

# Chapter 24

## Conclusion

24.1 In chapter 4, the committee recommended that the Australian Government appoint a Minister for Housing and Homelessness, with the portfolio to be located in a central agency. The evidence taken in this second part of the report, drawn in particular from people involved in social housing, gives even greater force to this recommendation.

24.2 In this chapter, the committee draws together the principal themes developed in part II of the report and links them to the two headline recommendations—appointing a Commonwealth Minister for Housing and Homelessness and establishing a COAG ministerial council on housing. Although the arguments in favour of having a more integrated approach to affordable housing under national leadership are similar to those presented in chapter 4 and 5, the perspective, in this chapter, comes from people interested or involved in the provision of affordable social and rental housing. The committee then draws together its main conclusions.

### National importance

24.3 Evidence before the committee overwhelmingly supported the contention that access to affordable housing was a matter of national importance.<sup>1</sup> But a number of submitters referred to what they perceive as the fragmentation of housing policy and effort, which has led to a good deal of confusion and discord in attempts to address housing issues. Generally speaking, these submissions suggested that different levels of government, and indeed different areas of the same government, often have dissimilar objectives that pull in different directions. For example, Mr Wolfe, Housing Industry Association, informed the committee that:

Our frustration goes more to the fact that at various points along the continuum councils point to state governments, state governments point to the federal government and the federal government points to state government and local councils. The three levels of government do not seem to be working in concert.<sup>2</sup>

24.4 The Junction and Women's Housing believed that to deal with any one element of affordable housing in isolation was to ignore the interrelated nature of Australia's housing system and 'the impact of other policies, particularly at a federal level'.<sup>3</sup> Mr Langford explained further that an integrated policy response would cut across the tiers of government and all parts of the housing system and that such an

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1 See for example, Mr Langford, *Proof Committee Hansard*, 28 July 2014, p. 40.

2 *Proof Committee Hansard*, 30 July 2014, p. 47.

3 *Proof Committee Hansard*, 28 July 2014, p. 31.

approach would be led nationally, as a national conversation allowing for state and local policy context.<sup>4</sup> Noting that housing affordability presented many and various challenges that should not be underestimated, Professor Beer told the committee that multiple solutions operating in all dimensions of the housing supply and demand equation were needed:

Solutions that focus only on demand will be inadequate and solutions that focus only on supply will be inadequate.<sup>5</sup>

24.5 According to Mr Langford, there should be an integrated approach to the social and economic issues that relate to housing. He suggested that bricks-and-mortar housing solutions without appropriate and funded support would:

...not address the issue of homelessness for many people and will just create and foster a cycle where people continue to fall into homelessness and are picked up through other systems, be it the health or justice systems, imposing a cost on the rest of the community. Support services need appropriate and secure funding to allow that to happen, and that funding needs a longer term vision than the current format, which often is short-term funding contracts, which creates uncertainty for support partners and also creates uncertainty for tenants who are being supported to sustain successful tenancies.<sup>6</sup>

24.6 National Seniors Australia argued that NRAS, which provided incentives to developers to supply affordable rental housing within the private sector, and the Social Housing Initiative and CRA programs were very successful when well integrated. Ms Skinner explained that integration was important because of situations where there was 'not necessarily a complete support system'. She noted:

You might have housing assistance happening for one group of people. You might have access to aged-care services for another. Other people are getting the health supports they need. It is not until you bring it all together for the individual—so it is person-centred—that you are going to get the best success and the longest tenure or security. It is not just people living in rentals who experience problems. It is also people who are in the homes that might be quite run down and do not have the amenities they need.<sup>7</sup>

24.7 Ms Palumbo, Community Housing Council of South Australia, acknowledged that CRA was a very important element of affordable housing but that NRAS was critical. She also referred to the NAHA grants. According to Ms Palumbo, they can make a difference if they pull together in a way that targets a specific reform agenda around social and affordable housing. She stated:

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4 *Proof Committee Hansard*, 28 July 2014, p. 31.

5 Professor Andrew Beer, Director, Centre for Housing, Urban and Regional Planning, University of Adelaide, *Proof Committee Hansard*, 28 July 2014, p. 10.

