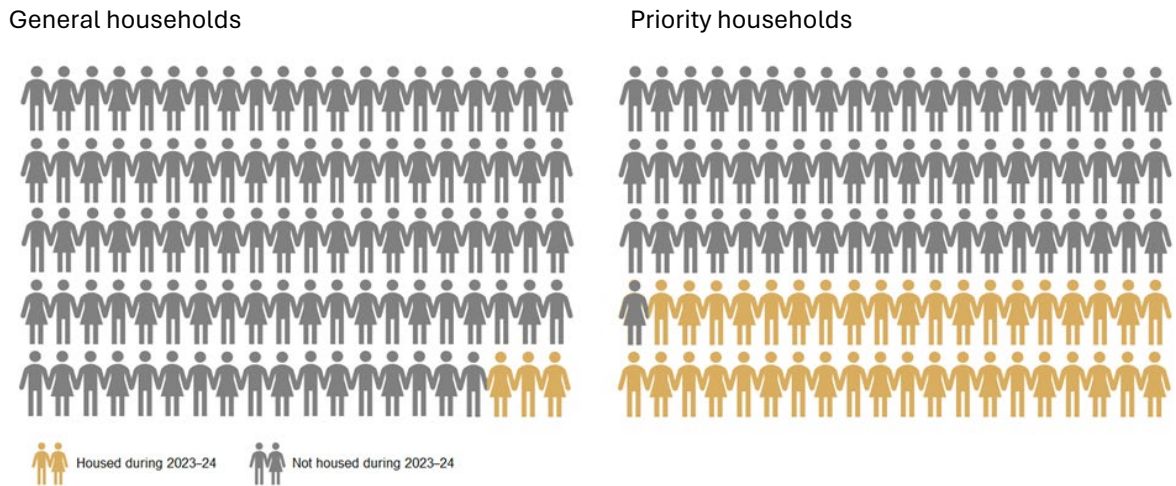
Figure 4: Percentage of applicants on the NSW Housing Register waiting for 5+ years, June 2024



Note: Figure 4 includes both general applicants and priority applicants, based on the date they were added to the Housing Register. Priority applicants may not have been classified as priority for the whole duration on the Register. Central Coast is reported as regional NSW in DCJ reporting.
Source: Audit Office analysis of DCJ data.

Many applicants on the Housing Register will not be offered social housing despite meeting eligibility criteria and waiting for many years, as new priority applicants automatically take precedence. General applicants can be re-assessed as priority applicants, and they will then be housed sooner. Figure 5 shows the likelihood of being housed in 2023–24 for general and priority households.

Figure 5: Likelihood of being housed during 2023–24, general and priority households



Note: Calculated by dividing households newly housed during 2023–24, by households on the Housing Register at 30 June 2023 plus households added to the Register during 2023–24. Figure 5 does not account for applications on the NSW Housing Register that were closed or suspended during the year under the Managing the NSW Housing Register policy. The likelihood of being housed is influenced by waiting time and the availability of suitable properties. General applicants may be re-assessed as priority applicants.
Source: Audit Office analysis of DCJ data.

2.2. Characteristics of social housing households

Social housing households as a proportion of all NSW households

The number of social housing households has declined in recent years compared with the NSW population. Between 2008 and 2023 the total number of households in NSW increased by 23% from 2,625,000 to 3,227,000 households. Over the same period the number of social housing households only increased by seven per cent, from 138,000 to 148,000 households. As a result, the proportion of social housing households fell from 5.3% in 2008 to 4.6% in 2023 (see Figure 6).

Figure 6: Social housing households as a percentage of all households (2008 to 2023)



Note: 2024 not presented as number of households in Indigenous Community Housing is not yet available for 2024.
Source: Australian Institute of Health and Welfare.

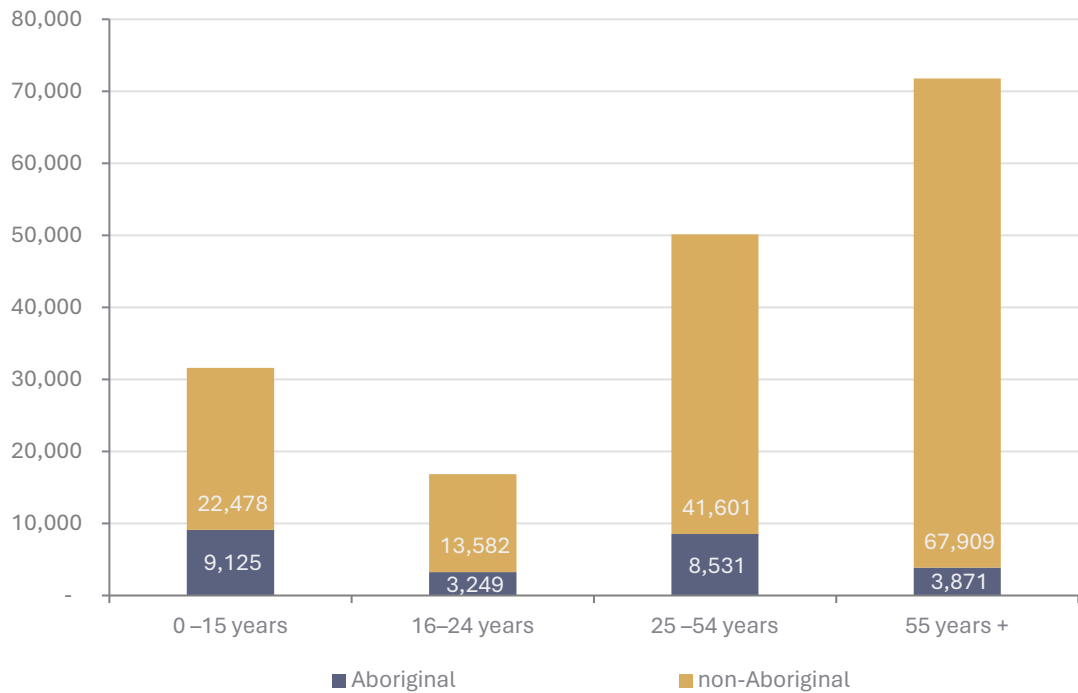
Characteristics of existing households in social housing

In June 2024, there were 139,531 households (or around 257,600 people) living in social housing.

There were 95,786 households in DCJ managed housing, with single-person households the most common size (56,687 households or 59.2%). There were 11,257 households comprising a single adult with one or more dependents under 18 years (11.8%), while 8,853 were couple households (9.2%), including couples with dependents under 18 years.

Of the 170,346 individuals living in DCJ managed housing, 42.1% were aged 55 or over (Figure 7). Aboriginal people comprised 15% of tenants overall, however, this ranged from 29% of children aged up to 15 years to only five per cent of adults aged 55 years and over.

Figure 7: Existing tenants by age and Aboriginality in DCJ tenancies, June 2024



Source: Audit Office analysis of DCJ data.

Characteristics of new households in social housing

During 2023-24, 8,257 households started a new social housing tenancy. This was made up of 6,278 priority households and 1,979 general households. Of these newly housed households, 3,420 or 41% included someone who was in temporary accommodation during 2023-24.

Across household types, 5,074 were single-person households (61.5%), while 2,058 comprised a single adult with one or more dependent(s) under 18 years (24.9%). There were 566 couple households (6.9%), including couples with dependents under 18 years.

Of the new households, 4,555 were housed in greater Sydney (55.2%) and 3,702 were housed in regional NSW (44.8%). Newly housed households in regional areas were more likely to come from a priority category (82%) than newly housed households in Sydney (71%).

2.3. Exits from social housing

Length of tenure and reasons for exits

In 2023–24, 5,713 households exited from DCJ managed social housing. The average length of tenure for these households was 12.2 years (median 8.1 years). As tenancies can end for many reasons, the total time spent in social housing cannot always be tracked.

Around half of the exits from DCJ-managed social housing in 2023–24 were due to the head tenant being deceased (2,017 exits) or moving into aged care or family-supported accommodation (1,073 exits).

In 2023–24, there were 1,095 exits from DCJ managed social housing that had been housed for less than 24 months. Of these, there were:

- 96 positive exits (e.g. moved into private rental, moved into private ownership)
- 107 negative exits (e.g. breach of tenancy agreement)
- 295 permanent exits (e.g. deceased, moved into aged care)
- 597 exits for other reasons (e.g. imprisonment, moved in with family/friends, moved interstate).

3. Applying for social housing

This section assesses whether the process of applying for social housing is efficient, effective and equitable. It considers the collection of information on applicants and the process that applicants follow.

In June 2024 there were 56,332 households approved for social housing and waiting to be housed, including 9,428 households eligible for priority housing. The number of households changes daily as new households apply, some are allocated a property and some are removed from the Housing Register because they are no longer eligible for social housing.

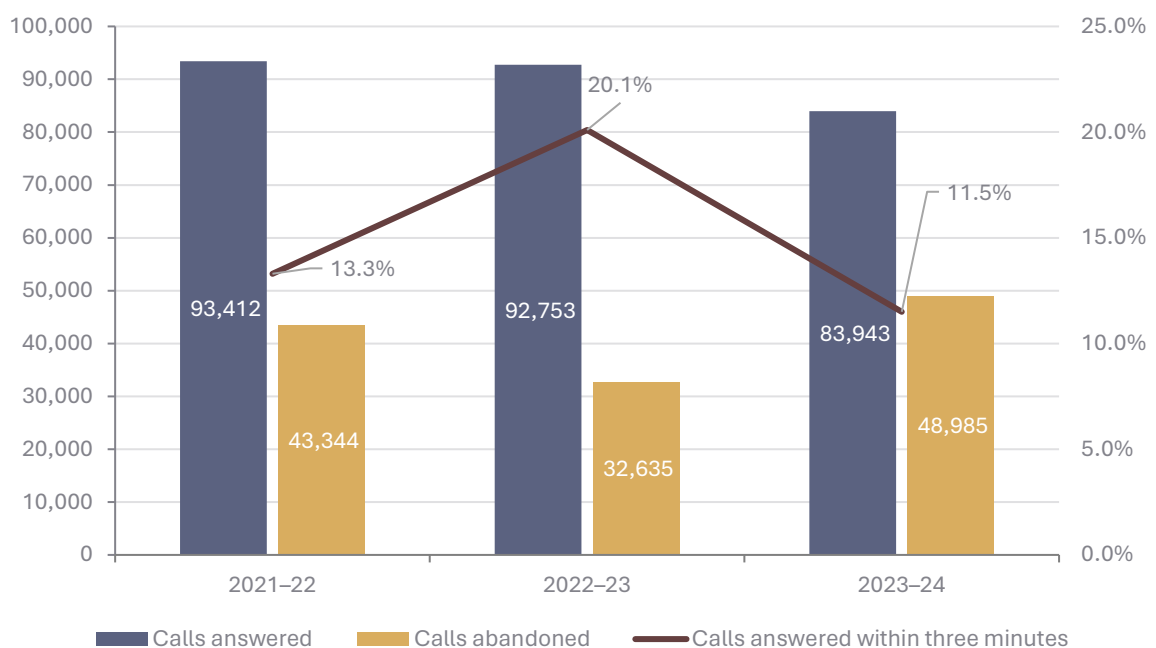
Applicants for social housing are encouraged to apply online on the DCJ website or through the My Housing app. They can also call the Housing Response Centre for assistance or to apply by phone. Some applicants have specific needs such as a property that is close to employment, schools or public transport, or a dwelling that has been modified to accommodate disability.

When applying for social housing, applicants need to choose an area where they would like to be housed (referred to as an allocation zone). There are 246 allocation zones across NSW, which vary in size and also have different expected waiting times for housing. In cities an allocation zone can be a group of suburbs, while in regional areas the zones can be a single town or a group of towns. Applicants can only select one allocation zone when they apply for housing.

