

(PM cont) identify as other or alternative more suitable blocks. So we'll have now a series of bilateral discussions with the states on these issues. Understandably they also raised the questions of the need to provide infrastructure for these further blocks and we agreed that the Premiers would put forward specific proposals in regard to this and that we would give serious consideration to them in the Premiers Conference and the Loan Council meetings later this year.

Specifically also in regard to the proposal from the Premier of NSW - who put up the concept of a joint venture proposal between the State and the Commonwealth - we said we were prepared to examine that, to get some prima facie interest for us and under those arrangements as you appreciate the Commonwealth would receive no proceeds from the land until the final sales were made and that arrangement will facilitate the capacity of the states to more rapidly develop those proposals. Questions were raised in the area of Defence housing and we've agreed to get quickly into bilaterals with the states who wish to try and expedite the handling of that area.

One of the issues that was raised also was the question - in a sense as they see it - the maldistribution of migration intake, a lot of pressures in Sydney in particular. We reminded the states - and they were appreciative of the fact - that under the new immigration program there is a system of bonus points to those who come from sponsors in nominated states. In other words if you're coming from Tasmania, the sponsors who are coming from Tasmania, or South Australia, parts of Queensland and the Northern Territory, there will be bonus points in that. An attempt to try and diversify a bit more than the current situation does the flow of migrants around the states.

I think that Paul may want to refer in more detail to some of the discussions with the NSW people about the point they raised in regard to rental property trusts. As I told you this morning before the conference we've developed a package of measures which were directed not only at land supply but the questions of building regulation, land regulation and local government approval processes. Now they are rather complex issues and Senator Button will be releasing a more detailed paper on it.

Could I just quickly indicate broadly what those specific measures would involve. It includes a three year program of work to address inadequacies in the availability of data on land supply and the composition of demand. That work will be done through the Indicitive Planning Council and with the full support of the states.

Secondly, the States and the Northern Territory have agreed to participate in a joint program under which the financial and technical assistance would be provided over the next three years to local government to review the technical content of residential land development regulations.

(PM cont) Thirdly, we've announced a program to promote demonstration studies, cooperation research and information dissemination designed to stimulate improvement in the administrative aspects of approval processes at the local government level. We've also endorsed unanimously the setting up of an expert task force drawn from the Commonwealth State and Local government to design professions in the building industry to examine the scope for significant reforms of technical regulation of building codes and standards.

Finally within this package of measures resources will be devoted to create the capacity for the analysis and development of policy in relation to housing supply within our Department of Industry, Technology and Commerce.

Now that package of measures, which you will see is specifically going to detailed issues which can improve the situation on the supply side to all of the measures welcomed by the States which they will cooperate and implementation to some extent in funding, is a package of measures which will cost us about \$9 million over the next three years.

So you can see that as well as addressing the question of the supply of land the conference embraced the concept that we've advanced of bringing forward these measures which we hope will provide a clear indication of the capacity of the three levels of government, Commonwealth, State and Local to accelerate the supply of land.

Now I just want to go to an area now which I think in the light of some of the events leading up to the conference is particularly interesting. The conference reviewed and it warmly applauded the performance of that concept that we've been using now for some time. It has the rather grand title of the Joint Venture for More Affordable Housing. It's also known as Green Street. And you know what's involved there. The concept is jointly supported by Commonwealth, State and Local governments as well as industry and what it's been about is trying to demonstrate to Local governments and to the industry and to consumers the wider range of housing choices that are available and the use of more innovative building and land development techniques. It's applauded by all the Premiers as it was in a meeting we had last week with the industry and local government and it's applauded for the very simple reason that it has demonstrated the sorts of savings that are available by not being locked in simply to traditional concepts and what housing's about. As we say in the press release here and as was embraced by the Premiers, the project has achieved savings of up to 24% on house and land development. We agreed that we will be working with the States to expand awareness of this concept.

Very significantly I would think in terms particularly of some of the sort of things that were said about Paul Keating's observations in this area, the conference also agreed enthusiastically, unanimously, every Premier and the Chief Minister picked up very enthusiastically the

(PM cont) proposition that was advanced by Paul and his exposition in this area that we would give early consideration to joint Commonwealth/State demonstration programs of higher quality medium density housing in the inner cities, particularly older industrial and commercial areas.

In other words there you had all the State Premiers and the Chief Minister saying in response to the Treasurer's suggestion, which is consistent with the Joint Venture for More Affordable Housing which looks towards the other end of the market. Here was a proposal to look at the same sort of concept for higher quality medium density housing in the inner city areas because there's a recognition of what the realities are that we musn't in this country when we're trying to talk about meeting the housing needs of our citizens be hide-bound by simply the traditional ways of going about it.

