

ENQUIRIES: Anita Egginton
PHONE: 4044 3552
YOUR REF: ae
OUR REF: 736088

12th January 2003

Mr Gary Banks
Commissioner and Chairman
Productivity Commission - First Home Ownership
Locked Bag 2 Collins Street East
Melbourne. 8003

Dear Mr Banks,

Submission relating to the Productivity Commission
Public Inquiry: First Home Ownership

There are a number of factors that appear to affect the findings and directions of the Discussion Paper used as a stimulus for the Public Inquiry consultations.

- The Discussion Paper shows quite clearly that housing is becoming much less affordable, particularly for those not already 'in the market' – which is 30% of our Australian community.
- It does not however account for locational variations to generalised patterns in terms of the supply and demand for housing (e.g. location of first home buyers properties).
- The Paper also does not appear to give consideration to important variables that affect people's involvement in home ownership (e.g. poverty, unemployment, age, cultural background) or the quality of that involvement (e.g. housing quality or suitability).

Also of note is the fact that the Paper focuses on a number of factors considered to affect housing affordability that relate primarily to processes of DEMAND (e.g. government incentives and rebates, and increasing demand from existing home owners), but it appears that the primary identified strategies for addressing the issue of housing affordability relate instead to processes of SUPPLY (e.g. land development).

The fact that few actual policy responses have been made to these problems relating to demand (other than possibly continuing FHBS) is a significant gap in the proposals made by the Commission.

Further devolution of State and Federal responsibilities to Local Government:

Of particular concern is the focus of the policy suggestions on devolving (further) responsibility to Local Government – in the form of removing controls that directly influence the quality of development processes and outcomes.

Sustainability, quality of housing, and the real costs of short-term ‘fixes’ such as continuing to encourage urban sprawl are not considered important by the Paper, although these are some of the most obvious reasons for the current approaches to strategic planning and development assessment at the local (and State/ Territory) level, and are some of the most significant issues facing local governments and communities at the local level.

Holistic and long term approaches to planning and development that do consider protection of the natural environment, avoidance of out-of-sequence development, and that seek to achieve wellbeing for this and future generations are required. These considerations or goals are not the causes of the current lack of housing affordability.

The broad-ranging costs of ad-hoc urban sprawl are well documented, and it is not in anyone’s best interest to continue this practice - which has seen us end up in a situation where we (now) actually have poor housing outcomes for many people in our communities – in terms of quality, choice, location, *and* affordability.

Narrow approaches to addressing a complex range of problems:

It is considered that the notion of targeting people for FHBS who are on lower incomes is, by itself, a dangerous approach, as these people or households are most at risk of defaulting their loans when interest rates rise and property values reduce, and are also most at risk of being affected by changes to their employment (and so their income). Considering a range of options in relation to how we ‘do’ housing in this country is required, including a much more intensive focus on programs of community housing, shared equity arrangements, and investment in ‘smart’ housing, and public housing. Public discussions relating to housing are also needed in order to bring about some type of long term cultural shift in how we think about and build the places in which we live.

The programs suggested would obviously be of most benefit to those most in need in the housing market – which as the Paper states, is the 30% of the population disadvantaged by age (generation), income, location, family/household configuration, and other factors.

Finding solutions through a collaborative ‘systems’ approach:

Federal, State and Local Governments all have clear roles to play – and not just in terms of offering incentives for more people to buy more houses. There is no one solution, but a ‘systems’ approach, which acknowledges that all parts affect the outcome, and that recognises social and environmental justice as critical components of all decision-making is required.

Also, banks, lending agencies, and developers should be encouraged and expected to *participate* in our society – not just as financial institutions who reap benefits without having any ‘costs’ in terms of social responsibility or accountability. It is the role of all three levels of government to facilitate and nurture this change in culture.

The issue of Federal Government continually devolving or denying responsibility for crucial community wellbeing issues such as *shelter* – one of the core needs of all people – requires consideration and debate at a national level. The Paper refers quite often to finding out about what people actually think or care about – it is obvious to those working at the local level that people do care about their wellbeing, and they do care about having a place to live that suits their needs, is safe and offers them security in the short and long term. Any investigation into housing and programs relating to housing must consider these broader political issues.

Thank you for the opportunity to comment.

Yours faithfully

PETER TABULO
General Manager, City Development