

Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

I write to make a brief submission in relation to the following Bills: **Housing Australia Future Fund Bill 2023; National Housing Supply and Affordability Council Bill 2023; and the Treasury Laws Amendment (Housing Measures No. 1) Bill 2023.**

I make this submission in my personal capacity. I am a Visiting Fellow at the Centre for Aboriginal Economic Policy Research, and have a longstanding professional interest in Indigenous housing policy.

To avoid being overly technical, I have focussed my comments on a reading of the Explanatory Memorandum rather than the Bills themselves.

My overarching comment is to support the legislation. It represents a substantial and potentially significant strengthening of the institutional framework for the support of social and affordable housing nationally. It will take time for this initiative to gain traction. While I understand the budgetary constraints facing the Government, it needs to be said however that **the quantum allocated to the Fund** is, in the scheme of things, comparatively modest when compared to the extent of housing need nationally. This suggests that **effective targeting of available funds will be crucial** in determining the ultimate effectiveness of the framework.

I have a small number of specific points I wish to raise.

First, to ensure the new framework builds credibility and legitimacy in the community, it is my strong submission that the Committee recommend **stronger transparency provisions be legislated** (and not left to ministerial discretion) throughout the scheme, and particularly in relation to grant reporting. I note paragraph 1.18 of the EM indicates that the Finance Minister has the power to publish information from the Future Fund Board that the Minister deems to be in the public interest. This provision should be strengthened by providing for regulations to be made identifying specific reports to be mandated and made public. Paragraph 1.19 of the EM which requires grants to be published on the internet is good as far as it goes. However, there is a widespread problem with the reporting of Executive agencies across the board, and merely requiring information to be published on the internet will not be adequate. The legislation or regulations should specify that reporting must be accessible, remain available (I would suggest for at least ten years) and that it be formatted in ways which allow comparison with previous years allocations (especially where portfolio changes have occurred). In relation to specific sectors, the relevant portfolios must also be required to either publish their own relevant reports in a similar format and detail, or provide a clear link to the Housing portfolio website. It is only if there is a requirement for full and effective transparency that the housing framework will gain the legitimacy and credibility it requires to make a sustained contribution over time.

In relation to the Housing Council, the EM (paragraph 2.5) notes that the Council will provide **advice to the Minister on allocations** under the legislative framework, and that the Minister should have regard to that advice. I strongly support this proposal. I submit however that it is in practical terms quite weak, and could be strengthened by greater transparency. In particular, there seems little legitimate reason why the Minister should not be required to publish the Council's advice and provide his or her reasons for adopting different decisions.

Finally, I would suggest that the proposed Housing Council be explicitly tasked with monitoring the effectiveness and quality of reporting under the framework.

Second, it is my strong submission that the criterion of comparative need is made paramount in funding decisions by Ministers. I understand that the current framework provides that funding will be allocated following Cabinet consideration as part of the budget process (paragraph 1.8 of the EM). I also understand that it is both unwise and probably impossible to constrain ministerial and government decision-making too tightly. Nevertheless, I think there is scope to add a clear policy object to the Bills to make clear that **comparative housing need** is one of the core criteria to be used in allocating available funds. In addition, the remit of the Housing Council might be broadened or made more explicit to ensure it assesses the extent to which past allocations have addressed comparative housing need, and to ensure that its advice regarding future priorities takes into account comparative housing need.

Third, it is clear that policy responsibility for social and affordable housing is shared between the Commonwealth and the states and territories. Shared responsibilities create **new and potentially serious policy risks**. I strongly support the involvement of the Commonwealth in this policy area, and in fact, would argue that it should take an even more substantial role in many respects. In any area of joint responsibility, there is a serious risk that the strengthening of the Commonwealth involvement will lead to concomitant **reductions in state and territory effort**. Indeed, one can imagine circumstances in remote Australia where the increased involvement of the Commonwealth leads to both a reduction in state and territory effort, and worse still, a net reduction in overall governmental effort. While these are issues that are not susceptible to direct legislative management, it reinforces the need for the Commonwealth framework to have **strong legislated oversight mechanisms** that monitor not just the activities of the Commonwealth, but the parallel activities of the states and territories. For example, the legislation might require the Housing Council, or perhaps the Housing Minister and Indigenous Australians Minister, to publish a five year rolling report on Commonwealth and state housing investment in remote areas. One might envision similar reports in other sectors, including the disability sector.

Fourth, given the longstanding challenges faced by the public sector in meeting the financial costs required to address outstanding housing needs, and the likely existence of various forms of market failure that constrain investment by the private sector, there seems to be an obvious need for the exploration of innovative policy initiatives aimed at addressing these needs. I have read the description of the Housing Council's functions in paragraphs 2.41 to 2.55, and cannot identify any explicit encouragement of the Council to pursue such innovative and potentially medium term policy solutions. While such a focus may not be ruled out, without an explicit mandate, there is a risk that risk averse members will stay closer to *terra firma*, and that the longstanding market failure will be further extended by a reluctance to consider and develop innovative solutions leading to policy failure. It is my submission that **the functions of the Housing Council should be expanded** to provide an explicit remit to undertake research and provide advice in relation to **innovative housing policy frameworks** designed to address the structural and systemic challenges facing the sector.

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