6 *Proof Committee Hansard*, 28 July 2014, p. 31.

7 *Proof Committee Hansard*, 10 September 2014, p. 15.

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You can definitely do things with those three components together. The NAHA is used by state authorities, in the main, to plug their administration cost gaps. In this state [South Australia], there is none of that that goes to any capital or any renewal and that kind of thing, so it is kind of a lost revenue source.<sup>8</sup>

24.8 As this report shows, the Australian Government uses a number of measures to improve Australian's access to affordable housing. To implement an effective strategy, the government needs to have a clear appreciation of how the various measures interact and form a coherent approach—NAHA, CRA and NRAS, the various taxation incentives as well as the contributions of the states and territories. For example, government decision-makers should understand whether CRA inflates rents, if at all; how housing associations benefit from CRA; the extent to which they use it to build their stock of affordable houses; and how NRAS and CRA work together. Also the committee has referred to the two groups of investors in affordable housing—the individual and institutional—and how, because of their different tax arrangements, derive different benefits from the NRAS incentives. The committee has also referred to the proposal for housing supply bonds.

24.9 Indeed, the criticism levelled at NAHA and NPAH all point to the need for an integrated and coherent framework with consistent policy governing a national approach to affordable housing. An institutional mechanism is required to deliver such an overarching strategic approach.

### **National leadership**

24.10 In this context, many submitters underlined the need for national leadership on access to affordable housing.<sup>9</sup> For example, Mr Langford contended there was a huge opportunity for leadership, and Australians would expect that some of that would come from the federal level.<sup>10</sup> Dr Burgmann spoke of the 'really important leadership role' that the Australian Government had to have—not 'a sole role to play, but a shared role with the states, with local government, with our industry and with other players'.<sup>11</sup>

24.11 Mr Schrapel concurred with this view of the need for national leadership. While noting the complexity in providing affordable housing, he stated:

All tiers of government plus the not-for-profit sector, the business community and the private investors play a part, but the levers the Commonwealth has are probably the most significant ones.<sup>12</sup>

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8 *Proof Committee Hansard*, 28 July 2014, p. 40.

9 See for example, *Proof Committee Hansard*, 28 July 2014, p. 31.

10 *Proof Committee Hansard*, 28 July 2014, p. 40.

11 Dr Lucy Burgmann, Chief Executive Officer, NSW Federation of Housing Associations, *Proof Committee Hansard*, 10 November 2014, p. 11.

12 *Proof Committee Hansard*, 28 July 2014, p. 40.

24.12 Dr Clark, Shelter SA, added her voice to the call for national leadership.<sup>13</sup> As did Ms Palumbo, who wholeheartedly endorsed the push for a national approach. She was of the view that 'handballing this to the states to sort out on their own is a step backwards'.<sup>14</sup>

24.13 As noted earlier, Ms Palumbo regarded NAHA as the best lever the Australian Government had for reform. She highlighted the influence the Commonwealth could exercise through this lever:

When the Commonwealth drives reform, things happen; when it is left to the states, our experience has been that things meander. So a really driven reform that is actually attached to that agreement is probably the most effective way we can look at genuine change, where that agreement says that we actually want to have a mixed model, we want a multi-provider system, we want to see different business models operating in this state not an old and tried monolithic model that means that nobody can really do anything other than on the fringes.<sup>15</sup>

24.14 Mr Wolfe, HIA, argued strongly that the Australian Government needs to take a role. He noted:

Look at NAHA payments, CRA payments and the investment made by the then government into the Social Housing Initiative—\$5.4 billion. If you also look at the amount of money that is spent on residential aged-care facilities of which the residence itself is a significant amount of money—that is, about \$8.9 billion—there is an enormous amount of money that is contributed from the federal government down to the states and into housing. They have a role, a function, and it needs to be more than simply writing cheques. They need to take a role in assisting with state and local governments in the provisioning of the necessary infrastructure to support housing developments.<sup>16</sup>

24.15 Professor Dalton drew attention to what he believed was the political parties' waning interest in housing policy, with some exceptions from time to time. In his view, the challenge was 'to bring housing policy into the political process more forcefully than it has been now for many decades'. He referred back to the post-war period when housing policy was 'quite central to the way we thought about Australian society'.<sup>17</sup> Professor Dalton then noted that, apart from a few examples, the minister responsible for housing has not held a senior ministerial position in the government: that it has tended to be a junior ministry.<sup>18</sup>

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13 *Proof Committee Hansard*, 28 July 2014, p. 40.