One third of calls to the Housing Response Centre are abandoned, meaning that many people face delays in receiving advice and assistance in applying for housing

In 2023–24 over one-third of calls for housing assistance were abandoned. The Housing Response Centre received around 133,000 calls for housing assistance, not including requests for temporary accommodation or private rental products. The average waiting time for answered calls was 19.5 minutes. Since 2021–22 only a small proportion of calls were answered within a target timeframe of three minutes (see Figure 8). Long wait times for a call to be answered discourages applicants from seeking advice about eligibility for housing or getting assistance with their application.

Figure 8: Housing assistance calls answered and abandoned, and percentage of calls answered within three minutes (2021–22 to 2023–24)



Source: Audit office analysis of DCJ data.

Staff at the Housing Response Centre often encourage callers to use the online process as they do not need to have all their documents to begin the process online, and they can complete the application over 30 days. If an application is started by phone at the Housing Response Centre it cannot be completed online, so applicants need to call the contact centre again to complete the application.

The online application process can be time-consuming and complex for vulnerable clients, and DCJ does not know how many applicants do not complete their application

Most applicants need to upload documents to the DCJ website to support their application. This can be difficult for applicants with limited computer literacy skills. Applicants for social housing are expected to apply online, which requires them to use a computer or smartphone. Applicants also need a personal email address and a postal address for receiving notifications. There is no option to complete a paper application form (except for people in custody).

The online form steps applicants through relevant sections one at a time. It uses conditional questioning so that applicants only see relevant questions. Not all documents are translated to assist applicants from language backgrounds other than English. This means that housing providers may need to arrange an interpreter to communicate with applicants.

DCJ does not know how many people decide not to start an application, or are unable to complete one, because they find it too difficult to navigate the website or gather all the evidence. Stakeholders advised that an applicant may believe they have successfully applied for housing, even though DCJ has emailed them requesting additional documents. DCJ does not track trends in incomplete applications.

Applicants are asked to provide documents that may not be relevant to their application, creating inefficiencies for both applicants and housing providers

The social housing application process does not clearly differentiate between the evidence required to be registered on the general Housing Register and the priority Housing Register. This results in applicants providing unnecessary documents and contributes to applicants abandoning their applications.

The DCJ website sets out the evidence required to support an application and lists 30 different categories of evidence (Table 1). Applicants may think they need to provide documents in all categories. All adult members of the household must provide identity and financial information, not just the main applicant. For applicants applying by phone, this means that all adults in the household must wait together for the Housing Response Centre to answer.

Table 1: Evidence requirements

Evidence requirements for social housing application

The minimum identity information required is either a Medicare card, a driver licence or an Australian passport. DCJ carries out electronic identification checks with applicant consent, which reduces the need to upload documents. If an applicant is receiving Centrelink benefits as their main income and provides consent, DCJ can confirm their income and they do not need to provide this evidence.

Categories of evidence include:

- proof of identity, NSW residency, Australian citizenship or permanent residence
- confirmation of Aboriginal or Torres Strait Islander descent
- income and assets, including property ownership, savings, regular child support payments, carer allowance
- proof of ongoing disability or ongoing medical condition, and expenses resulting from this
- proof of management of affairs by a public or private guardian
- evidence of sustaining a tenancy in the case of former social housing tenants
- proof that the applicant needs to leave the place they are staying and has nowhere else to live
- documents that show that the current accommodation is unsuitable, unhealthy or unsafe
- documents that support experience of violence or risk of harm

Evidence requirements for social housing application

- proof of ongoing support from an organisation, program or a person
- special housing requirements, including the need to live in a particular location to access a specific service or school.

Applicants initially have 30 days to fill out the online form, then a further 30 days to upload relevant documents and submit the form.

Source: Adapted from DCJ website.

Applicants who apply for housing in a high demand allocation zone must provide extra evidence of locational need, unless they already live in the area. This can include letters from health professionals and support services indicating an ongoing need for specialist services, or to access existing employment or a special school.

There is limited support for vulnerable applicants to gather required evidence documents and complete their application, increasing the possibility that they will give up on applying

DCJ district offices provide limited face-to-face support to begin the process of applying for social housing. Counter staff advise clients to phone the Housing Response Centre or direct them to a computer kiosk in a public area. This disadvantages applicants with limited reading or computer skills, or from a non-English language background. It may also disadvantage applicants with disability or mental health issues. DCJ staff can provide advice on eligibility and the process of applying, and can assist with using the computer kiosk if they are not too busy. They can also refer clients experiencing homelessness to specialist homelessness services for support in completing the application. Table 2 lists some of the challenges facing applicants.

Table 2: Challenges faced by applicants

Challenges faced by applicants

Stakeholders told us that vulnerable applicants face significant barriers in applying for housing.

Accessibility

- The DCJ website can be difficult to navigate for applicants with limited reading or IT literacy skills.
- Not all guidance documents are available in languages other than English on the DCJ website. While DCJ can arrange translation services for phone calls to the Housing Response Centre and interviews, applicants from non-English language backgrounds face significant barriers in applying.
- Many older people may lack access to computers and smart devices and they are often not technology literate.
- Applicants experiencing homelessness face practical issues such as no mobile phone, low phone battery or no credit to make phone calls.
- Aboriginal clients may find completing an online form difficult and prefer face-to-face support to complete an application.

Gathering documents

- People may be applying for housing in a time of crisis, and may leave their previous home without documents.
- Documents must be current, for example, applicants cannot use an expired driver licence.
- The time taken by DCJ to process applications can mean that some applicants have to resupply financial documents because the information has become out-of-date.
- Applicants may be unable to afford the cost of obtaining supporting documents such as specialist medical reports.

Lack of support to complete the form

- People with lived experience of homelessness reported starting the application process multiple times but being unable to finish it unless they had help from a support service.
- There is one open-ended question on the application form that allows applicants to describe special circumstances that they would like considered as part of the assessment. Applicants not linked with support services may not realise the importance of providing this information.

Personal circumstances and medical issues

- Applicants may feel shame at needing to apply for social housing. Stakeholders emphasised that staff should adopt a trauma-informed approach to managing applications.
- Aboriginal clients need a culturally safe application process with appropriate support.
- Poor housing and homelessness can affect mental health. Applicants with mental health issues may face additional barriers in completing the application form.

Not eligible for housing

- Most refugees and asylum seekers are not eligible for social housing in NSW. This includes survivors of trafficking and modern slavery. The exception is refugees with a 'Women at Risk' visa subclass 204, who may be eligible for social housing.
- Unsatisfactory former social housing tenants are not eligible, until they have started to repay rental debts and demonstrated their ability to sustain a tenancy in the private market for six months.
- Older people who receive a small amount of superannuation may not be able to access public housing, as their income is above the eligibility threshold. Private rental properties are likely to be too expensive, and they have no way of increasing their income in the future.

Source: Audit Office analysis and submissions to the audit.

The community housing providers that we audited told us that they can provide support with new or incomplete applications in limited circumstances. If an applicant presents in-person at an office the staff can sit with them at a computer kiosk and talk through the process. One of the community housing providers we audited told us that they allocate these applications to an assessment officer who can work with the applicant and help to gather evidence. Another provider works with local organisations who can assist with getting birth certificates or proof of Aboriginality and is developing a cultural safety framework to improve support for Aboriginal clients.

Clients in temporary accommodation must apply for social housing within 14 days, if they meet the eligibility criteria, as a condition of their accommodation. People who meet the eligibility criteria for support from a specialist homelessness service should receive assistance to complete the application. However, some services only provide support to specific cohorts, such as young people or women, and there is significant pressure on these support services, so many applicants do not receive the support they need.

Stakeholders raised concerns about the limited support provided to applicants who are not already engaged with support services. Some other Australian jurisdictions provide greater support for applicants. For example, in Tasmania every applicant for social housing is offered support to complete the application. In Victoria older applicants can receive support through the Home at Last service.

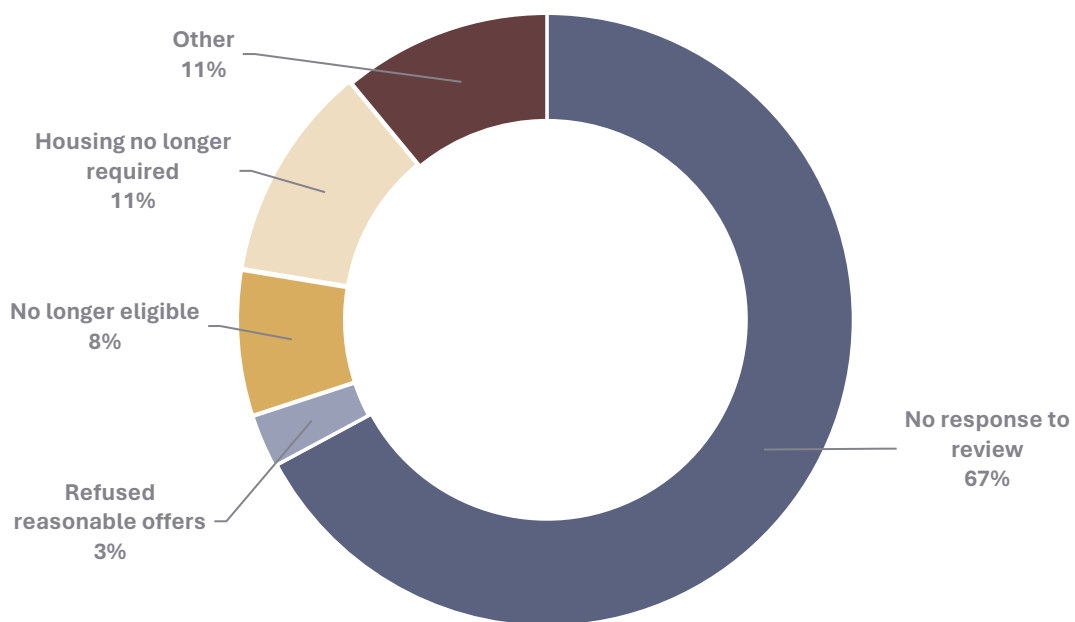
Applicants are removed from the NSW Housing Register if they do not respond to DCJ correspondence, and they may not know that they are no longer on the Register

Approved applicants are expected to inform DCJ within 28 days if their circumstances change such that they are no longer eligible for social housing or may now be eligible for priority housing. DCJ contacts approved applicants each year by text message or email asking if they wish to remain on the Housing Register. If there is no response, DCJ then sends a letter warning that the applicant will be removed from the Housing Register. However, applicants on the general Housing Register are not clearly asked whether their eligibility status has changed, in particular whether they now qualify as priority applicants.

DCJ removes applicants from the Housing Register if they do not respond to this annual correspondence. The review process disadvantages applicants who move regularly, as their address and phone number may have changed and they may not receive the correspondence. Priority applicants and some other groups of vulnerable clients are not removed immediately. Instead, their applications are suspended for one month while DCJ or the community housing provider reviews their situation.

In 2023–24 there were 10,617 households removed from the Housing Register. Two-thirds were removed because they did not respond to correspondence from DCJ or a community housing provider (Figure 9).

Figure 9: Households removed from the NSW Housing Register, 2023–24



Source: Audit Office analysis of DCJ data.

If an applicant is removed from the Housing Register and then reapplies for housing, the new application is not automatically backdated to the original application date. This means that the applicant has moved further down the queue. DCJ and community housing providers may reopen a closed application if the applicant contacts them within 12 months and provides a reasonable explanation for not responding to the annual review. DCJ does not track how many people reapply for housing after being removed from the Housing Register for failing to respond to correspondence.

DCJ and community housing providers are expected to review priority applicants on a regular basis to assess the urgency of their situation. We heard that many offices are too busy to do this work. In June 2024 there were 9,428 households eligible for priority housing and 4,855 priority applications (51.5%) were due or overdue for review. One community housing provider that we audited has a clearly defined process for quarterly phone calls to priority applicants and provides support to complete a change of circumstances form.