So I repeat, and as Paul implicitly ... it's not to say that for those who want into the future to have the traditional approach, the quarter acre block and so on out there, that that is not going to be available. Of course it is but we ought to recognise that there are other ways of doing it and that for a lot of the Australian population these alternatives are what they want. So I think it's very significant that the Premiers unanimously and enthusiastically endorse this concept so what we will be doing in more than one city, we can't say we'll be doing it in every one, but in more than one city we will undertake a joint Commonwealth/State demonstration program of what can be done in this area. I think that will mark a significant turn in community thinking about this important issue. Finally let me say that we also talked about the area of the supply of skilled labour, agreed that we should try and do all that we could to accelerate the supply of skilled labour in that area and the States undertook to review legislation regulations under their control with a view to improving their systems of land supply and use.

They raised questions about the First Home Owners Scheme, some of them thought they had some ideas how we might without necessarily additional outlays but to use the same amount of dollars effectively said good, any proposals you've got on that let's have them.

So I think you can see in total colleagues that a) it was a very very useful positive constructive meeting, that firm relevant decisions were taken not only on the question of land supply but we've now made some very important decisions in regard to the basic questions of the alternative sorts of developments that are available to meet the question of more affordable housing.

JOURNALIST: Prime Minister when can we expect these measures to be given ...?

PM: Well I had that question this morning. I give the same answer now. One can't honestly say that it's going to happen tomorrow or the next day. We said there's no quick fix. What you've got to do however is two things I think. You've got to first of all recognise as the Premiers and the Chief Minister did, the reality that the constraints are on the supply side. I repeat what I said this morning in 1988 house prices increased by 35%, medium house price increase 35%, increase in interest rates - 7%, so it is on the supply side, supply of land and associated matters. Now what's happened today is not simply that we've made arrangements ourselves to make more land available and the states have undertaken to accelerate the processes of making land available and the processes of zoning and so on in cooperation with local government but also importantly as I've said and given emphasis to we have agreed that we will undertake joint programs of looking at higher quality, medium density housing alternatives. It will actually undertake joint Commonwealth/State programs in a number of cities. Now obviously that won't happen tomorrow. I mean the program is not coming ... We've agreed to start on that and you can see that we're enthusiastically committed to it, the states are. So we are changing both the capacity to supply land. Secondly, we are going to together accelerate the processes of land release, zoning processes and so on. And thirdly - and in probably some sense in the long term more fundamental sense - we are together Commonwealth and State Governments accepting that there are other ways of attacking the problem of housing simply than in the traditional method and that is not merely in the outer areas whether the joint venture for more affordable housing has proved successful but now looking at that in terms of higher quality, medium density housing opportunities in the inner city areas.

JOURANLIST: On that demonstration project you're talking about will federal funds be allocated this financial year to ...?

PM: We're now March, we're getting towards the end of the financial year but quite clearly we'll start work now and our consideration leading up to our Budget and coming up to the Premiers Conference, which will be held within a couple of months, we're committed very seriously to this project and there won't be any short comings, there won't be any hesitation on our part in moving to get this going. I mean we're not looking at financial year considerations, we want to get this off the ground as quickly as possible. I think the states do too so we'll have the opportunity in the period now leading up to the Premiers Conference. ... a lot of work to be able to move to implementation of this.

JOURNALIST: Which Premiers raised the question of interest rates ... the question of economic settings and what did you say to them?

TREASURER: Basically the non-Labor Premiers and the reply I gave was that we couldn't accommodate this level of investment in equipment, in business investment generally, in residential construction and non-residential construction, without something having to give. That was either it went on to the current account or we reduce dramatically the call by the public sector upon Australian savings. That is even more than we have to date or monetary policy would be employed in moderating that investment. And of course you wouldn't need to guess what option they thought was the better of the three of those and that was that monetary policy should moderate those investments. That is the 5 percentage point of GDP shift we've had in investment, in plant and equipment, business investment, plus residential, plus non-residential construction. It could only be accommodated if the public sector was continuing to save to a very large extent. Now every 1% of GDP is worth \$3000M so when I pointed out to them that 5% of GDP would cost \$15B if they would prefer to ease monetary policy that way and I think then they perhaps thought maybe that the current policy settings were probably just about right.

JOURNALIST: Prime Minister is there any ... for public housing in the ...?