14 *Proof Committee Hansard*, 28 July 2014, p. 40.

15 *Proof Committee Hansard*, 28 July 2014, p. 40.

16 *Proof Committee Hansard*, 30 July 2014, p. 45.

17 *Proof Committee Hansard*, 9 September 2014, p. 12.

18 *Proof Committee Hansard*, 9 September 2014, p. 12.

24.16 Both Shelter WA and National Shelter suggested that 'to achieve effective coordination, a single minister, at both State and Federal levels, with a responsibility for Housing, Homelessness and Urban Development is required. Similarly, the Queensland Council of Social Service recommended that a Minister for Housing, Homelessness and Urban Development be appointed at the federal government level with responsibility to coordinate housing-related policy decisions across agencies and jurisdictions.<sup>19</sup> In its view, there would be value in re-examining the roles and responsibilities undertaken by the state and Commonwealth governments to facilitate access to affordable housing to ensure these roles and responsibilities are clear, mutually exclusive and well-targeted. Dr Clark argued that a dedicated federal housing minister and a national plan for the housing system were required to effect real change. She noted that the government had a range of levers available to it to alter in order to achieve change.<sup>20</sup> Anglicare Australia and the City Futures Research Centre also argued the case for a national Housing and Homelessness Minister, preferably one that would sit in Cabinet.

24.17 As the committee noted in the previous chapter, the overriding message coming out of this inquiry was the need for the Australian Government to give coherence to the numerous local, state and national incentives and schemes intended to contribute to the provision of affordable housing. It can only do so by providing much needed leadership through a renewed COAG process and by having a Minister for Housing and Homelessness driving this process. Indeed, a dedicated minister for housing and homelessness could spearhead this process, supported by an institutional infrastructure that would provide the continuity, expertise, experience and established networks with all levels of government.

### *Committee view*

24.18 In this report, the committee has underscored the importance of affordable, secure, and suitable housing as a vital determinant of wellbeing. For example, Dr Julie Lawson and Professor Mike Berry, RMIT University, stated simply that few material concerns were more important to Australians than the homes they live in:

Secure, affordable housing contributes to our sense of security, individual wellbeing, health and supports family stability.<sup>21</sup>

24.19 Indeed, Mr Scott Langford, Junction and Women's Housing, described, secure tenancy as 'the bedrock of building capacity for social and economic participation'.<sup>22</sup>

24.20 But the committee took evidence that highlighted the fact that a significant number of Australians were not enjoying the security and comfort of affordable and

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19 *Submission 175*, p. 5.

20 *Proof Committee Hansard*, 28 July 2014, p. 29.

21 *Submission 24*, p. 5.

22 *Proof Committee Hansard*, 28 July 2014, p. 30.

appropriate housing: that currently Australia's housing market was not meeting the needs of all Australians. This situation was most evident in the private rental market where low- to medium-income earners were encountering significant problems accessing affordable and appropriate housing.

24.21 Drawing on the research on secure occupancy in rental housing, Dr Lawson and Professor Berry suggested that the rental market had 'the potential to provide a refuge, oasis and stepping stone for an increasing number of households'. But, in their assessment, Australia's rental housing was:

...the least secure and most neglected pillar of our housing system.<sup>23</sup>

24.22 Indeed, Mr Adrian Pisarski, National Shelter, stated bluntly that the rental market was 'a brutal place if on a fixed income or even a pension.'<sup>24</sup> In this context, a number of witnesses referred to an emerging housing affordability crisis for older Australians.<sup>25</sup>

24.23 Many in the private rental market seek relief by accessing social housing but here the waiting lists are long and such accommodation has become a 'housing of last resort'. Undoubtedly, Australia has a housing affordability problem—the challenges are complex, diverse and interact differently in different parts of Australia. Consistent with this overall assessment, and as noted earlier, Professor Beer noted that housing affordability presents multiple challenges and consequently 'needs multiple solutions operating in all directions of the housing supply and demand equation'.<sup>26</sup>

