

COPY



PRIME MINISTER

**SPEECH BY THE PRIME MINISTER, THE HON P J KEATING MP
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It is a real pleasure to be here.

A nation's success depends on adapting to change and preparing for future needs. That is why there could be no more appropriate place to launch this Statement than here in Beenleigh.

Everywhere you look around here there is change. Yet there are also unmistakable signs that traditions are continuing and that a sense of community has been retained.

This is a community centre, after all, and it sits between two old landmarks, the Power Brewery and the famous Yatala Pie Shop which has been an institution in these parts since World War II.

Cities need traditions and a sense of continuity because people need these things. We need to be part of the story. And we need to be part of communities. We need to belong.

But we need to balance these needs with the need for change. Because we need investment and growth to create opportunities and jobs, we need the sort of change which is happening here. And because Australia and the world Australians live in is changing all the time, we need the sorts of change this Statement brings.

Last Wednesday in Melbourne I launched the Government's Innovation and Information Statement. Today, we launch this housing Statement. We have called it *Community and Nation*. Both of these Statements are essential steps on the way to a stronger, more secure and more dynamic Australian social democracy.

The Innovation Statement described major new investments in Australian industry, technology and telecommunications. It recognised that to keep

Australia in the first rank of nations we need to be at the forefront of technology and ideas.

The Statement was an *investment* in ideas: it contained strategies for making Australian ideas, and world ideas, work for Australia.

It was also an investment in best practice, in making Australian business and industry as efficient and productive and creative as any in the world.

It was an investment in small business, because it is in small and medium sized enterprises that ideas become products, Australian products.

We also invested in markets, particularly in the great markets of our region, because it is on overseas markets that the success of these small businesses largely depends.

And it was an investment in jobs - the jobs of the future which will increasingly come from these knowledge-based industries and the entrepreneurs who provide their energy.

The Innovation Statement went much further than questions of technology, industry and finance. It was a Statement about the kind of Australia we want, the kind of society we want.

We were concerned with the application of telecommunications technology in ways which will bring benefits to the greatest number of Australians; including those for whom this technology creates an opportunity to escape from social, economic and personal disadvantage. It was a Statement, as I said, to bring us all closer together.

And so is this housing Statement, *Community and Nation*.

In so far as the Innovation Statement was an investment in the wealth of the nation and jobs and opportunity for the Australian people, it was investment in Australian social democracy. It was done to help provide the foundations of our future prosperity and strengthen the bonds between us.

Community and Nation expresses the same ambition. It comes from a different angle, but the ultimate goal is the same.

If it is not already obvious, the example of other countries should make it clear: we cannot have a fair and just society, one in which opportunity and freedom abound, if we do not have a strong, flexible, world class economy. But it is just as true that the most dynamic economy does not guarantee fair and just social results.

Those social results depend on the willingness of governments to imaginatively and sensibly intervene. It depends, not just on good intentions and good feelings, but on good policy. It depends on applying ourselves to

social policy with the same rigour and intelligence we bring to industry or telecommunications or the economy.

And that is what we have done, I believe, with *Community and Nation*.

Housing is fundamental. Cities are fundamental.

We are talking about the environment in which Australians live. In which we work and raise families. There are no better measures - real or symbolic - of how well we are succeeding as a nation and as a society than the quality of our housing and the nature of our cities.

Cities symbolise our economic and social ambitions and measure how earnestly we pursue them. They are essential repositories of our continuing traditions and community values, yet they are also a measure of our dynamism and modernity.

Look at some of the richest countries in the world - even the richest - and you see the results of inadequate planning and infrastructure, all of it ultimately reflecting inadequate responses to social and economic change and ordinary human need.

Look and you will see stark evidence of the fact that poor quality housing and poor urban environments mean greatly reduced opportunities, greatly increased crime and other social problems.

Not only do such cities inflict environmental hardship and deprivation on large numbers of their inhabitants, they *entrench* poverty and disadvantage, they *entrench* crime and despair.

You see the manifestations of poverty and crime, but what you don't see is the economic, social and human cost. You can count the cost of law enforcement or drug programs, or social welfare; but you can't count the cost to the nation's social cohesion and self-esteem. And you can't count the cost of wasted talent and ambition.

When poverty is passed on from one generation to another we all lose. When we condemn generations to poverty the loss of human energy and creativity is immeasurable.

As this Statement says, in Australia we have largely avoided the worst of these problems. However, there is no denying they exist. There is equally no doubt that the potential for them to multiply is real and immediate.

That is the principal reason for this Statement. If we are to maintain our social cohesion and keep faith with our traditional egalitarian ambitions, we need to respond to economic, social and demographic realities. If we are to break the poverty traps and broaden the fight against unemployment - particularly youth unemployment, we need to respond now.