The evidence requirements for priority status disadvantage some vulnerable groups, reducing the equity of the social housing system

Vulnerable households must provide evidence that demonstrates they meet the additional criteria to be placed on the priority Housing Register. This can be difficult due to their unstable circumstances. These applicants must prove that they are in urgent need of housing and that they are unable to find an appropriate property in the private rental market. Current or imminent homelessness and domestic and family violence are primary factors in eligibility for priority status.

Stakeholders told us that some clients who have been provided with temporary accommodation to avoid rough sleeping are still required to provide evidence that they are experiencing homelessness. This is time-consuming and inefficient for both applicants and housing providers. They also noted that people in need of housing due to domestic and family violence face challenges in providing evidence, such as police incident reports, which DCJ policies require to confirm their situation.

People who are experiencing homelessness or fleeing domestic and family violence are unlikely to have original copies of all their identity documents. DCJ districts and community housing providers advised that some applicants remain in temporary accommodation for long periods while they gather the required identity documents. One community housing provider that we audited uses a case coordination approach for clients in temporary accommodation, with a nominated key worker supporting each client. This reduces the need for clients to retell their stories.

Other applicants for priority housing generally require medical evidence to support their application. Application timeframes may not allow sufficient time for applicants to collect additional medical information. The Housing Response Centre asks for additional evidence within two weeks, but clients may have to wait longer than this to see a bulk-billed doctor or a specialist for a medical assessment. Medical and occupational therapist reports can provide evidence that existing accommodation is inappropriate for basic housing requirements due to a severe and ongoing medical condition or disability. This is one category of 'urgent housing needs' that may result in priority status.

In NSW older applicants do not automatically qualify for priority housing status until they are 80 years old, despite medical and mobility issues increasing as people age. Applicants who are under the age of 80 need a doctor or occupational therapist to complete a medical assessment form indicating why they should be considered for priority housing. In Victoria adults over 55 qualify for priority access to housing.

4. Processing applications

This section assesses whether applications for social housing are being effectively, efficiently and equitably prioritised to meet the needs of vulnerable households.

Both DCJ and community housing providers who process applications for housing use common policies and systems, known as Housing Pathways. Information about applications and applicants is stored in the Housing Operations Management and Extended Services (HOMES) system.

During 2023–24, 18,345 households were added to the NSW Housing Register. This was made up of 9,688 general applicants (53%) and 8,657 priority applicants (47%).

Systems and processes are shared between DCJ and community housing providers, supporting consistent decision-making on approving priority status

DCJ and community housing providers have clear guidance materials and written procedures for staff that promote equity in deciding priority status. DCJ has developed step-by-step process documents for assessing eligibility for social housing, requesting additional evidence and deciding the outcome of an application (Table 3). DCJ systems used for processing housing applications are effectively integrated with each other and with external organisations such as Centrelink.

Table 3: Steps in processing applications

Steps in processing applications

1. Receive application online or by phone.
2. Determine if the client needs temporary accommodation because they do not have a safe place to sleep.
3. Create an 'advice case' in HOMES for housing assistance.
4. Check that identity documents are provided, that client is an Australian citizen or permanent resident, and that client is a NSW resident.
5. If key documents are missing, request additional evidence to support application.
6. Conduct an initial assessment of the client's eligibility for housing.
7. Transfer applicants with complex or urgent housing needs to district office or community housing provider.
8. Interview client about their application (if required).
9. Request additional evidence to support application for priority housing.
10. Conduct a detailed assessment of the application.
11. Recommend priority status on the Housing Register and pass to team leader (if applicable).
12. Approve or decline application and notify client.

Source: Adapted from DCJ policy and procedure documents.

Staff at the Housing Response Centre ask the most important questions first, to determine if a caller is at risk or currently experiencing homelessness. They then run through a series of questions to establish eligibility for housing and whether applicants have all the required documents. If additional information is needed following the initial phone call, staff send an email to request the missing evidence. The HOMES system automatically determines if priority assessment is needed, based on information entered into the system. This reduces the chance of errors during application processing.

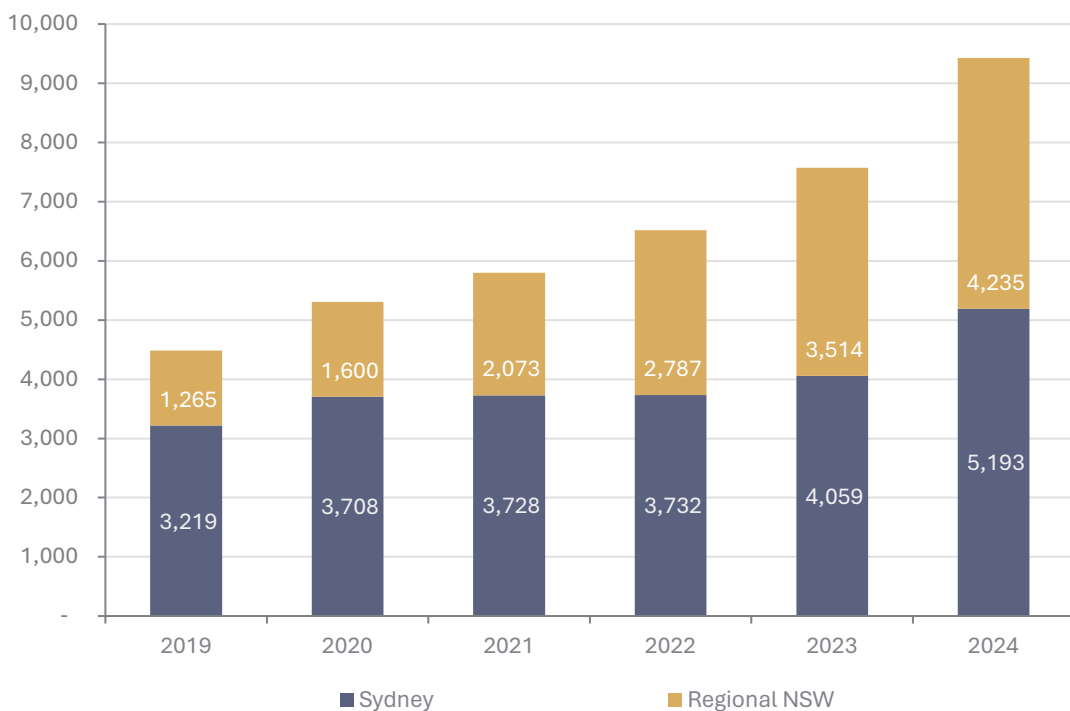
The Housing Response Centre is a centralised call centre that provides phone support and processes standard applications for housing assistance. The call centre does not process applications for at-risk clients or for complex clients. These are passed to the relevant DCJ District office or community housing provider for processing, which may include providing support to vulnerable clients in completing the application. In August 2024 the Housing Response Centre processed 71.3% of the applications for housing and change of circumstances forms, while district offices processed 28.7%.

DCJ and the community housing providers we audited follow a similar process to decide whether an applicant is eligible for priority status. Client services officers recommend priority status, and applications are passed to a team leader for approval. This helps ensure consistency in making decisions about priority status.

The number of priority approved applicants has grown in recent years, increasing the evidence burden on applicants and time taken to process applications

In June 2024 there were 56,332 approved applicants on the NSW Housing Register waiting to be housed, including 9,428 households eligible for priority housing. Since June 2019 the number of priority households has more than doubled, from 4,484 households. Figure 10 shows that the increase is most noticeable in regional NSW, rising threefold from 1,265 households in 2019 to 4,235 households in 2024. Over the same time, priority applicants in Sydney increased by around 61%. This has added pressure to the workload of DCJ regional offices and community housing providers operating in regional areas.

Figure 10: Priority applicants on the NSW Housing Register in Sydney and regional NSW, 2019 to 2024 (at 30 June)



Source: Audit Office analysis of DCJ data.

Applicants must provide additional documents before they can be assessed for priority housing. This may include evidence of homelessness, police records documenting domestic and family violence, medical assessment forms and independent living skills assessments. Applicants can provide reports from a doctor or occupational therapist describing their medical needs or an ongoing disability, or letters from organisations already providing support.

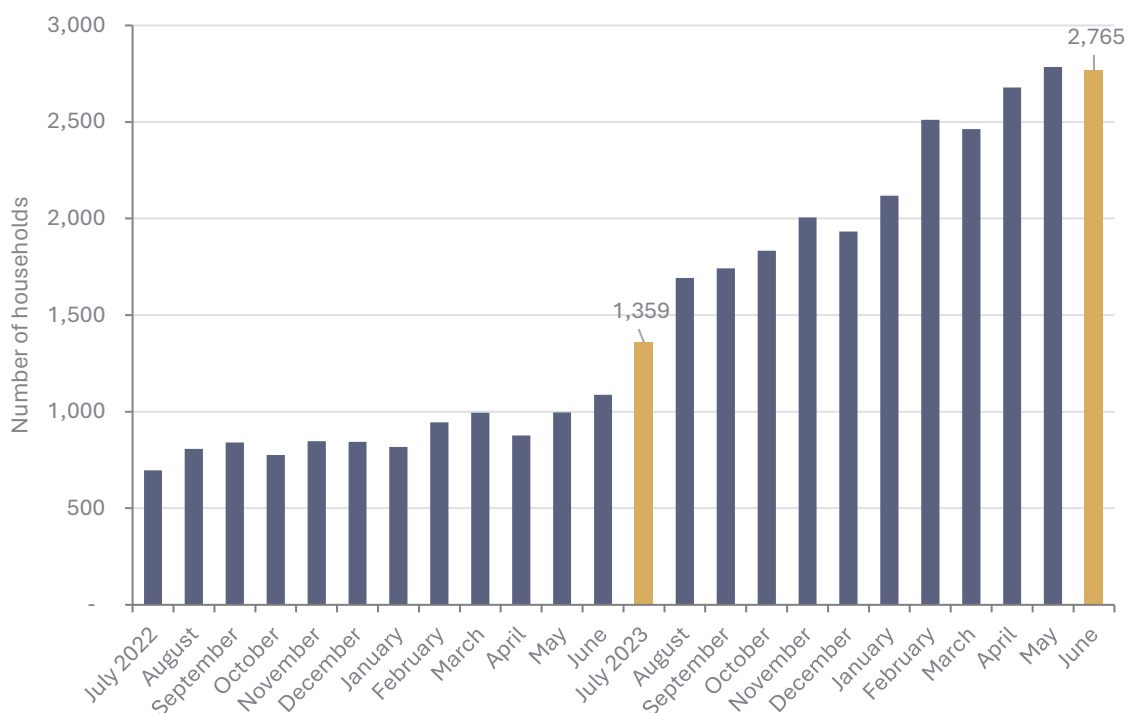
Applicants also need to demonstrate that they have tried to find housing in the private rental market. Stakeholders commented on the challenge of collecting evidence to demonstrate priority need and considered that most applicants would find it hard to do without support.

Increased numbers of clients in temporary accommodation has diverted staff from processing applications for housing assistance, leading to delays

Finding suitable temporary accommodation and managing clients is time-consuming for housing staff. Clients are only granted a few nights' accommodation at a time, so housing staff need to process extensions for each client at least weekly. In most of the DCJ districts and the community housing providers that we visited, the same staff are responsible for both processing applications for housing assistance and managing clients in temporary accommodation.

The number of households in temporary accommodation on an average night was relatively stable between July 2022 and June 2023 (Figure 11). Following changes to the number of nights that clients can spend in temporary accommodation, the average number of households each night doubled between July 2023 and June 2024. This diverted staff away from processing applications for social housing assistance.

Figure 11: Number of households in temporary accommodation each night (monthly averages July 2022 to June 2024)



Source: Audit Office analysis of DCJ data.

A workload analysis conducted by DCJ in late 2023 reported that assessing and approving temporary accommodation accounted for 15.6% of DCJ staff time in teams responsible for processing applications and managing temporary accommodation (known as Access and Demand teams). This was longer than the time they spent processing applications for housing assistance or change of circumstances forms (12.6%) and longer than assessing and approving priority applications (7.4%). Table 4 shows the estimated cost of these activities. Staff responding to the workload analysis noted that they needed more time to process applications for housing assistance and priority housing applications.