24.24 Considering the vital importance of housing to a person's overall wellbeing and the current problems encountered gaining access to affordable and appropriate housing, the committee was firmly of the view that affordable housing should be a national economic issue that needs to be a central and cross-cutting theme of government. Furthermore, renting must be recognised as a mainstream and, for some, a permanent form of tenure in Australia's housing system. As a consequence, affordable rental housing must be placed on Australia's national policy agenda as a key issue to address poverty.<sup>27</sup>

24.25 As the committee noted in the previous chapter, the increasing tight and expensive private rental sector is locking low- to moderate-income earners out of affordable and appropriate housing. This situation indicates market failure and suggests that market solutions to low cost housing will simply not emerge naturally: that there is a clear need to find ways to attract private investment into low cost and

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23 *Submission 24*, p. 6.

24 *Proof Committee Hansard*, 10 September 2014, p. 33.

25 Aged and Community Services Australia had 'the housing crisis for older people' as a heading in its submission, *Submission 111*, p. 3 and *Proof Committee Hansard*, 28 July 2014, p. 10.

26 *Proof Committee Hansard*, 28 July 2014, p. 10.

27 See, for example, National Foundation for Australian Women ACT, *Submission 38*, p. 4.

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social housing.<sup>28</sup> But efforts to attract institutional investors into affordable housing have so far been disappointing. Nonetheless, this challenge provides the Australian Government with the opportunity to find and implement solutions.

### *Continuity and consistency*

24.26 The committee identified the need for a long term housing strategy that would: provide certainty and coherence for the affordable housing sector; clear and consistent funding commitments; and policy certainty that would enable housing providers to forge stronger partnerships with the private sector. This call for certainty in policy and funding for affordable housing came from numerous quarters—community housing providers, academics working in this area, the Indigenous community and investors.

24.27 In this report, the committee has recommended that the Australian Government direct its attention and efforts to a number of areas, and has made recommendations accordingly, including developing a long-term national affordable housing plan that:

- recognises affordable housing, including affordable rental housing, as a mainstream and national policy objective and places affordable housing at the forefront of government policy across Australia;
- is spearheaded by a dedicated minister for housing and homelessness and supported by an institutional infrastructure that would provide the continuity, expertise, experience and established networks with all levels of government;
- fosters intergovernmental cooperation in solving housing issues within a 'whole-of-system housing policy framework';
- places a high priority on improving the supply-side efficiency of the Australian housing market;
- reinvigorates NAHA placing particular emphasis on improving transparency and accountability, and introducing a robust evaluation and reporting framework;
- contains clear, consistent and longer-term funding commitments adequate to meet the growing demand for social housing;
- recommits to halving homelessness by 2025;
- takes account of the findings outlined in this report including facts such as the age pension assumes home ownership and the projected decline in home ownership especially among older Australian;
- builds trust and confidence in both affordable housing providers and investors that Australian governments at all levels, led by the Commonwealth, are committed to increasing the supply of affordable housing;

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28 See, for example, Mr Cameron Murray, *Submission 17*.

- provides certainty and coherence for the affordable housing sector and policy certainty that would enable housing providers to forge stronger partnerships with the private sector;
- recognises that significant volumes of public and private finance would be required to meet the projected need for additional rental housing and the importance of attracting institutional investors into the affordable housing market;
- understands that efforts to attract a significant level of institutional investment into affordable housing have to date been unsuccessful; and
- makes institutional investment a core policy objective in affordable housing.

24.28 Overall, and as highlighted in the strong and resounding messages drawn from the chapter on homelessness, the committee is firmly of the view that:

- the Australian government cannot vacate the affordable housing space or step back from its responsibilities to ensure that every Australian has access to affordable, safe and sustainable housing; and
- in the long run, investment in affordable housing returns dividends not only to the individual struggling to access safe, secure and affordable housing but to the budgets of the Australian, state and territory governments and ultimately the Australian taxpayer (by having a more productive community with reduced costs for social, health, unemployment services and for justice and policing).

**Senator Sam Dastyari**  
**Chair**