



**The Hon Tanya Plibersek MP
Minister for Housing
Minister for the Status of Women**

Keynote Address to National Housing Conference

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******Check against delivery******

I acknowledge the traditional owners of the land on which we meet today, the Wurundjeri people, and pay my respects to their elders, past and present.

Thanks for the introduction, and for inviting me to give today's keynote address to the National Housing Conference.

Times have changed since I spoke at the last Conference when it was held in Sydney last February.

Then I was barely three months into the job – and the implementation of the Government's ambitious housing agenda was just beginning.

Twenty-one months later – not only have all our new programs been successfully implemented, but as a nation we have had to navigate the

worst global recession since the 1930s and plan for the emerging recovery.

A significant part of the Government's response to the global recession was directed to my area of housing.

We did this because the housing market is critical to consumer and business confidence – and to maintaining a prosperous society.

Housing investment contributes around six per cent of Gross Domestic Product; and construction employs around nine per cent of the total labour force.

Investment in housing has an important multiplier effect throughout the economy – with the Australian Bureau of Statistics estimating that \$1 billion of additional investment in the construction sector generates more than \$2.5 billion worth of economic activity.¹

As BIS Shrapnel emphasised in August, “dwelling construction will be vital to economic growth in 2010.”²

And, of course, we need new housing: lots of it.

The future for housing in this country is both exciting and daunting.

¹ Allen Consulting Group (2004), *Better Housing Future: Stimulating Private Investment in Affordable Housing*, Report to the Affordable Housing Forum.

² BIS Shrapnel (2009), *Building Industry Prospects*, page 6.

It is daunting because we have fallen far behind the demand curve.

Australia is expected to be the home of over 35 million people within the next 40 years.

Sydney, Melbourne, Brisbane and Perth combined will have almost as many people as the entire Australian population today.

This highlights the long-term challenges of boosting our housing stock and building well-functioning cities.

The National Housing Supply Council already estimates an undersupply of around 85,000 dwellings as at June 2008.³

Housing construction has remained sluggish in recent years compared to population growth.

Over the past five years, the population grew 1.7 per cent per annum, while completions fell on average 2.0 per cent a year.

To keep up with demand, Australia should be building around 180,000 homes a year – yet even in a good year, we would typically build only 150,000 new homes.

This year – in the wake of the global recession – we will build even fewer.

³ National Housing Supply Council (2009), *'State of Supply'* report.

Our big challenges are going to be in meeting the housing needs of a population that is changing, increasing and shifting.

Two areas of particular focus in future will be our resource-rich regions and our major cities.

Rising commodity prices and strong demand for our resources suggest a continued growth in the mining sector – which means more labour will be needed in regional Queensland, South Australia, the Northern Territory and Western Australia.

Towns and cities in these areas are already experiencing chronic shortages of housing.

Take Mackay in Queensland – where the local economy has boomed in recent years, thanks to nearby mining communities.

Rents have skyrocketed, with the greatest impact on key workers, young people and pensioners.

I was told of people who had lived in Mackay all their lives who had to leave town because they just could not afford to live there any longer.

Mackay, and other Queensland boom towns like Emerald and Gladstone, are not alone.

Darwin has the lowest rental vacancy rate in the country – less than 1 per cent.

The Darwin rent squeeze has been borne out by the 12.5 per cent average increase in rents in the year to 30 September 2009 – by far the biggest increase in any capital city.⁴

A failure to supply adequate housing in these regions could put pressure on prices and discourage labour migration to where the jobs are.

One of the other big housing challenges for the 21st century is in our cities.

We need to build more houses, townhouses and units in capital cities – and to redevelop existing houses that no longer meet community needs.

They need to be where people want to live at a price they can afford to pay – and to be close to public transport routes, and accessible to job opportunities, schools and services.

They need to be well-designed, accessible and environmentally sustainable.

Planning and approval processes need to be transparent enough to provide certainty for developers about the fees and charges they will face, and the time it will take to approve new housing developments.

We can safely leave housing for high earners to market forces.

⁴ Australian Bureau of Statistics (2009), *Consumer Price Index, Australia*, accessed on line at [www.ausstats.abs.gov.au/ausstats/meisubs.nsf/0/65193E8AF26CD1FBCA25765C001A35D9/\\$File/640110.xls](http://www.ausstats.abs.gov.au/ausstats/meisubs.nsf/0/65193E8AF26CD1FBCA25765C001A35D9/$File/640110.xls)

But increasingly we have to consider where people who service our cities – its hospitals, police forces, schools and child care centres – are going to live.

The market has not delivered for these people in recent years: not enough affordable homes to rent; not enough affordable homes to buy.

Social housing will never meet the needs of every Australian who is finding it tough to find a place to rent or to buy: we need a well functioning private sector to supply housing for the vast majority of Australians.

Travel distance between affordable homes and job opportunities is increasing in many of our cities.

Many people spend more time commuting than they spend with their children.

Research shows that in some areas the prospect of lengthy commuting and its costs are a disincentive to getting a job at all.

This was part of our thinking behind the National Rental Affordability Scheme – which is increasing the supply of affordable housing for the key workers who service our cities.

