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PRIME MINISTER

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SPEECH BY THE PRIME MINISTER
OPENING OF NEW ASTORIA PARK VILLAGE
SYDNEY - 6 SEPTEMBER 1986

It was with great pleasure that I accepted the invitation to open this exciting new project, the New Astoria Park Exhibition Village.

I understand the Exhibition site contains fifteen exhibition homes - all by Kimberley Homes - a Product Information Centre, an office of the St George Building Society and an office of the Land Commission of New South Wales. As such, the village provides a "one stop" housing "supermarket", which places the product of the housing industry before home buyers in a new and very imaginative way. The keen interest shown in this project by the public is testament to this fact.

It is also a special delight to me, as I travel around Australia, to witness in these difficult times such creative and innovative projects as the Astoria Park Village. The team approach to the development of the project - a team covering building product suppliers, housing finance and land development - demonstrates the ability of Australians to respond to challenges with imagination and co-operation. Australians working together to provide innovative solutions to problems is precisely what we need today.

The Australian housing industry is one of our most efficient industries. It is one of the world's most efficient housing industries. As a result Australians today are among the best housed people in the world. Given that most materials used in home construction are made in Australia, buying a home provides most Australians with their greatest opportunity to "Buy Australian". I am naturally delighted to hear that all building materials used in this Village are Australian built or manufactured.

The pride of place of the Australian housing industry is no historical accident. Much is owed to the fine quality of Australian-made building products. Much is owed to the superiority of design in Australian housing. But above all, much is owed to the professional people in the industry: from builders to building product manufacturers to home financiers.

Because of this range of strengths, I believe the Australian housing industry has much to offer other countries, especially the rapidly-expanding countries in our own region. Rapid economic expansion typically produces a rapidly expanding demand for good housing. The Australian housing industry has "on tap" the professional people and the products to contribute to the housing development of these nearby countries. I urge participants in the Australian industry to seek out opportunities in this area. Such opportunities must be developed if this country is to trade its way out of our current economic difficulties.

As a result of the large depreciation of our currency in the past 18 months we are well placed to achieve this goal. I have great confidence that the housing industry will respond to such a challenge. One reason for this confidence is the effective and fruitful working relationship that has developed between the industry and my Government over the last three and a half years. Since taking office, we have maintained a strong commitment to the housing industry. Our response to changing circumstances within the industry has been imaginative and innovative.

When we came to office three and a half years ago, the industry was in a disastrous state. In 1982/83, private housing commencements fell a massive 25 per cent from 123,600 to 92,300: one of the worst slumps on record. Many thousands of jobs were lost to the industry, contributing to the sharp rise in overall unemployment in that year. There was also a sharp increase in "unsatisfied demand" in the industry, which had a high cost in social and personal terms.

My Government acted promptly to restore prosperity to the industry. We introduced the imaginative First Home Owners Scheme on 1 October 1983. The scheme was designed with the particular needs of young couples buying their first homes in mind. These people typically have lower than average incomes and limited savings, and therefore faced a considerable hurdle in purchasing their first home.

The First Home Owners scheme has been an outstanding success. In its first nine months of operation - a period ending on 30 June 1984 - 55,000 applicants were assisted under the Scheme, at a cost to the Budget in 1983/84 of \$141 million. Initial expectations of the demand for assistance were exceeded by almost 50 percent. In 1984/85, a further 87,000 applicants were assisted, and on-going assistance was provided to previously successful applicants. The Government's financial commitment to the Scheme continued at a very high level in 1985/86.

Spending is expected to fall somewhat this year, mainly because the initial popularity of the Scheme produced an early bunching of applications. However, there was no change to the eligibility requirements for assistance under FHOS in a necessarily very tough Budget last month.

The introduction of FHOS contributed substantially to the dramatic recovery in private housing activity. Private housing commencements rose by a massive 33 per cent in 1983/84 and a further 13 percent in 1984/85. Employment in the industry has boomed, with some 50,000 jobs being created during the recovery.

The problems which FHOS was developed to solve abated as the housing recovery gathered momentum. However, new problems, requiring new solutions, emerged for the industry last year. Once again, the Government responded with positive, imaginative action.

The Government was not prepared to stand by and see a total reversal of all that we had worked so hard to achieve in the industry over the previous three years. So in April of this year, we introduced a package of measures representing a timely and lasting response to the housing finance shortage.

The main elements of the package were removal of the ceiling on new savings bank home loans and provision of a \$145 m subsidy over twelve months to restore the competitive position of savings banks in the deposit market. But an essential element of the package was that the ceiling would remain in place for existing loans, so that those with bank mortgages approved prior to the package continue to receive the protection provided by the 13.5 per cent ceiling.

In addition savings banks made a commitment to lend \$6 billion over the following year, a dramatic increase on what was in prospect. And banks have agreed to increase their effort to provide innovative lending packages tailored to meet the needs of those on moderate incomes.

The Government's package has clearly been a success. Deposit inflow has been rebuilt. Housing lending is proceeding at a rate well in excess of the annual target of \$6 billion. All banks have increased lending under low start loan packages, which are tailored to meet the needs of lower income earners.

To date the package has worked well. The Government sees no reason to alter it at this stage.

In addition my Government has provided a massive and sustained increase in the Commonwealth's commitment to public housing. Funds available in 1986-87 under the CSHA (and under the low interest Loan Council nomination arrangements) are 86 per cent higher than in 1982-83. The result has been a large increase in public housing commencements: the annual average number of commencements during our first three years was 46 per cent higher than that of the last three years of the previous Government.

Other housing initiatives we have taken include support for efforts to achieve a more cost-effective building regulatory environment and promote more flexible approaches to residential land development. Extra funding has been provided in this Budget for a number of innovative programs in this area.

All of our housing initiatives bear the hallmarks of the Government's approach to problem solving: problems are faced directly and tackled with imagination and creativity. We do not bury our heads in the sand. Further, we believe strongly in a "team" approach, where governments do not act alone, but consult widely, in designing and implementing solutions.

In conclusion, might I say how glad I am to see how much has been achieved, and is still being achieved, in the Australian housing industry. Achievements built upon the imaginative and forward looking attitudes of those thousands of Australians working in the industry. Achievements built upon fruitful co-operation between government and industry. Achievements exemplified by this exciting new Exhibition Village. The housing industry is an example to us all of the problem solving, innovative approach so sorely needed in this country today. When I see that Australians working together are capable of achievements such as this, I know the problems we face will be overcome.