Table 4: Indicative costs of DCJ Access and Demand activities, 2023

Function and activity	Estimated cost (\$)
Answering enquiries and providing advice to clients (all products and services)	\$34,466,000
Assessing and approving priority applications for housing assistance	\$5,773,000
Assessing and approving private rental assistance products	\$3,739,000
Assessing and approving temporary accommodation	\$12,180,000
Managing private rental assistance products	\$7,106,000
Offering and allocating public housing	\$4,113,000
Processing application for housing assistance or change of circumstance	\$9,604,000
Total Access and Demand activities	\$76,980,000

Note: Costs of activities may not add up to the total due to rounding.

Source: Adapted from DCJ management reporting.

The DCJ districts we visited reported that increases in the number of temporary accommodation clients had reduced the time they can spend on processing new applications. At June 2024, there were 9,280 outstanding applications waiting for an initial assessment. Of these, 2,970 had been waiting between 30 and 90 days and a further 4,094 applications had been waiting over 90 days. Long delays in initial assessments means that applicants can spend weeks or months unsure if they are eligible for social housing. Applicants may need to resupply payslips or other financial documents due to DCJ's delay in processing the application.

The community housing providers we visited also reported challenges in processing new applications due to increased numbers of clients in temporary accommodation. DCJ recently provided additional resources to community housing providers in recognition of the increased workload from temporary accommodation. DCJ does not actively monitor how long community housing providers take to process applications.

5. Social housing allocations and offers

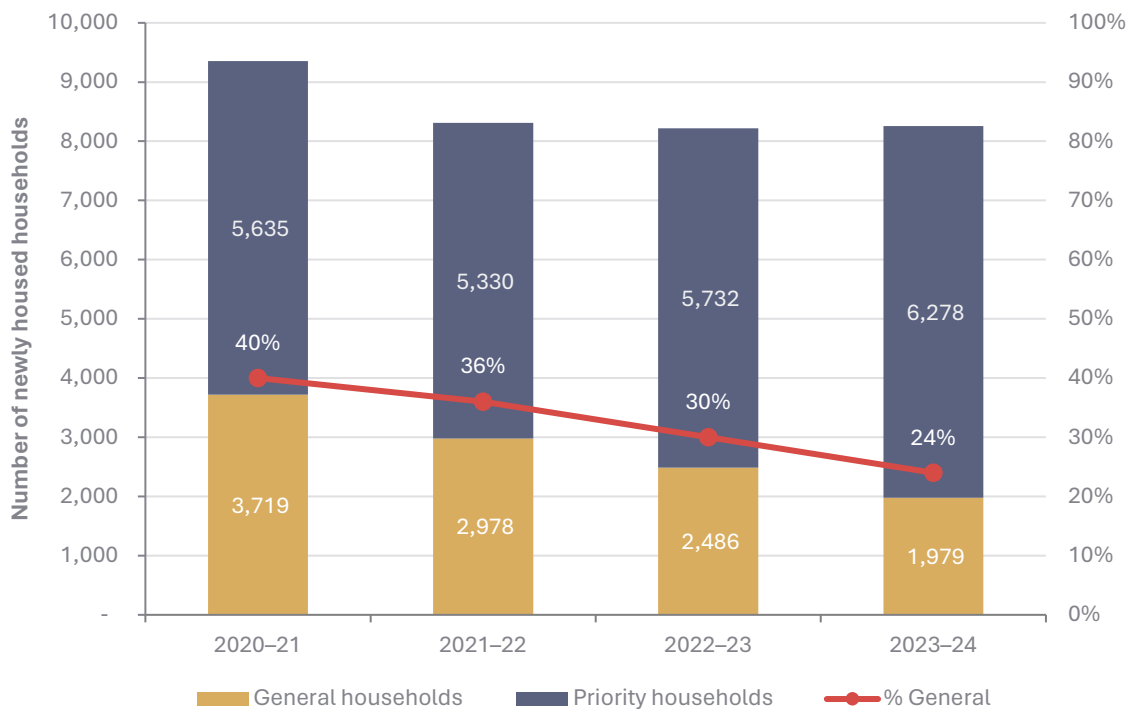
This section assesses whether the process to allocate social housing properties is efficient, effective and equitable.

When a property becomes available, the system is designed to allocate it to the highest priority applicant, provided that the property meets their needs. Applicants for housing, including existing tenants requesting transfer to a different property, are categorised based on their level of need. There are over 30 categories of need, grouped into six rank levels. The highest ranked categories are 'high priority at risk of homelessness' and 'high priority natural disaster', while general households are ranked lowest.

These categories are the main determinant of the algorithm that selects the highest priority household when a property is available. The system then sorts the households in the highest ranked categories based on the number of days since they were added to the NSW Housing Register.

The proportion of properties allocated to households on the general Housing Register has fallen in recent years (see Figure 12).

Figure 12: Newly housed households from priority and general Housing Register (2020–21 to 2023–24)



Source: Audit Office analysis of DCJ data.

The allocation shortlisting process is time-consuming and this increases the time that a property sits vacant

The Housing Pathways allocation process involves many steps and multiple phone calls, summarised in Table 5. Due to the time involved, allocations officers can only process around five properties a day. DCJ's workload analysis in 2023 showed that offering and allocating public housing accounted for 5.3% of staff time in district teams responsible for application processing and temporary accommodation. In June 2024, it took an average of 32.7 days to complete the process to choose an applicant, make an offer, have the offer accepted and the client sign the lease. This was more than three times the internal benchmark of nine days for these processes.

Table 5: Allocation and offer process

Allocation and offer process using the computer-generated shortlist

- Vacant property is ready for a new tenant.
- Allocations officer reviews the property condition report and checks whether it is accessible for clients with disability or medical needs.
- Allocations officer reviews the offer history for the property to see if clients have refused offers and the refusal reasons.
- Allocations officer applies restrictions and creates a shortlist of suitable applicants in the HOMES system. The restrictions may include the age of the applicant, since some properties are only for people over 55 years. Other properties have features that could exclude applicants, for example, the number of steps to access the property or the shower being over a bath.
- Allocations officer reviews the applicant at the top of the shortlist and decides whether to offer the property or bypass the applicant. Officers avoid offering a property to an applicant who is likely to refuse it as this increases work and delays the allocation. They record bypass decisions in HOMES.
- Allocations officer works down the list until an applicant who is a good match for the property is identified.
- Allocations officer contacts the selected applicant and checks if they are still eligible for social housing, and whether their circumstances have changed. Often the allocations officer has to call more than once or leave a message for the applicant to call back.
- At this stage the applicant may be bypassed if the property is not suitable, or the applicant may be removed from the Housing Register if they are no longer eligible for social housing. If this happens the allocations officer moves to the next applicant on the shortlist.
- Allocations officer makes a verbal offer to the client and enters the offer information into HOMES.
- Client has two working days to view the property and decide whether to accept or refuse the offer.

Source: Adapted from DCJ policy and procedure documents.

In 2023–24 DCJ allocations staff bypassed around three households for every household that was shortlisted. The most common reason for bypassing an applicant was that they require a specific dwelling type, while many other applicants had specific property needs, such as requiring a wheelchair modified property or to be close to transport.

DCJ districts and the three community housing providers we visited reported that they were not able to offer housing to applicants on the general Housing Register very often. The exception is properties that are not suitable for priority applicants due to size, location or poor accessibility. General applicants may be offered ‘hard to let’ properties such as studio apartments, high-rise blocks or housing estates with a poor reputation. Figure 12 shows that the proportion of newly housed households from the general Housing Register fell from 40% in 2020–21 to 24% in 2023–24.

DCJ advised that the Homes for NSW Plan will include improvements to allocation processes to meet priority needs and make better use of housing portfolios. DCJ has begun a three-month trial in two locations of group inspections of vacant properties, similar to the approach used in the private rental market. Five potential applicants are invited to view each vacancy, with DCJ staff on hand to show prospective tenants around the property and answer questions. The intention is to speed up the allocation and offer process, however DCJ also plans to measure client satisfaction with the approach. DCJ may also use the process to update applicants’ details and housing need on the HOMES system.

Only 60% of housing offers are accepted, which reduces the efficiency of the social housing system

There are inefficiencies resulting from the current offer process. We analysed DCJ administrative data containing over 19,000 records to see how often offers were accepted, refused or withdrawn. Administrative data may contain duplicate offers. For example, some applicants may receive simultaneous offers from both DCJ and a community housing provider, and then need to refuse one of the offers. In 2023–24, 4,478 offers were refused, which was 23% of all the offers made. Managing refusals is costly for both the applicant and DCJ. Many applicants seek medical reports to support a refusal, for example, noting that they are unable to live in a high-rise building. In 2023–24, 11% of refused offers were due to medical or personal reasons.

DCJ and community housing provider staff reported that potential tenants may refuse offers due to the reputation of the suburb or housing estate. In 2023–24, four per cent of refused offers were due to property features including location, but a large proportion of refusals did not have a reason recorded.

Applicants may feel pressured to accept the first property they are offered, even if it does not meet their needs. Under DCJ policies, applicants can only refuse one reasonable offer of housing, as defined by DCJ. If they refuse a second offer without an acceptable reason they are removed from the Housing Register. As a condition of temporary accommodation, clients must accept the first reasonable offer they receive.

Stakeholder groups reported that many applicants feel forced to accept an unsuitable property because they have already rejected one offer of housing. In 2023–24, one in 25 households allocated a DCJ property requested a transfer within six months. This suggests that they may have accepted an offer to avoid being removed from the Housing Register.

There is a risk that DCJ is recording refusals as unreasonable when the property condition is substandard due to poor maintenance or inadequate cleaning. In 2023 over 30% of total DCJ social housing stock did not meet the acceptable dwelling condition standard, that is, having at least four working facilities and not more than two major structural problems. DCJ does not generally accompany applicants to view a property and relies on the applicant to provide evidence that the property was not suitable.

DCJ policies allow offers of housing to be withdrawn in certain circumstances, for example, if a conversation with the applicant identifies that they are no longer eligible for social housing, or the property is not suitable. Allocations officers may withdraw the offer rather than recording that the client refused it, so that they do not need to remove the applicant from the Housing Register. In 2023–24 there were 3,280 offers of housing that were withdrawn, 17% of all offers made.

Over 30% of housing offers are allocated manually instead of using the shortlist

DCJ's allocation system was designed to ensure equitable and transparent decision-making through a priority ranked list. However, in some circumstances the shortlist process may result in an over-concentration of clients with complex needs in a location or leave vulnerable clients in an unsafe situation. In this situation DCJ and community housing providers may choose to manually select a different applicant rather than choosing the highest priority ranked applicant (known as manual allocations).

From 2021–22 to 2023–24, just under a third of housing offers were allocated manually. Manual allocations are used to meet the needs of households:

- in temporary accommodation for long periods (generally in a single motel room without cooking facilities, which is not considered suitable for long-term placement)
- affected by domestic and family violence, at serious risk or in imminent danger
- in need of safe and stable accommodation to prevent a child from entering out-of-home care
- in need of a modified property to accommodate a disability.

DCJ's decision not to increase funding for leasehold rental properties has resulted in further manual allocations (Table 6). Current tenants in leasehold properties need to be re-housed as a priority, so DCJ and community housing providers use the manual allocation process for these tenants.

Table 6: Reduction in leasehold properties due to funding constraints

Reductions in leasehold rental properties due to funding constraints

Leasehold rental properties, also referred to as head-leased properties, are properties leased from the private rental market and sublet to a low income household at a reduced rent. Leasehold properties provide flexibility and are used for clients with specific needs, for example, large families or properties modified to accommodate disability.

At June 2023:

- community housing providers managed 6,283 head-leased properties (around 13% of all properties managed by community housing providers)
- DCJ managed 2,448 head-leased properties (around two per cent of all DCJ managed properties).