We estimate that a \$1 billion investment in the Scheme will generate an additional \$13 billion worth of new affordable rental housing.

We need to facilitate housing solutions that not only address affordability – but also help to tackle broader issues that affect people’s economic and social participation.

The policy challenge for government is to get the settings right – to enable both the delivery of affordable housing and the sort of communities in which people want to live.

Most Australians have and always will live in private housing market – we have one of the highest levels of home ownership in the world.

Around 70 per cent of total dwellings are owner occupied⁵ and housing makes up around 70 per cent of Australians’ total wealth.

Yet we know that the private market is not delivering enough housing or the sort of housing that people need.

If you are concerned about housing affordability for low and moderate income earners – then you need to get involved in debates about land use, planning reform and density.

Persistent difficulties loom in these areas.

We cannot afford to have new housing developments delayed because of fragmented approvals processes, lack of clarity about assessment requirements or uncertainty about the status of a project.

⁵ Based on 2006 census

Most people in the room will agree that increasing density in some locations is important – it will be even more important in the future to help our children find a home that they can afford.

Most metropolitan plans recognise this with ambitious targets for infill development – commonly about 50 per cent.

My concern is that meeting those targets is extremely difficult – because most cities are already struggling to deliver sufficient infill lots.

I am glad there are so many people from the development sector here today– because I have a message for you as well.

Development is often resisted by local communities – particularly where densities rise.

One of the reasons why many people are so resistant to higher density is that they continue to see evidence of poorly planned and poorly built developments in their own neighbourhoods.

To many people – development that increases density is inevitably an eyesore rather than an improvement to community amenity.

Clearly that is not always the case, but it happens often enough to make communities at least cautious.

Community acceptance of increased development in areas near railway stations, on brownfields sites in our cities and in other sensible locations

will depend on building high quality housing – at times combined with social infrastructure, retail or commercial developments – that improve the quality of life not just of the people who buy into your new apartments, but the neighbours who have lived in a suburb for years.

There are plenty of great examples of high density developments that improve the community – including Pyrmont in Sydney, Mawson Lakes in Adelaide, Kelvin Grove in Brisbane and Docklands here in Melbourne.

The challenge for us is to give more neighbourhoods the same sort of positive experience of greater urban density.

We need planning systems that build communities – not destroy neighbourhoods, and we need corporate responsibility that delivers quality and amenity.

Renting is a great housing solution for many Australians – especially for those who move for work reasons, or are not keen to take on significant mortgage debts.

One of the other important reforms our housing market requires is greater institutional investment in affordable rental housing.

Institutions will not invest unless they have confidence that there are credible, stable, well-administered and financially sound partners that can reliably manage properties on their behalf.

I am looking to community housing organisations to play that role.

Community housing has grown rapidly over the past five years, increasing by one-third between 2002-03 and 2007-08.⁶

Over the past decade it has more than doubled in significance – from four per cent of social housing stock in 1996-97 to almost 10 per cent in 2007-08.

The sector has also received a significant boost through the National Rental Affordability Scheme, social housing initiative and social housing stock transfers from the States and Territories.

This will lift the proportion of all social housing in community housing hands to around 15 per cent – providing a solid base for further expansion.

Transferring the title of social housing stock to community housing providers has been conservatively estimated to increase the number of new homes in the community sector by 30 per cent over five years.⁷

So if we transfer 10,000 homes to the not-for-profit sector – by leveraging off that asset, they can help to generate an additional 3,000 properties for low and moderate income earners.

This is a big change for the community housing sector – operating in a more commercial environment.

⁶ Australian Institute of Health and Welfare (2009), Commonwealth-State Housing Agreement national data reports for Community Housing 2002-03 and 2007-08.

⁷ KPMG

It is not a replacement for public housing – but an additional source of growth.

More effective and up-to-date regulation is required to allow providers to trade across State and Territory borders, and to enter into robust commercial relationships with financial institutions, developers and government.

The sector also needs to provide security and stability for tenants and ensure that funding allocated by governments for social housing will remain for that purpose.

To help deliver these outcomes – today I announce that the Government will be running a detailed consultation process with community housing providers, tenant organisations, financiers and builders about national regulation of not-for-profit providers.

We will release a Discussion Paper in February 2010 – drafted with the help of the sector.

I want this process to help us get the details right to enable the community housing sector to become the player we want it to be in the future.

We need to draft legislation that creates the right regulatory environment.

Tenant groups and the States and Territories have legitimate concerns about how tenants would be re-housed if a provider fails.

All governments want to know that public investment in affordable housing is protected.

Institutional investors are looking for governance rules they understand and that will keep the risk ratings of development projects low.

This is why I want you all to contribute to the Discussion Paper process.

I want to hear from those of you who have been involved in the sector – I know many of you have already pioneered reforms and advances.

I want to hear from investors about the forms of regulation you need to boost confidence in the sector.

I need to draw on your experience and expertise – to tell me what works and what does not.

This is a tremendous opportunity to secure an exciting future for the community sector.

It is also a chance to make a big difference to the provision of affordable housing in the future: to develop a strong and growing new source of secure and affordable housing.

Thanks once again for asking me to speak with you today.