PM: It wasn't a question at this conference of allocating funds to the private sector or the public sector. I mean the question of what we'll do about the level of funding to public housing is something that comes up in the consideration that we have as we lead up to our Budget and it was understood. I mean this was essentially a supply side conference. Now this doesn't mean that those other issues don't have a significance but what everyone really understood is that you don't solve the problems that we were talking about by throwing more money on the demand side. We had to deal with a fundamental problem which is reflected in the statistics I gave you this morning and again this afternoon - 35% increase in medium house price in 1988, the interest rate ... 7% increase in that period. They essentially have got a supply side problem and that's essentially what the conference was about today.

JOURNALIST: What were the concerns expressed about the First Home Owners Scheme and how serious are you about addressing them? Do you for example consider pouring more money into it?

PM: No, I wanted to make the point clearly Laurie that they were not putting to us the observation in terms necessarily of more money. They actually used the phrase that they had some ideas which they didn't spell out - and I'm not saying that critically - but they said they had some ideas about how for the existing number of dollars you could get more effective outcomes. So we naturally said if you've got any such ideas that can make our existing outlays more effective, sure, let's talk about it.

JOURNALIST: On the question of skilled labour, were any ideas discussed that showed some promise?

PM: The discussion there, you could put it in two parts. A reporting on our part of what had been done with the Housing Industry Association in NSW and then the broader discussions which took place last month to look at what may be able to be done on the migration side. Our colleagues in the States recognised that and welcomed what we'd done there. Secondly there was an acceptance that they should be prepared to perhaps even be more flexible because it's their area basically, the question of apprenticeship provisions and so on. Paul will handle this side of it and outline the amount of money we are putting for instance into craft and associated schemes. They welcomed that and undertook that they would from their point of view adopt as flexible an approach as possible to ensure the maximum throughput of apprentices and other training forms. There is a recognition that in some States the builders have levies upon themselves, in Western Australia for instance they've got that, and in what we've done in the migration area in negotiation with the Housing Industry Association in NSW which had agreement for another 250 skilled people up to July of next year. There is a reciprocal obligation there on the part of the industry to undertake training for an ... amount. So it wasn't just a question of looking at migration but lifting the training effort as well.

JOURNALIST: Did any of the Premiers say yes we'll take some of the land you've offered or is there still really hard bargaining to be done ... before any of that gets allocated ...?

PM: They welcomed the decision but quite frankly in respect of certain parcels they raised questions as to whether that would be what would be most suitable to them. There were questions that I indicated in my outline in the beginning as to the terms under which it will be taken. Some of them have been a little bit frightened by figures that they've seen about valuations which weren't our valuations at all. They were valuations which had been put upon the parcels by the Housing Industry Association which were not valuations for unimproved values but for completed development blocks. So when they understood that the figures that they'd seen were not the real ones that allayed their concern somewhat. But we're not trying to shove down their throat a particular form of disposal. If there are some areas for instance that they didn't want developed they understood that we may offer it to the private sector. But the essential thing is that we've agreed now to a series of bilateral discussions with each State with regard to the parcels that have been talked about and further if they've got ideas about other ... they can identify which is more suitable within their planning programs, we'll do that.

JOURNALIST: Without going to John Cain's suggestion of the Watsonia army barracks?

PM: I can't speak in regard to Watsonia because that's a judgement that would have to be made by our relevant minister. Neither Paul nor I can say whether there is any opportunity or option there at all. But we'll certainly discuss it with them.

TREASURER: I don't think he raised it.

PM: He did mention Watsonia but - let me make the general point in regard to Melbourne, how it came up. He was saying the Albion development which is a very large part of what we're offering there is in the western suburbs. He said in that area land supply is, available land is not a major problem relatively. He said most people want in Melbourne to live in the south or south east. It was in that context that he made just a passing reference to Watsonia. But whether that is available or not is not a decision that Paul or I could make, it's a question that you'd have to ask, that we'll have to ask and discuss with our minister.

JOURNALIST: Isn't it the case though that if you offer land in areas where ... in areas where there's plenty of supply that the impact on overall price is going to be minimised, that is you're not going to reduce prices that much?

PM: I don't think that's right. Let me make it clear that not all the land comes into that category. It certainly was the case in regard to Albion that the Premier of Victoria made that point, but there was just general acceptance, no question by anyone that if not only in terms of what we make more available, but if they speed up their processes as well, that over time ... most obviously if you're going to increase the number of blocks that are available it's got to have an impact upon price outcome.

JOURNALIST: Mr Keating, can you explain ...?

TREASURER: At the moment we have a depreciation allowance for residential property. The NSW government floated a trust some 18 months ago where the trust was fully subscribed to about the tune of \$24 million. We've been suggesting that perhaps they might try and float another and they say that they think it would be uncompetitive and wouldn't be subscribed. But there was some indication to us that they don't quite understand the provisions of the tax law in a way which may otherwise let it be subscribed. So we've agreed to talk about those things so at least they understand fully what is available under the Tax Act at the moment before we consider their general request for a higher depreciation rate.