DCJ's Community Housing Leasing Program provides subsidies to community housing providers so they can head-lease properties from the private rental market. The program provides a fixed amount of funding for each provider to deliver a quota of properties. As private market rents continue to rise, program funding has less purchasing power. This has resulted in community housing providers needing to reduce the number of properties they lease through this program. One provider we audited reported having to reduce its quota by 20%.

DCJ is also targeting a decrease in the number of head-leased properties it manages.

Source: Audit Office analysis of DCJ management reporting.

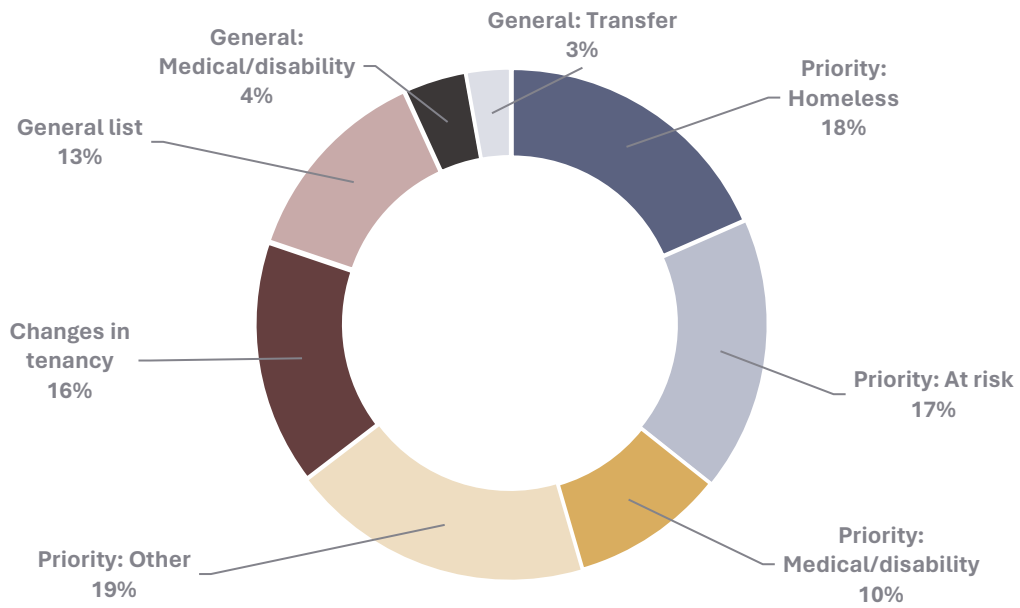
Using manual allocations too frequently increases the risks of subjective decisions

There is a risk of bias or subjectivity if allocation officers rely too much on manual allocations. DCJ process documents explain when to use manual allocations and how to record them in the system, but they do not provide guidance on how to decide between different applicants with specific or urgent needs. DCJ does not routinely monitor the number of manual allocations or the reasons for this. DCJ does not know if manual allocation decisions are applied fairly across the State or for different groups of vulnerable applicants.

Significant use of manual allocations can indicate that the shortlisting process is not producing good outcomes. In 2023–24, 31% of offers were allocated manually. However, in Northern NSW around 90% of allocations were manual due to increased numbers of temporary accommodation clients and the closure of pod villages set up after major floods.

The majority of manual allocations in 2023–24 were made to people who were in a priority category (see Figure 13). Of these, 65% of applicants were on the priority Housing Register or transfer list, while 20% were on the general Housing Register or transfer list. The remaining offers were classed as changes in tenancy, and were mostly household members who had applied for recognition as a tenant. This is used when the head tenant has left the property due to health reasons, imprisonment or has died. The recognition of a tenant policy is an important safeguard for vulnerable households.

Figure 13: Categories of need for manual allocations (2023–24)



Note: Figure 13 includes both new applicants for social housing and existing tenants who have requested a transfer. Percentages do not sum to 100 due to rounding. Categories may differ from DCJ published reports.
Source: Audit Office analysis of DCJ data.

One of the community housing providers we audited had set up a priority allocations working group to ensure fair and transparent allocations. This provider has established a clear hierarchy for manual allocations, with highest priority given to existing tenants in leasehold properties who need to be relocated and clients experiencing homelessness supported through the Together Home Program, which is ending in June 2025.

6. Starting a new tenancy

This section assesses whether social housing tenants receive effective support to establish their tenancies. It considers the identification of support needs when starting a new tenancy.

In 2023–24, there were 8,257 households provided with a social housing dwelling. Of these, 6,278 (76%) were to priority applicants, more likely to have additional needs. Social housing tenants with complex needs are vulnerable to tenancy breakdown, which can have high costs for individuals and society. Working with tenants early to identify their needs, confirm any existing supports in place and check whether existing supports are meeting those needs can help set up tenants for success.

DCJ does not have a structured approach to assess the support needs of new tenants, which means approaches vary across locations

In 2023–24, there were 76% of newly housed applicants from a priority category. These are clients who had experienced homelessness, been affected by domestic and family violence, were elderly, or had medical or disability needs. There is no defined method to assess the background and support needs of new tenants. Approaches vary across locations, which, in turn, affects the referral to support services that may help tenants sustain a tenancy and avoid an exit into homelessness.

Vulnerability assessment tools are an example of a structured approach to objectively determine the support needs of vulnerable clients as they start a new tenancy (Table 7).

Table 7: Vulnerability assessment tools

Vulnerability assessment tools guide decisions about the support needs of vulnerable tenants

The vulnerability assessment tool (VAT) uses key indicators to determine the level of risk and vulnerability associated with an individual tenant or household. It assesses the level, extent and type of support required for people who are likely to be at greater risk of losing their tenancy.

The VAT provides a rating scale for key indicators across 20 domains associated with increased risks of tenancy failure including:

- financial issues
- health issues
- age
- self-care issues
- living skills
- addiction issues
- previous tenancy issues.

The VAT provides a description against each indicator for three rankings of minor, moderate and major consequences of the issue being experienced by the applicant or tenant. The rankings against each indicator provide direction for the next steps that should be taken to support the tenant experiencing issues.

Source: Adapted from Community Housing Industry Association – Creating Sustainable Tenancies for Tenants with Complex Needs.

After a tenancy has been established, DCJ takes a reactive approach to identifying whether the tenancy is at risk. A recent evaluation noted that DCJ’s current approach is driven by observed breaches in the tenancy, which means that newer tenancies are classified as low risk because there has been less time to observe any breaches. The evaluation recommended that DCJ consider adding criteria known to be associated with tenancy risk (e.g. tenant history of rough sleeping). This would allow for those tenancies to be identified up front as potentially requiring additional supports, prior to risk escalating following an identified tenancy breach.

The Social and Affordable Housing Fund program provides funding for participating community housing providers to take a structured approach to identifying tenant support needs

The Social and Affordable Housing Fund includes contractual requirements for participating community housing providers to take a structured approach to identifying tenant vulnerability and support. There is a specific service stream with separate funding to undertake this function. The Fund covers a relatively small portion of properties managed by community housing providers (there were 3,341 residents in social housing properties under this fund at 31 December 2024).

For Social and Affordable Housing Fund properties, community housing providers are required to conduct a tenant needs assessment for each household member within six weeks of signing a residential tenancy agreement. The tenant needs assessment covers:

- need for support services
- whether existing access to support services meets current needs
- factors that may inform the level of support needed (e.g. employment status, highest level of education, history of homelessness)
- likelihood of transitioning out of social housing in the short-term and/or long-term.

The results of the tenant needs assessment inform the creation of a tenant support services plan. The DCJ contract with providers specifies that the support plan is to be developed in collaboration with the individual and tailored to the needs and goals of the tenant or household member.

An evaluation examining the Social and Affordable Housing Fund reported positive findings in relation to overall tenant satisfaction and satisfaction with the quality of tailored support coordination. The evaluation did note that a universal approach was being taken to the assessment of tenant needs, rather than a risk-based approach. Better targeting resources to higher-risk groups could allow for more intensive support services where there is greatest risk of a tenancy failure.

Beyond the subset of Social and Affordable Housing Fund properties, community housing providers have a range of approaches to assess the vulnerability and support needs of new tenants. For example, Homes North uses the Best Start Assessment as its structured approach (Table 8).

Table 8: Homes North – Best Start Assessment

Homes North takes a structured approach to identify tenant support needs

The Best Start Assessment is a tool that assists Homes North with the allocation of both properties and resources. Best Start is a targeted needs analysis to identify support for tenants with complex needs. The assessment is not a rating system, but groups tenants based on their support requirements.

The aim of Best Start is to identify the support required by tenants, so that Homes North can lead and provide support and operational services that make a real difference, supported by reporting and data.

Organisationally, Best Start helps Homes North to balance portfolios across teams to allow tenancy staff to spend the time needed with individual tenants. The data collected from the assessment allows Homes North to monitor the different types of support required and offered to tenants, including any gaps in provision.

Homes North provides guidelines to help staff administer the Best Start Assessment. The result of the assessment organises tenants into five groups, that identify the level of support needed:

- Best Start – the household requires no support, the tenancy is satisfactory and there are no identified complexities involved.
- Best Start Lite – the household has faced challenges previously, however, there are no current challenges identified.
- Best Start Maintain – the household is currently facing challenges in one or more areas and is working with Homes North to address those challenges, demonstrating the ability to maintain their tenancy.
- Best Start Prevent – the household is currently facing two or three challenges and their tenancy is at risk.
- Best Start Extra – the household is currently facing four or more serious challenges and their tenancy is at immediate risk of breakdown.

Source: Adapted from information provided by Homes North.

Initial visits early in a tenancy can identify issues and support needs but many visits are missed

In the year to June 2024, only 58% of DCJ managed tenancies that commenced within the last 12 months had a successful visit completed within 12 weeks (against a target of 95%). DCJ policy is to visit tenants within the first eight weeks of a new tenancy. Visiting tenants during the first few months of a new tenancy is an important way to check on tenant wellbeing and property care. The first visit can identify any issues that may place the tenancy at risk and trigger referrals to support services.

Staff we interviewed reported that new tenants who have previously been receiving a high degree of support in crisis accommodation may encounter difficulties once they commence a social housing tenancy and their previous high level of support falls away.

The low proportion of new tenants visited within the first 12 weeks means an opportunity is missed for DCJ to identify early warning signs of a tenant not coping well in the new property and to respond by making referrals to support services that may prevent the tenancy from failing. DCJ tenancy staff we spoke with told us that one of the reasons for not meeting visitation targets is that portfolios of tenants are large. Similarly, staff responding to a workload analysis conducted by DCJ in late 2023 reported significant increases in applications, high workloads in managing temporary accommodation and large portfolio sizes as factors contributing to the inability to work proactively with clients to address their needs.

The Community Housing Providers we audited had similar policies to visit new tenants within the first 6–10 weeks. They told us of the importance of these visits in establishing a successful tenancy and making referrals to support services. Two of the three community housing providers regularly include a second staff member for initial visits, who has a focus on identifying support needs and making referrals to relevant services.

7. Sustaining tenancies

As social housing has increasingly been targeted to those in greatest need, the level and complexity of social housing tenant needs has also risen. This has increased expectations on social housing providers to coordinate access to support, as well as increasing the costs of managing this function. If the support needs of tenants are unaddressed, the wellbeing of tenants and that of neighbouring residents may be affected, and ultimately result in tenancy breakdown.

A failed tenancy has significant costs if it results in a household experiencing homelessness. DCJ reported the total cost to the NSW Government of someone experiencing homelessness is seven times more than a person not experiencing homelessness (\$23,100 compared to \$3,300 each year). For those rough sleeping, the costs can be significantly higher (estimated at \$142,800 per person per year). For individuals, experiences of homelessness contribute to premature and preventable death (for example, suicide, violence, substance abuse and chronic ill-health).