This is a Statement to meet modern realities and future needs. It proposes a long term reform agenda which will go a long way towards ensuring that in the 21st century Australia's characteristic way of life will be maintained.

This Statement provides for a fundamental reform to housing assistance for Australians on lower incomes. We hope to enlarge their realm of opportunity by providing accommodation which meets their family needs and puts education, training, employment and services within their reach. We aim to give them better housing and more choice, more options.

Housing is one of the largest components in most families' budgets. Yet the benefits provided by public housing are the smallest component of the social wage. While the benefits to a few people may be high, the average benefit is low because few people can get into public housing.

Under these reforms the Commonwealth will take a much greater responsibility for providing housing assistance. The reform package will underwrite:

- . substantial increases in rent assistance for about 500,000 people on low incomes in private rental housing who might otherwise have to wait years to get into public housing
- . the maintenance of a strong public housing sector without financial disadvantage to existing tenants
- . subsidies for new tenants in public housing to guarantee that they pay no more than 25 per cent of their income in rent
- . a wider choice in housing and location for people on low incomes
- . the renewal of old public housing estates
- . the development of benchmarks of affordability for low income renters, and
- . in consultation with the States, the creation of a new Consumer Code of Practice.

The linchpin of *Community and Nation* is a radical reform to the Commonwealth/State Housing Agreement - indeed we propose to negotiate with the States a new agreement, one which addresses present and future needs.

The first Commonwealth/State Housing Agreement dates from 1945 when it was introduced to provide public housing for people working in expanding post-war industries. In the fifty years since that first Agreement, nearly 400,000 houses have been built.

The people who designed that first agreement had ambitions not unlike our own. To quote from a report of the Commonwealth Housing Commission at the time:

We consider ... that housing is essentially an expression of the way of life of people and that, therefore, it is impossible to separate housing from a consideration of the broader aspects of the life of the people - from such questions as how and where they earn their living and how and where they spend their leisure.

These were enlightened sentiments, but the old approach to public housing no longer delivers what we need.

Many of our housing estates are ageing. The houses are ill-suited to the composition of families today. They are not located where the jobs are.

And waiting lists - which now stand at well over 200,000 - continue to grow.

Despite major increases in rent assistance, over 40 per cent of recipients still pay more than 30 per cent of their income in rent.

The time has clearly come for a reform as basic as that first Agreement.

What the Commonwealth is proposing today is a package to help people live where the job, training and other opportunities are.

These reforms are about providing greater flexibility in the provision of public housing. And they are about making housing more affordable for those renting private houses. The housing reform package we are putting forward today is about providing opportunities for a better future for many Australians.

The Commonwealth today proposes a package to help Australians live where the jobs, training and other opportunities are.

These reforms will provide greater flexibility in the provision of public housing and they will make renting private houses more affordable.

Accordingly, we will seek from the States a fundamental realignment in roles and responsibilities. We will offer to take over full responsibility for housing support for people on low incomes, including responsibility for the subsidy implicit in public housing rental rates. In turn, the States will be asked to vacate the public housing rental subsidy arrangements and to take responsibility for the supply and management of public housing.

This increase in Commonwealth responsibilities will require a transfer of funds from States to the Commonwealth. That is, those funds now employed by the States in the provision of these subsidies would be turned to the hand of the Commonwealth. The reforms will be budget neutral across the Commonwealth, State and Territories.

The Statement contains a set of key principles for service providers including the development of a Consumer Code of Practice.

It is important to stress that people currently living in public housing will not be affected financially by the proposed reforms; and in future, public housing tenants will pay no more than 25 per cent of their income in rent for appropriate housing.

However, the principal target of this Statement is a group of Australians who far outnumber those in public housing. There are 400,000 Australians in public housing. But there are around 976,000 people receiving assistance for private rental.

In recent years, we have significantly increased assistance for people on low incomes in the private rental market. In 1986 we extended rent assistance to the unemployed, and in 1987 to low income working families. And we have increased the rates of assistance. For a couple with one or two children, rent assistance has increased by almost \$21 a week in real terms since 1983 - an increase of more than 100 per cent.

Nevertheless, there is a huge gap between those receiving rent assistance and those in public housing, even for people on similar incomes. On average, rent assistance is worth \$1,500 per annum for a household. But the public housing subsidy is worth an average of \$3,800.

Under the reforms we propose the Commonwealth will use the funds flowing from the realignment of roles and responsibilities not only to pay directly for the subsidies of public housing tenants, but also to substantially improve assistance for those renting privately.

But the primary aim of this Statement is to substantially improve the choices open to those people on low incomes. There is no doubt that the current arrangements make it difficult for people to get the housing that best suits them.