JOURNALIST: (inaudible)

TREASURER: It's directed at low income rental property, the building of low income rental property for low income tenants.

JOURNALIST: Mr Hawke, how much of a problem is local government resistance to medium density housing and what will today's meeting do to overcome that?

PM: Well, I'll just make a couple of observations about that. Firstly I think there is a tendency to overstate the problem and why do I say it? I say it because we already have with the Joint Venture for More Affordable Housing evidence in a number of States that we can get cooperation from the relevant local government units when an alternative to the traditional zoning approach is offered, which gives you the capacity to house more people in an acceptable way, in a way they desire, within a given area. So I'm not therefore being hypothetical about this when I say I think there's a tendency to overstate in general terms the opposition would exist on this ground. We have shown that under the Joint Venture for More Affordable Housing you can get the cooperation of the local government. The second point I make is, it's interesting isn't it that across the political divide in there today all Premiers enthusiastically embraced the concept of looking at making changes which will enable medium density housing to go ahead, not just at the relatively lower end of the income scale but also at the high quality end. So obviously the Premiers there are making the judgement as to what is the desire out there in the community and I think that the local government area can't be unresponsive to that.

TREASURER: I was just going to add to the Prime Minister's answer and say that after the announcement of this conference we've already had the biggest change in the most, for the largest State, the one where the problem is greatest and that is in the NSW Government saying that they will give a right of appeal by developers over metropolitan councils to the State Government, whereas under the Local Government Act now there is no right of appeal. I mean if a developer wants a medium density innovative housing proposal agreed to now by local government and it is refused, that is it. This change will mean, that that is the change portended by Mr Greiner which arose from the debate about this housing conference, will mean that developers and the major ones particularly who are likely ... to take this, can appeal this to the State planning authorities against local government.

JOURNALIST: What other changes are needed though to achieve that?

TREASURER: The change here - look when we've agreed to, we're going to look at it, joint Commonwealth/State demonstration program for higher quality medium density housing in the inner cities and some of the older industrial and commercial areas. Now the problem at the moment is, it is not to say that none of this is occurring. But it occurs block by block, it's never occurred in a precinct or a locality and what is envisaged here as we take a precinct, for instance, the NSW Government has been speaking of late about the whole Pyrmont area, has been talking about the

(Treasurer cont) Sydney Showground area. Now I'm not particularly addressing myself to those particular precincts but it would give us a chance to do something to show that medium density can be quality development on a precinct basis and not just a project which sits then alone against the background of all the other architectural scenery. Right? So we're only just develop, we're saying we'll look at it to develop it but if the Commonwealth was to get in there with the States, and in Melbourne this is also true, with the industrial area on the other side of the city, other side of the river, it could be that the Victorian Government is interested in so demonstrating the same thing so that commercial developers will then come along and say look, there is the model.

JOURNALIST: joint venture, and how does that differ from the Green Street proposal?

PM: Well the Green Street, which is the shorthand way of referring to the Joint Venture for More Affordable Housing has been in outer areas and this is extending if you like the concept to what is relatively a higher quality level of development but in the inner city area. I just repeat, I think the interesting thing about it was the enthusiasm and unanimity with which this idea was picked up.

JOURNALIST: When will the land be publicly identified so that community groups can react, will it be subject to environmental and heritage considerations, do you expect a fuss about any or all of the land?

PM: Taking the first point. The Minister will now be engaging in a series of bilaterals with the States about it. There will be, you know, very early the capacity for a public identification of the areas and there is nothing secret about it David. Secondly you ask, will there be need for EISSs. Basically, in regard to the areas that have been nominated by Stewart West, I wouldn't think so. Thirdly, will there be a fuss? Well, my experience of life in most areas of Government decisions there's a capacity for a fuss but I don't think it'll divert the attention of either the Commonwealth or the States from acting in these areas.

JOURNALIST: Treasurer, these quality medium density style houses, sounds very yuppie, you know, ... sandstone Is that really where the housing problem lies, shouldn't we be looking at the lower income sort of housing rather than the yuppie market?

TREASURER: It just means that Europe was into yuppiedom from the turn of the 17th century right through the 18th century. But maybe you know, we've got a better idea of yuppie architecture than Europeans had.

JOURNALIST: Mr Hawke, which Premiers expressed concern about the adequacy of funds for infrastructure developments
....

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PM: The two Premiers that dwelt most on it were the Premiers of Western Australia, Peter Dowding and South Australia, John Bannon. I think it would be fair to say Paul that they all took the point but with those two emphasising it most.

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