Tenants in community housing and Aboriginal Housing Office properties are eligible for Commonwealth Rent Assistance. The full amount of Commonwealth Rent Assistance is passed on to community housing providers and the Aboriginal Housing Office, resulting in extra funds that can be used for tenancy management. The proportion of housing managed by community housing providers varies across the state. For example, community housing providers manage

- over 90% of social housing in the Mid-North Coast and Northern Sydney areas
- less than 25% of social housing in the Western Sydney, South-Western Sydney and South-Eastern Sydney areas.

DCJ does not have a clear or consistent approach to assisting tenants to access support

There are no references in legislation or statewide strategies that outline a requirement for DCJ to coordinate access to support services for tenants. DCJ's previous social housing strategy (Future Directions for Social Housing) did not detail approaches to sustaining social housing tenancies. The strategy focused on helping clients avoid social housing or transition from social housing into the private rental market.

DCJ's procedures encourage staff to refer vulnerable clients to appropriate organisations or agencies. Its guidelines identify best practice information specific to:

- alcohol and other drugs
- clients with severe mental illness
- children at risk of significant harm
- clients with disability
- hoarding and squalor
- clients experiencing domestic and family violence
- Aboriginal and/or Torres Strait Islander clients.

DCJ does not centrally record, monitor or report on referrals for support. This means that tenants' access to support will vary depending on the capacity and capability of staff in their local office. DCJ districts we visited have local arrangements to track referrals to external services. Arrangements are focused on operational planning and are not aggregated in a way that allows for statewide analysis. DCJ advised that it is exploring options to introduce this functionality into the HOMES system.

DCJ operates one pilot program (Sustaining Tenancies in Social Housing) that takes an early intervention approach to supporting tenants through community outreach and case management by non-government partners. Participants receive up to 12 months wrap-around support, based on assessed need. Access is limited as the program operates in only three metropolitan and three regional locations. In 2023–24, this program delivered tenancy support to 687 tenants (of around 170,000 people living in DCJ managed housing).

The regulatory system sets clear expectations that community housing providers assist tenants to access support services to sustain their tenancy

Community housing providers have clearer expectations that they facilitate access to support for tenants. Different expectations on tenancy sustainment between DCJ and community housing providers may lead to inequitable levels of service and outcomes for tenants. Generally, tenants do not have a choice of housing provider as this is driven by location rather than tenant preference.

As a condition of registration, community housing providers are required to ‘facilitate access to support for social housing applicants and tenants with complex needs’. The NSW Registrar of Community Housing requires community housing providers to report annually on the number of supported tenancies (where a household member has a support plan or other specific assistance to help sustain the tenancy). Providers also submit partnership agreements with support agencies.

In addition to the registration requirements, the nine community housing providers who received properties under the Social Housing Management Transfer program are required to deliver ‘tenant support coordination services’. Participating community housing providers report back to DCJ on tenant support coordination services, but DCJ does not actively monitor the assessment of support needs, access to support or satisfaction with support services.

DCJ also requires the seven community housing providers participating in the Social and Affordable Housing Fund to record details of referrals to support services. DCJ provides specific funding for tenant support coordination services under this program. Community housing providers report on the number of support plans re-assessments and tenant satisfaction with support services. Surveying tenants about their satisfaction helps assess the quality of support.

High workloads in DCJ lead to reactive approaches to coordinating tenancy support that miss opportunities to proactively address emerging issues

Staff in DCJ districts we visited reported that high workloads affect the time they can spend visiting tenants and arranging referrals to support services. The main factor contributing to high workloads is the size of tenancy portfolios. In 2024, around 38% of DCJ tenancy officers had portfolios of more than 350 households, while 31% had portfolios of between 251 and 350 households. Managers have limited capacity to supervise and support their teams with complex cases, due to the high portfolio sizes.

Regular tenancy visits are important to identify emerging issues for tenants and make referrals where necessary. DCJ has a target of visiting 65% of tenants at least once per year. This means a substantial number of tenants are not visited at least annually. At June 2024:

- around 30% of tenants had not been visited in the past 12 months
- around 1.5% of tenants had not been visited in the past three years (1,421 households).

When DCJ tenancy officers do not have the capacity to regularly visit tenants, this leads staff to only contact tenants when there is an issue. For example, when a tenant is in arrears and/or there are complaints from neighbours about anti-social behaviour or property upkeep. DCJ has operational policies for staff to refer tenants to support services following a breach of their tenancy agreement. Reactive approaches to referrals to support services are less effective because of limited availability and long wait times to access support.

Community housing providers we audited reported prioritising regular visits to tenants (between one and four times per year depending on needs). This provides greater opportunity to identify issues with the tenancy and make timely referrals to support services.

Tenants have unequal access to the expertise of senior specialist staff, which depends on the location of tenants

The capabilities of staff required to manage a portfolio of tenants has increased as social housing has been progressively targeted to households with greatest needs. Senior specialist staff have more experience in managing and sustaining complex tenancies, including by working in partnership with the broader support service system. Tenant access to senior staff that specialise in assessing support needs and making referrals to support services depends on the location in which they are housed. There are no standard expectations of how this service should be provided and it is not monitored centrally.

DCJ completed a review of Senior Client Service Officer roles in February 2025. There are Aboriginal and non-Aboriginal Senior Client Service Officers roles that can support tenancy staff with referrals to external services. The review found variability in how the role is performed across locations. This stemmed from unclear role expectations, varying workloads, mixed skills and competencies, and inconsistent reporting. The review recommended actions to improve the effectiveness of these roles.

Community housing providers have similar roles and, like in DCJ, there is also variability in approaches between providers (Table 9 outlines one approach).

Table 9: Link Wentworth – Sustainable Tenancies Team

Dedicated team for managing referrals to support services for complex clients

Link Wentworth's Sustainable Tenancies Team supports social housing tenants, who may be dealing with a range of personal, social, health or financial issues, to maintain their tenancy and improve their wellbeing.

The Sustainable Tenancies Team work in a case coordination role, providing linkages and referrals for tenants who are at risk of eviction or needing health and wellbeing support. Staff in the team have experiences across a range of areas including mental health, domestic violence, drug and alcohol, child protection, hoarding and squalor, disability, and aged care.

Link Wentworth tenancy managers make referrals to the Sustainable Tenancies Team when they identify the need for assistance. The Sustainable Tenancies Team use a Vulnerability Assessment Tool to assess and triage referrals. This allows the team to take a holistic view of the support needs of the tenant and assess the risk to their tenancy.

In 2023–24, the Sustainable Tenancies Team supported 506 tenants or other household members. Of these, 41% were considered high complexity and 39% medium complexity. The most common reasons for referral were mental health (33%), property care (27%) and rent arrears (27%).

Source: Adapted from information provided by Link Wentworth.

Community housing providers have a range of programs that support tenancy sustainment

Alongside targeted referrals to support agencies, community housing providers offer a range of programs and initiatives aimed at delivering positive outcomes for tenants and helping them retain their tenancies. These are done in partnership with service providers, local councils and government agencies. As not-for-profit organisations, community housing providers can access a range of government and philanthropic assistance to fund certain programs. The opportunity for additional funding to address tenant needs is limited by high demand for services and limited availability.

Some examples of programs provided by community housing providers include:

- social programs to prevent isolation and help build connections with community
- service coordination programs that assist tenants to access and engage with service providers
- programs to assist tenants to manage their finances, including programs that help tenants access no-interest or low-cost loans, financial counselling, and budgeting support
- employment support programs to develop job-readiness skills
- education scholarships for students to help cover education and training expenses
- energy efficiency initiatives to support tenants with energy costs.

Home in Place has a Community Participation Unit to coordinate tenant support services across the organisation. The approach intends to balance activities that support tenants individually with more tenant engagement and community development-based activities (Table 10).

Table 10: Home in Place – Community Participation Unit

Dedicated team for community participation activities

Home in Place’s Community Participation Unit delivers a range of support and engagement initiatives that aim to foster greater financial health, social participation and improved wellbeing amongst their tenants.

In 2023–24, Home in Place held 140 events with 2,700 tenants attending. These events included resident forums, barbecues, morning teas and training programs.

Home in Place has established community hubs in the Central Coast and Broken Hill that provide a range of outreach services and a regular program of events to the local community. The hubs offer a central location for external agencies to deliver a range of services. The hubs also house Home in Place’s social enterprises, ‘The Pantry’ and ‘The Shack Shop’, which provide free and low-cost food and groceries, helping to alleviate cost of living pressures.

Home in Place also provides scholarships and mentoring through their Grow a Star program that helps young people from disadvantaged backgrounds overcome the financial or generational obstacles that prevent them from following their academic, sporting or artistic ambitions.

Source: Adapted from information provided by Home in Place.

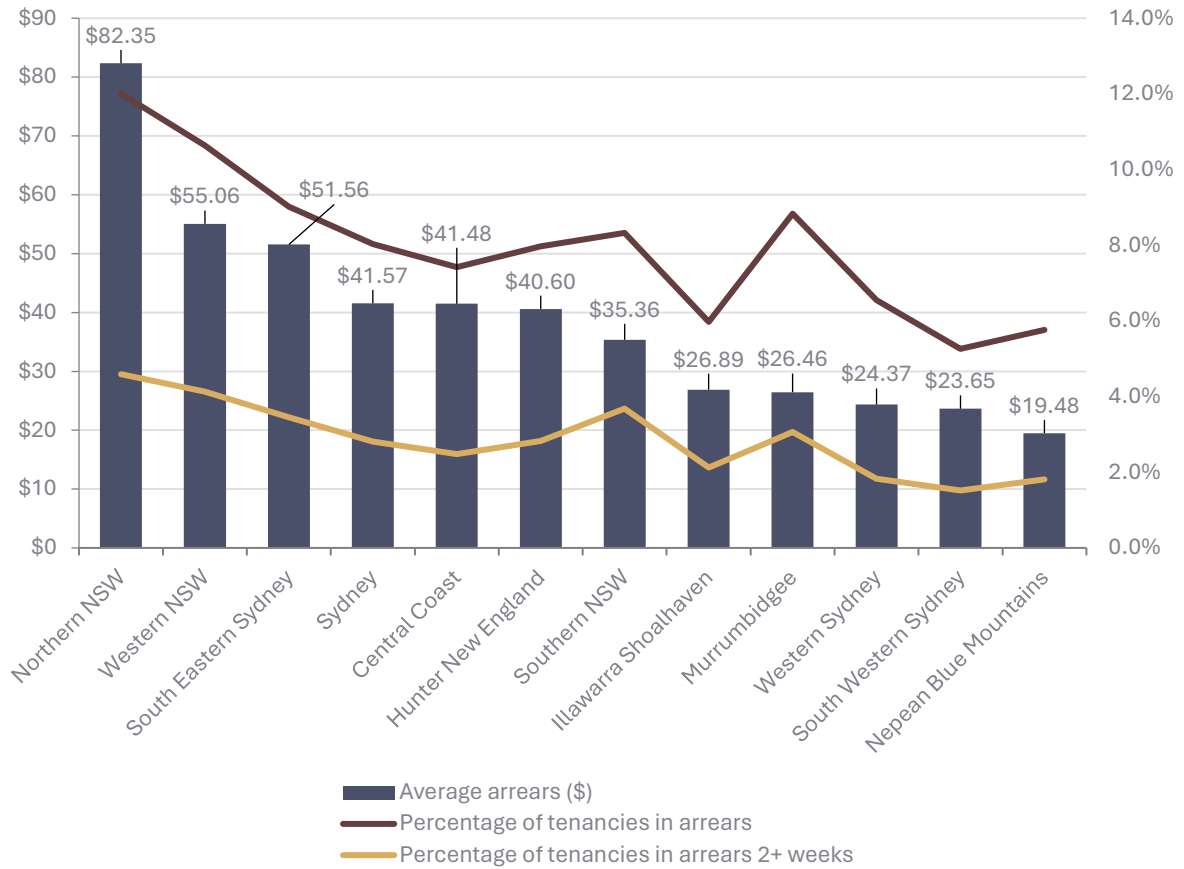
DCJ also provides a small range of community development programs and additional programs such as education scholarships for social housing residents.