There are people in public housing who want to move closer to job opportunities but are frightened of losing the security and financial support that public housing provides.

There are others sitting it out on long waiting lists for public housing because they cannot afford to pay the extra costs of private rental.

The fact is that many Australians take up these advantages, even though it is a long way from their families and communities and from employment and training opportunities.

The great change the Government seeks is that people on low incomes get access to housing that is appropriate to their needs - meaning principally employment, education and services, which are the sources of opportunity.

The implementation of these reforms is contingent on successful negotiations with the States. If they are to proceed, we will need to agree a satisfactory adjustment to financial assistance grants to reflect the Commonwealth's increased responsibilities on the income support side.

My colleague, Brian Howe, has already advanced discussions with the States through meetings with State Housing Ministers.

We will also need to agree on a new results-based approach to public housing, with clear performance indicators.

And the States will need to undertake the responsibility for providing an adequate supply of affordable housing in appropriate locations.

The Government has proposed to the States and Territories an Interim Agreement for up to three years from 1 July 1996, based upon existing arrangements and funding levels, during which many of the building blocks for the new model can be put in place.

Under the reforms, the States and Territories will have much greater flexibility in the provision, financing, pricing and efficient management of the public housing stock. The States and Territories will have more autonomy in managing their housing programs within an agreed needs framework, a change which will provide more accountability in property and tenancy management arrangements.

As I said, the States will be required to supply appropriate housing where it is needed and that will mean increases in the supply to some areas. However, the States will be able to consider alternative suppliers and commercial financing options.

These key changes will allow them to provide more appropriate assistance to the needs of public housing renters. They will be able to respond to client needs through a wider range of mechanisms, including leasing in the private market rather than constructing purpose-built dwellings. This will provide a substantial and continuing boost to the housing industry. The States and their authorities will be able to develop a much closer relationship with tenants and that should mean better results for everyone.

We will seek a better standard of service for people in public housing. At present, most public housing authorities fill a dual role: they manage the public housing stock and help potential clients with their accommodation.

As part of the microeconomic reform process, we will seek the separation of these roles in order to provide a more concerted focus on client needs and more efficient property management practices.

In Sydney, Better Cities is creating the Parramatta "Y" link and Blacktown station.

In Melbourne, it is electrifying the rail in Melbourne's South East and South West corridors.

That is to nominate just some of the projects.

And of course here in Beenleigh, just over three years ago I had the pleasure of launching the Beenleigh to Robina rail project under the Better Cities banner in the company of my colleague, Premier Wayne Goss. So I hardly need tell you that it is a matter of great satisfaction to travel on this railway today.

I also hardly need to say that it is even more satisfying to announce another \$80 million in capital funds for the Better Cities program over the next three years.

This funding will be used for projects in three priority areas.

We will continue to pursue programs of urban renewal, particularly in some of our older public housing estates.

Our second priority is to improve the links to those international gateways which connect us to the world. As part of this strategy, the Commonwealth will contribute to the acquisition of land for a rail corridor to Sydney West Airport. This contribution will be subject to the New South Wales Government meeting certain conditions, including agreement on land use around the new airport, and a timetable and strategy for the rail and road links.

The third priority is to make a better fist of managing development in our major urban growth corridors. Brisbane to the Gold Coast is an obvious one and hence our commitment to the railway.

Another example is Mandurah, south west of Perth, where rapid population and industry growth has put great pressure on infrastructure and services, particularly transport and water.

Under Better Cities, an integrated approach to management is developing a rail transit system to service half a million people and clever ways of handling water, sewerage and urban runoff, to improve coast and river quality and reduce demands for scarce water.

There have been a lot of mistakes made over the years, there has been a lot of neglect and myopia. These projects prove not only that we have learnt from our mistakes, but that we can rectify them.

Better Cities has proved just what its name says - after generations of indifference and thwarted good intentions we can build better cities.

By the same means we hope to eliminate the poverty traps and the alienating and dispiriting environments in which too many Australians live.

We agree with the remarks made by Father David Cappelletti of the Australian Catholic Social Welfare Commission last week when he said that we need to provide not just houses for people but homes.

And I sincerely hope that the States and Territories will come to the negotiations with this in mind and in this spirit.

We have an opportunity to make a fundamental and profound improvement not only to our housing and our cities, but to the quality of our society and the well being of a great number of our fellow Australians.

At the same time as we pursue this reform we must continue to renew our urban environment.

Of course, we were not the first to believe in the planning and renewal of our cities. The Whitlam Government made a concerted effort to solve the problems. And there were sporadic attempts in the years separating that government from the original Commonwealth Housing Commission. The Commission itself was insisting on planning back in 1945, even going so far as to say that the States should receive no financial assistance unless they had enacted legislation for regional and town planning.