Around 7,000 tenants of DCJ are in arrears, which places their tenancy at risk

Rental arrears are a risk to tenancy failure and indicate that households may be experiencing underlying issues and need greater support. At June 2024, 7.3% of DCJ managed social housing tenancies were in arrears (around 6,990 households). Of these, around 2,370 households were two or more weeks in arrears. The total amount of arrears was around \$3,384,000. This is an average of \$35 per household across all households or \$484 per household for households in arrears. There is significant variation in the proportion of households in arrears and the average arrears across locations (Figure 14). This could be due to a combination of household characteristics and different locational approaches to managing arrears.

Managing arrears accounts for a substantial amount of staff time. A workload analysis of DCJ housing operations staff conducted in late 2023 reported that managing arrears accounted for 18.1% of tenancy staff time. This was more time than undertaking routine client service visits (16.7% of tenancy staff time) or managing complex tenancy issues (14.2% of tenancy staff time). The estimated annual staff costs of managing arrears were around \$11.7 million in 2023.

Figure 14: Rental arrears across DCJ managed tenancies, percentage of tenancies in arrears, percentage of tenancies in arrears 2+ weeks and average arrears (at 30 June 2024)



Note: DCJ's data includes over 95,750 public housing and Aboriginal Housing Office tenancies, plus around 470 community leases. There are no DCJ managed tenancies in Mid North Coast or Far West, and only a few tenancies in Northern Sydney, so these areas are not shown.
 Source: Audit Office analysis of DCJ data.

DCJ has policies to guide staff in managing arrears. These policies require staff to negotiate a payment plan with tenants as a first step and refer tenants to financial budgeting support services. Staff at DCJ districts we visited reported financial support services are at capacity or have long wait times to access support. This limits the timeliness of addressing the causes of arrears.

DCJ arrears management policies include steps to terminate a tenancy when tenants do not agree to a reasonable repayment plan. At 30 June 2024, there were 977 households in DCJ managed tenancies with arrears greater than three weeks of rent without an agreed repayment plan. Close monitoring and early intervention can prevent issues escalating to the point of an application to terminate a tenancy. Households who leave a social housing tenancy owing debt face additional conditions before they can be accepted for a new tenancy (e.g. agreeing to a repayment plan, demonstrating ability to sustain a private tenancy).

The NSW Registrar of Community Housing collects data from community housing providers on a different measure of arrears (rent outstanding from current and former tenants as a percentage of total potential rental income). The NSW Registrar of Community Housing does not publicly report on the levels or proportion of tenancies in arrears, which limits public transparency.

Section 2 – Appendices

Appendix 1 – Response from entities

Response from NSW Communities and Justice

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Communities and Justice



Ref: EAP25/6180

Date: 9th June 2025

Mr Bola Oyetunji
Auditor-General for New South Wales
Level 19, Darling Park Tower 2
201 Sussex Street
SYDNEY NSW 2000

Re: Performance Audit – Social housing

Dear Mr Oyetunji,

Thank you for providing the Department of Communities and Justice (DCJ) with a copy of the final report for the Performance Audit of Social Housing.

DCJ has considered the report in detail and accepts all the recommendations.

Please find enclosed our response to each recommendation.

For context, Homes NSW is a division in DCJ whereby the Homes Chief Executive Officer reports to the Secretary. Homes NSW is responsible for social housing and has put plans in place to implement the first phase of the response by June 2026.

Homes NSW was established as a new division of DCJ on 1 February 2024, a key reform to improve outcomes for social housing system applicants and tenants. Homes NSW is responsible for social housing, affordable housing, key worker housing and homelessness policy and programs. Homes NSW leads the work to deliver more social and affordable housing, end the cycle of homelessness, and deliver quality public housing to our customers across NSW.

The creation of Homes NSW, along with the historic \$6.6 billion investment in the *Building Homes for NSW* program as part of the 2024-25 Budget, has set the foundation for us to begin to tackle the housing and homelessness crisis in NSW.

To support the ongoing reform of social housing and the broader non-market housing system, DCJ has developed the *Homes for NSW Plan* (The Plan) to set a 10-year system wide vision and priorities for change. The Plan, expected to be published soon, commits Homes NSW to a clear set of actions to progress towards these priorities, as well as targets to drive that action and provide accountability. The focus of the Plan is to ensure customers are at the heart of service delivery and driving person-centred service responses.

The consultations and engagement on the development of the Plan identified many of the same issues highlighted in the Performance Audit Report. The report recommendations are timely and align with the key reform areas that we have identified for action in the Plan.

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Understandably, the report draws on data for the financial year 2023-24 to provide a complete year picture. Noting that Homes NSW was established part way through this reporting period and significant changes have occurred since then, I am pleased to advise that DCJ is reporting improvements in a number of service delivery outcome areas.

For example, in relation to the time taken for an application for housing assistance to be assessed, I am pleased to note that by the end of April 2025 the number of outstanding applications waiting for an initial assessment had reduced to 986, of which 197 have been waiting over 30 days and 28 over 90 days. This is a significant improvement compared to the 9,280 applications that were waiting for an initial assessment at June 2024, as detailed in the report.

A further improvement has been achieved in relation to the Housing Response Centre, where concerted efforts have resulted in reduced call wait times. Between 1 January and 31 March 2025 the average wait time across all phone queues was 13 minutes, compared to the average waiting time of 19.5 minutes included in the report.

Thank you for your analysis and considered recommendations. We appreciate that there is more we can do to improve our service delivery and will use these findings to inform the implementation of The Plan.

Finally, I would like to take this opportunity to extend my gratitude for the engagement and collaboration of the Audit Office team working with us throughout the audit period.

Sincerely,



Michael Tidball
Secretary

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New South Wales Auditor-General's Performance Audit Report –
Homes NSW response to key recommendations, June 2025

Recommendation	Response	Commentary
1. Simplify the social housing application process to reduce barriers to applying for eligible applicants and improve the efficiency of processing applications	Accept	Homes NSW is reviewing the social housing application process so that it is more accessible, easier to understand, and enable us to better meet the needs of customers. We will also continue to actively support vulnerable customers with their applications. Improvements to the application process are expected to be undertaken in a phased approach, with the first phase completed by June 2026.
2. Review and improve the allocation and offer process to better match client needs with available properties and increase the number of offers that are accepted	Accept	Homes NSW accepts that there are improvements we can make in the approach to allocations and the offer process to ensure homes meet people's needs and that we strengthen communities as well. We are reviewing the current offer policy to simplify the process, make it easier for our team members and customers and to give people more choice about their home.
3. Regularly monitor and report on the use of manual allocations to ensure they are consistent with policy and do not create inequitable outcomes	Accept	Homes NSW acknowledges that in some instances there are good reasons to use manual allocations, including where a customer requires rapid rehousing. It is important to retain the flexibility to ensure needs can be met. There are existing processes and procedures that team members must follow, and Homes NSW commits to six-month internal reporting on manual allocations to inform our understanding of key local issues and improve consistency of practice.
4. Clearly articulate the role of Homes NSW as a social housing landlord to help	Accept	Homes NSW will articulate its roles as a social landlord in the non-market housing system, including in relation to

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<p>tenants to access support to sustain their tenancy, including by:</p> <ul style="list-style-type: none"> a. Strengthening the Homes NSW practice framework for support coordination b. Strengthening local approaches to working in partnership with government agencies and support services 		<p>sustaining tenancies and helping our customers to get matched to the services they need as quickly as possible.</p> <p>Homes NSW commits to reviewing practices and procedures and to strengthening how we bring together housing and homelessness services and provider through a local coordination approach that helps to ensure people are connected to the right support at the right time to get and keep a home.</p>
<p>5. Align key data sets to improve consistency between DCJ and community housing providers to enable system-wide analysis and reporting on outcomes for tenants</p>	<p>Accept</p>	<p>Homes NSW currently collects data from Homes NSW Housing Services within the Department of Communities and Justice and community housing providers primarily for different purposes.</p> <p>Through the Homes for NSW Plan, Homes NSW will commit to the development of a shared measurement framework to allow better system wide analysis of these key data sets.</p> <p>We acknowledge that to enable this will require more alignment and consistency in the data collected and reported across the system, so that there is a better understanding of the outcomes that are being collectively delivered. The Homes for NSW plan commits to a data improvement agenda to progress this work.</p>

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Response from Homes North Community Housing



homesnorth.org.au • ABN 78 014 531 758

Mr Bola Oyetunji
Auditor-General NSW
Audit Office of New South Wales
Via email

12 June 2025

Dear Mr Oyetunji,

Performance Audit – Social Housing

Thank you for providing Homes North Community Housing (HNCH) with a copy of the final report for the performance audit of Social Housing. On behalf of Homes North Community Housing, we thank the Audit Office of New South Wales for the opportunity to participate in this audit.

We note that the recommendations provided are assigned to Homes NSW (DCJ) for their response. We support all recommendations and provide comment on two recommendations as follows:

- *Recommendation 1: Simplify the social housing application process.* Forty six percent of our total supported households are Aboriginal households. We are very familiar with the issues for Aboriginal people attempting to access the social housing system in a culturally safe and sensitive manner and suggest a codesigned strategy is required for Aboriginal people.
- *Recommendation 4: Clarification of the role of Homes NSW in supporting social housing tenants to sustain their tenancies.* As a regionally based provider, we are aware of the significant challenges of sustaining tenancies when there are limited support services and funding available. We request consideration of a whole of system approach to a practice framework for support coordination, and review of how other funded supports systems such as the NDIS and Aged Care can be effectively navigated and utilised by social housing tenants.

We welcome the opportunity to work with DCJ and other community housing providers to ensure that we all deliver the best outcomes possible for people applying for and living in our social housing communities.

Finally, I would like to thank you and your staff on their engagement and collaboration with our organisation throughout the audit period.

Yours sincerely

Maree McKenzie
Chief Executive Officer
Homes North Community Housing

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Response from Home in Place



HEAD OFFICE

Suite 302, Level 3 12 Stewart Ave
Newcastle West NSW 2302
PO Box 58 Wickham NSW 2293

5 June 2025

[REDACTED]
[REDACTED]
Audit Office of New South Wales
GPO Box 12
SYDNEY NSW 2001

Dear [REDACTED]

PERFORMANCE AUDIT | SOCIAL HOUSING

We thank the Audit Office for its comprehensive report on Social Housing in NSW, which highlights critical challenges and opportunities across the system, particularly in relation to homelessness, the social housing register, the application and allocation processes, and the support required to start and sustain tenancies.

As a Community Housing Provider, Home in Place acknowledges the increasing pressures on the social housing system, including the growing number of people on the waitlist and the complexities of processing applications and matching the limited housing supply with those in greatest need. The report provides a timely and accurate reflection of the systemic challenges faced by both government and Community Housing Providers.

Community Housing Providers play a vital role in complementing the broader housing system. We offer value-added services that are responsive to individual and community needs, delivering people-centred solutions. Our sector's focus on early intervention, client wellbeing, and long-term housing stability aligns closely with the objectives outlined in the audit report.

We appreciate the opportunity to contribute to a shared understanding of how the sector can continue to evolve and strengthen. At this time, we have no further comments to add to the report's findings.

Kind regards

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Response from Link Wentworth



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Dear [REDACTED]

Social Housing Performance Audit - Draft Report

Thank you for the opportunity to review the NSW Auditor-General's final report on Social Housing.

We welcome the findings and fully support the recommendations outlined in the report. The report highlights critical opportunities for improvement in the application, allocation, and tenancy sustainment within the social housing system. We particularly endorse the emphasis on simplifying the application process, improving allocation efficiency, enhancing support for tenants, and strengthening data consistency across the sector.