There have been many successes, but it is safe to say that neither the States nor the Commonwealth have consistently lived up to these good intentions.

The Better Cities program provides evidence that we *can* live up to them, and repair some of the damage.

I have visited any number of major projects in the past couple of years and I have to say it has been one of the more inspiring experiences. Better Cities is quite literally revitalising city centres and urban environments around the continent. In doing so it is conferring very considerable benefits on the Australian people and on the Australian economy.

In Newcastle, Better Cities' funds have helped restore historic buildings, construct sea walls and realign roads and build bridges to link the city centre to major residential developments.

In Stirling, in Western Australia, an electric rail link to the Perth CBD, constructed with Better Cities funding, has made local businesses more viable and life more convenient for residents.

In Elizabeth and Munno Para in South Australia, Better Cities funding is helping to create affordable housing close to centres of employment, education and community services.

The Taskforce, working in consultation with State, Territory and local governments, will seek the means of increasing competition through a coherent national approach to regulation.

The national approach to regulation will allow consumers a wider choice of builders, more affordable choices in designs and materials, better quality homes and a more efficient building industry.

There is some indication of the potential benefits of a national approach. The Australian model code of residential development, which was released in 1990, has been widely accepted and is helping people design and build attractive affordable housing in well planned communities.

The name of this Statement, like the Statement itself, originated in Brian's office. It suits the man as much as it suits the statement.

Brian Howe is leaving the parliament at the next election and it will be a distinguished record of public service he leaves behind him. If this is not his crowning glory it is at least a very big and bright last feather in his cap.

I know that it has been one of Brian's great ambitions to correct that inequality in our national life which sees a very large number of Australians in private rental accommodation living with an unwarranted and quite unjustifiable disadvantage. In the end the justice and the wisdom of his proposal was irresistible.

Brian Howe has been an outstanding member of this Labor Government. He is, of course, a man of the left but more than that, a man of passionate conviction. He is also - and just as importantly - a good politician and a conscientious and responsible Minister. History will show that he never put his great desire for reform ahead of what was on the day practical and necessary, both for the Government and the nation.

That's why I say the title of this Statement is so appropriate. It is an expression of Brian's belief in the community of men and women. He believes in the values of ordinary people; in their capacity, if they are given a chance, to lead good creative lives and collectively do great things. And he believes that it is Labor's mission and a government's duty to give them that chance.

Brian also believes in the Australian nation. He believes that for all the vast distances and cultural differences which separate us, we are, in the last analysis, all Australians living in one nation; and we do best when we adopt a national approach and put the national interest first.

He is a communitarian and a nationalist. In this he gives expression to a great tradition. He has been a proud bearer of that tradition in the Commonwealth Parliament - and he leaves it knowing that in no small way this Statement will continue to bear it for him.

And there are many good reasons for building them. Good urban design has profound benefits for the community, for the environment and for the economy. Good urban design can remove stress and difficulty, maximise efficiency and provide the essential "glue" for a community. It can link us both to the future and our past. It can express our values and ambitions.

Good urban design is also an essential element of good environmental practice. With good design we can protect natural habitats, prevent contamination of land and water, improve micro climates and raise community awareness of environmental issues.

And good urban design also is a powerful force in economic activity. Good urban design can be a decisive factor in attracting investment. It can give cities a significant comparative advantage. An OECD report recommends that cities wishing to stimulate economic activity should invest in infrastructure and the quality of their urban environments.

These are powerful arguments and cities which have heeded them in Europe, like Lyon and Munich, are reaping great benefits. In Australia it may be we are inclined to take our relatively comfortable and easy way of life too much for granted. If we are to maintain these comforts into the 21st century and compete effectively in the front rank of nations we are going to have to take urban design and planning much more seriously than we have so far in our history.

We hope that this Statement will in time be seen as a turning point in the way we think about our cities.

Housing is one of our most important industries. It contributes over five per cent of GDP. In 1994-95 about \$22.9 billion was spent on new houses, renovations and additions.

Over the next ten years we will need to add another 1.5 million dwellings to the 6.9 million presently in existence. The fact is we will not be helped in this by the complex and contradictory web of housing regulations which afflicts the national housing industry.

The Industry Commission has estimated that reform of building regulations and building approvals has the potential to deliver an increase in real GDP of one per cent. If that estimation is correct, reforms to the housing industry have the potential to deliver more than reforms to water, rail and road combined.

In other words, the housing industry constitutes an area of the economy in need of major microeconomic reform. To do this the Government will establish a high-level Taskforce to develop a comprehensive national reform strategy.