As a Community Housing Provider, ensuring that the most vulnerable members of our community receive the services they need and supporting them to sustain their tenancies has been a central focus of our work. We are committed to continuing this work and playing our part in contributing to an equitable and effective social housing system.

We look forward to seeing these recommendations implemented and to working collaboratively with Homes NSW and other stakeholders to ensure that social housing in NSW is more accessible, fair, and responsive to those in greatest need.

I would like to take the opportunity to also reinforce that, alongside the improvements recommended in the report, it is critical to increase supply and enhance the quality of social housing. We are historically positioned to achieve this, given the investment by all levels of government and the support of the community. I would like to highlight my suggestions as to how we can optimise the current opportunity:

- Focus on "outcomes over ownership" to increase Social Housing supply
- Emphasis on a "Team NSW" approach with CHPs through partnerships to scale up delivery pipelines
- Optimising the NSW State Government's \$5.1Bn in funding



- Layering of funding through the Federal Government initiatives and positively and sustainably "Exploiting" the CHPs ability to structure and hold debt
- Recognise the Social and Economic benefits of also layering in the delivery of Affordable Rental Housing
- Optimise the investment in addressing the maintenance backlog liability of existing Social Housing stock to ensure efficient, cost-effective repairs to enhance tenant wellbeing and potentially increase offer acceptance rate

I would also like to highlight the importance of maintaining a strong customer-centric approach as we enhance our systems and services. Link Wentworth believes that meaningful and sustainable improvements are best achieved in partnership with our customers. We achieve this through our Tenant Advisory Group, consultations, customer surveys, and codesign as investments in understanding our customer needs and ensuring our services are informed, responsive, and aligned with those needs.

I would like to confirm my earlier comments that Link Wentworth has significant confidence in the leadership at Homes NSW. Their ability to constructively and openly receive, review, and improve services as a result of this audit is very high. It is clear to Link Wentworth that an outcome and people-focused culture is developing and growing within Homes NSW, and we welcome walking alongside Homes NSW on this journey.

We are experiencing a housing crisis, and every effort is required by Team NSW (Government and our sector) to collectively address the problem.

Please do not hesitate to reach out if we can assist further in supporting the implementation of these important reforms.

Once again, thank you for the opportunity to participate in the audit and provide feedback. Please do not hesitate to contact us for more information.

Yours sincerely

Andrew McNulty

Chief Executive Officer

Appendix 2 – About the audit

Audit objective

This audit assessed whether social housing is effectively and efficiently prioritised to meet the needs of vulnerable households, and whether social housing tenants are effectively supported to establish and sustain their tenancies.

Audit criteria

We addressed the audit objective with the following lines of inquiry and audit criteria.

- Is social housing effectively and efficiently prioritised to meet the needs of vulnerable households?
 - Decisions on prioritising applicants are based on quality data.
 - Processes to prioritise applicants are effective, efficient and equitable.
 - Available properties are allocated effectively, efficiently and equitably to meet the needs of priority applicants.
- Do social housing tenants receive effective support to establish and sustain their tenancies?
 - Factors contributing to long-term, stable tenancies are well understood and inform approaches to supporting tenants.
 - At-risk tenancies are identified early and prioritised for support.
 - Tenants receive effective support to maintain their tenancy including through partnerships with other agencies.

Audit scope and focus

In assessing the criteria, we focused on the following organisational activities:

- processing of social housing applications
- processes to approve priority status for social housing applicants
- allocation of available social housing properties
- activities to support tenancy establishment and sustainment.

The audit examined public housing, Aboriginal housing and community housing providers. It included three community housing providers that managed properties on behalf of the Department of Communities and Justice (DCJ). These providers have ‘whole of location responsibilities’.

The audit focused on activities in the period from 2022 to 2024.

Audit exclusions

The audit did not seek to examine:

- processing of applications for temporary accommodation
- allocation of specialist disability accommodation
- administration of private rental subsidies
- the condition of social housing assets or maintenance activities
- new construction or redevelopment programs
- the merits of government policy objectives.

However, the audit did comment on these issues where they affected findings or to provide context.

Audit approach

Our procedures included:

- interviewing DCJ staff to understand the overall context in which the Department operates, key decisions, application of policies and processes, and how the Department uses data available to it to undertake its functions
- interviewing staff in a selection of DCJ locations and at Home in Place, Homes North and Link Wentworth offices to understand how policies and procedures work in practice and challenges faced in administering social housing
- interviewing broader sector stakeholders to understand the overall context of social housing, as well as perspectives on the role of the Department and community housing providers
- examining documents and data involved in the administration of social housing.

The audit approach was complemented by quality assurance processes within the Audit Office to ensure compliance with professional standards.

Audit methodology

Our performance audit methodology is designed to satisfy Australian Auditing Standard ASAE 3500 Performance Engagements and other professional standards. The standards require the audit team to comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance and draw a conclusion on the audit objective. Our processes have also been designed to comply with requirements specified in the *Government Sector Audit Act 1983* (NSW) and the *Local Government Act 1993* (NSW).

Acknowledgements

We gratefully acknowledge the cooperation and assistance provided by staff at DCJ, Home in Place, Homes North and Link Wentworth. In particular, we thank our liaison officers at each agency and the staff who participated in audit interviews and provided materials relevant to the audit.

We also acknowledge the individuals and organisations who made a submission to this audit.

Audit cost

The estimated cost of this audit is approximately \$552,000.

Appendix 3 – Performance auditing

What are performance audits?

Performance audits assess whether the activities of state or local government entities are being carried out effectively, economically, efficiently and in compliance with relevant laws.

The activities examined by a performance audit may include a government program, all or part of an audited entity, or more than one entity. A performance audit can also consider particular issues that affect the whole public sector and/or the whole local government sector. They cannot question the merits of government policy objectives.

The Auditor-General's mandate to undertake audits is set out in the *Government Sector Audit Act 1983* for state government entities, and in the *Local Government Act 1993* for local government entities. This mandate includes audit of non-government sector entities where these entities have received money or other resources (whether directly or indirectly) from, or on behalf of, a government entity for a particular purpose (follow-the-dollar).

Why do we conduct performance audits?

Performance audits provide independent assurance to the NSW Parliament and the public.

Through their recommendations, performance audits seek to improve the value for money the community receives from government services.

Performance audits are selected at the discretion of the Auditor-General who seeks input from parliamentarians, state and local government entities, other interested stakeholders and Audit Office research.

How are performance audits selected?

When selecting and scoping topics, we aim to choose topics that reflect the interests of Parliament in holding the government to account. Performance audits are selected at the discretion of the Auditor-General based on our own research, suggestions from the public, and in consultation with parliamentarians, agency heads and key government stakeholders. Our three-year performance audit program is published on the website and is reviewed annually to ensure it continues to address significant issues of interest to Parliament, aligns with government priorities and reflects contemporary thinking on public sector management. Our program is sufficiently flexible to allow us to respond readily to any emerging issues.

What happens during the phases of a performance audit?

Performance audits have three key phases: planning, fieldwork and report writing.

During the planning phase, the audit team develops an understanding of the audit topic and responsible entities and defines the objective and scope of the audit.

The planning phase also identifies the audit criteria. These are standards of performance against which the audited entity, program or activities are assessed. Criteria may be based on relevant legislation, internal policies and procedures, industry standards, best practice, government targets, benchmarks or published guidelines.

During the fieldwork phase, audit teams will require access to books, records or any documentation deemed necessary in the conduct of the audit, including confidential information that is either Cabinet information within the meaning of the *Government Information (Public Access) Act 2009* or information that could be subject to a claim of privilege by the State or a public official in a court of law. Confidential information will not be disclosed, unless authorised by the Auditor-General.

At the completion of fieldwork, the audit team meets with management representatives to discuss all significant matters arising from the audit. Following this, a draft performance audit report is prepared.

The audit team then meets with management representatives to check that facts presented in the draft report are accurate and to seek input into developing practical recommendations on areas of improvement.

A final report is then provided to the accountable authority of the audited entity(ies), which will be invited to formally respond to the report. If the audit includes a follow-the-dollar component, the final report will also be provided to the governing body of the relevant entity. The report presented to the NSW Parliament includes any response from the accountable authority of the audited entity. The relevant Minister and the Treasurer are also provided with a copy of the final report for state government entities. For local government entities, the Secretary of the Department of Planning and Environment, the Minister for Local Government and other responsible Ministers will also be provided with a copy of the report. In performance audits that involve multiple entities, there may be responses from more than one audited entity or from a nominated coordinating entity.

Who checks to see if recommendations have been implemented?

After the report is presented to the NSW Parliament, it is usual for the entity's Audit and Risk Committee / Audit Risk and Improvement Committee to monitor progress with the implementation of recommendations.

In addition, it is the practice of NSW Parliament's Public Accounts Committee to conduct reviews or hold inquiries into matters raised in performance audit reports. The reviews and inquiries are usually held 12 months after the report received by the NSW Parliament. These reports are available on the NSW Parliament website.

Who audits the auditors?

Our performance audits are subject to internal and external quality reviews against relevant Australian standards.

The Public Accounts Committee appoints an independent reviewer to report on compliance with auditing practices and standards every four years. The reviewer's report is presented to the NSW Parliament and available on its website.

Periodic peer reviews by other Audit Offices test our activities against relevant standards and better practice.

Each audit is subject to internal review prior to its release.

Who pays for performance audits?

No fee is charged to entities for performance audits. Our performance audit services are funded by the NSW Parliament.

Further information and copies of reports

For further information, including copies of performance audit reports and a list of audits currently in-progress, please see our website www.audit.nsw.gov.au or contact us on 9275 7100.

Appendix 4 – Report snapshot

About this report

Social housing is affordable rental housing provided to households with low incomes. In NSW, there are around 156,000 social housing dwellings. Social housing includes public housing, community housing and Aboriginal housing.

On 1 February 2024, Homes NSW was established as a division of the Department of Communities and Justice (DCJ) with responsibility for managing housing and homelessness services.

This audit assessed whether social housing is effectively and efficiently prioritised to meet the needs of vulnerable households, and whether social housing tenants are effectively supported to establish and sustain their tenancies.

Conclusion

The audit concluded that the process to apply for a social housing property is inefficient and inequitable. The application process requests substantial amounts of evidence to determine whether an applicant is a priority. Some applicants are supported by external agencies to collect this evidence while others cannot access support.

The process to allocate available social housing properties is inefficient and inequitable. In June 2024, DCJ took an average of 33 days to fill a vacant property. Just under a third of offers of housing result from manually selecting an applicant, rather than using the priority ranked list of applicants. DCJ does not centrally monitor manual allocation decisions, which risks inequitable outcomes.

Social housing tenants do not consistently receive effective support to help them establish a successful tenancy or sustain that tenancy when issues arise. DCJ does not have a clearly articulated strategy for supporting tenancies, nor does it monitor or report on the support it coordinates for tenants.

Recommendations

The report made five recommendations:

1. Simplify the social housing application process.
2. Review and improve the allocation and offer process.
3. Regularly monitor and report on the use of manual allocations.
4. Clearly articulate the role of Homes NSW as a social housing landlord.
5. Align key data sets between DCJ and community housing providers.

Fast facts

56,000

approved applicants waiting for a social housing property as at June 2024

76%

proportion of newly housed households who were priority applicants in 2023–24

33 days

average time taken for DCJ to sign up a new tenant to a vacant property in June 2024

6,000

approved applicants who have been waiting for a social housing property for over 10 years as at June 2024

31%

proportion of offers of housing allocated manually in 2023–24

58%

proportion of DCJ managed tenancies who received an initial visit within 12 weeks (against a target of 95%) in June 2024

Tabled in NSW Parliament 24 June 2025

OUR VISION

Our insights inform and challenge government to improve outcomes for citizens.

OUR PURPOSE

To help Parliament hold government accountable for its use of public resources.

OUR VALUES

Pride in purpose
Curious and open-minded
Valuing people
Contagious integrity
Courage (even when it's uncomfortable)



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