

THE NATIONAL AFFORDABLE HOUSING SUMMIT

**Australian Council of Social Service
Community Housing Federation of Australia
National Shelter**

**Australian Council of Trade Unions
Housing Industry Association**

Round Tables on a National Affordable Housing Agreement

Background Paper 2

COAG Decisions

July 2008

**ACTIVITIES OF THE SUMMIT GROUP ARE SPONSORED PRINCIPALLY BY
MEMBERS EQUITY BANK MECU LIMITED BROTHERHOOD OF ST LAURENCE
AUSTRALIAN GOVERNMENT HOUSING INDUSTRY ASSOCIATION**

Other Key Sponsors Include

**Community Housing Federation Mission Australia National Shelter
South Australian Government Victorian Government**

EXTRACTS FROM OUTCOMES OF COAG MEETING

(26 March 2008)

(see www.coag.gov.au)

.....

HOUSING WORKING GROUP

COAG identified the decline in housing affordability as a pressing issue for Australians and recognised that improving affordability is a critical element in addressing financial stress and disadvantage, including for Indigenous Australians. Importantly, COAG also recognised that innovative policy solutions were needed to support improvements in housing affordability. COAG agreed to a strategy aimed at addressing housing affordability that includes: improving housing supply through release of surplus government land for housing development; providing incentives to construct affordable rental housing; lowering the burden of infrastructure and regulatory costs built into the purchase price of a new home; improving the evidence base for housing policy and program development; and supporting the most needy in society through the joint Commonwealth-State investment in 600 houses and units for homeless people.

Objective: To improve housing affordability for home buyers, ease rental stress for low to moderate income households and halve the turn away rate for the homeless.

COAG agreed:

- to implement five key housing initiatives:-
 - the Housing Affordability Fund to streamline development approval processes and reduce infrastructure charges and regulatory costs,
 - the National Rental Affordability Scheme to increase the supply of affordable rental housing, reduce rental costs for low and moderate income households, and encourage large scale investment and innovative delivery of affordable housing,
 - the Land Audit to facilitate improved housing supply through the identification of surplus Commonwealth, State and Territory land for possible release for housing development (excluding operating Defence bases),
 - the National Housing Supply Council to provide research, forecasts and advice to the Commonwealth Government and COAG on issues relating to the adequacy of housing and land supply to meet future needs, and
 - A Place to Call Home to deliver 600 new dwellings for homeless people;
- to the distribution of \$150 million to deliver new homes for homeless people. These funds will be distributed with reference to the number of homeless people in each jurisdiction, with a guarantee for smaller jurisdictions that no State or Territory will receive less than \$1 million per annum. There will be a joint effort from the Commonwealth and the States and Territories to expand services for the homeless:-
 - all jurisdictions agreed that clients will include Indigenous clients in at least the same proportion as they are represented in the homeless population;
- to request the Local Government and Planning Ministers' Council to support fully initiatives under the Housing Affordability Fund and improvements to development assessment systems and processes in order to reduce regulatory and infrastructure costs built into house prices; and
- to develop a new National Affordable Housing Agreement.

COAG welcomed the decision of the Commonwealth to provide \$30 million from the Housing Affordability Fund for the roll out of electronic Development Applications in local government with a priority focus on high growth areas. COAG requested the Local Government and Planning Ministers' Council to make the implementation of this work a priority.

.....

COMMONWEALTH-STATE FINANCIAL RELATIONS – REFORM OF SPECIFIC PURPOSE PAYMENTS (SPPs)

The proposed new financial framework provides the platform for a new wave of economic and social reform to increase the productive capacity of the economy, address the inflationary pressures that are emerging, and provides the States with flexibility and incentives to deliver the quality of services that Australians deserve.

Objectives

The objectives of the reform of SPP arrangements include:

- increased flexibility for resources to be allocated to areas where they will produce the best overall outcomes for the community;
- genuinely collaborative working arrangements, including clearly defined roles and responsibilities and fair and sustainable financial arrangements to facilitate a long-term policy focus and reduce blame shifting;
- providing incentives for wide-ranging reforms in areas of joint responsibility. In assessing the level of incentives for reforms the Commonwealth will have regard to, *inter alia*, the economic benefits of the proposed reforms;
- increased accountability to the community; and
- reduced administration and compliance overheads.

COAG **agreed** to the recommendations of the Ministerial Council for Commonwealth-State Financial Relations for a new framework for Commonwealth-State financial relations based on six key elements:

- a significant rationalisation of SPPs, primarily through combining many of them into a smaller number of new national SPP agreements, without a reduction in total Commonwealth funding for these activities;
- mutually-agreed statements of roles and responsibilities, objectives and outcomes for each of the new national SPP agreements, with the SPPs to be on-going rather than for fixed periods, but subject to review. The objectives, outputs and outcomes for each of the new agreements will replace input controls in current agreements;
- simpler, standardised and more transparent performance reporting by all jurisdictions, with a new focus on the achievement of outcomes, value for money and timely public reporting by all jurisdictions;
- the provision of National Partnership (NP) payments to fund specific projects and to drive reforms of national importance;
- overall funding arrangements to be negotiated as a financial package by Treasurers; and
- all aspects of the arrangements endorsed and actively monitored through a reinvigorated COAG process, including a COAG Intergovernmental Agreement to underpin the reforms.

COAG **agreed** that consideration of legitimate and additional financial implications for the States and Territories included in the reports from Working Groups relating to Commonwealth election commitments will be included as an addition to the work of Treasurers in the final determination of the new generation SPPs at year's end.

COAG **agreed** that the role of the COAG Working Groups (or Ministerial Councils in areas not covered by a Working Group) in the reforms will include developing the statements of objectives and outcomes for each new SPP, and proposing new specific projects and reforms that could be supported by NP payments.

Reform Agenda

Following its agreement to the new financial framework, COAG will consider the reporting framework in July 2008 and funding framework in October 2008. COAG will consider the final funding package and a new Intergovernmental Agreement in December 2008. The new arrangements will commence from 1 January 2009.

.....

TREATMENT OF MAJOR SPPs

In line with the agreement to new Commonwealth-State financial arrangements, the table below provides an indication of the indicative treatment of the major SPPs. The final arrangements will be agreed by COAG in October 2008.

Specific Purpose Payment	Expires	Indicative Treatment
Commonwealth-State Housing Agreement Housing Assistance for Indigenous people Community Housing Crisis accommodation assistance	30 June 2008	Agreement to be extended on the basis of current terms and conditions, including existing indexation arrangements, to 1 January 2009, pending development of a new national affordable housing agreement.
Supported Accommodation Assistance	30 June 2010	To be incorporated into a new national affordable housing agreement from 1 January 2009.
Indigenous housing and infrastructure	30 June 2008	To be converted to a national partnerships agreement in the context of the new national affordable housing agreement from 1 January 2009.
Commonwealth State Territory Disability Agreement	30 June 2008	Agreement to be extended on the basis of current terms and conditions, including existing indexation arrangements to 1 January 2009, pending development of a new national disabilities services agreement.

EXTRACTS FROM OUTCOMES OF COAG MEETING

(3 July 2008)

(see www.coag.gov.au)

.....

At today's meeting, COAG noted the preliminary Statements of Objectives, Outcomes, Outputs and Performance Measures for the new funding agreements prepared by the Health and Ageing, Productivity Agenda, Housing and Indigenous Reform Working Groups and the Community and Disability Services Ministers' Conference.

In October 2008 COAG will be considering the proposed approach for the new COAG intergovernmental agreement on financial relations together with drafts of each new SPP and proposals for National Partnership payments. In December 2008 COAG will finalise funding arrangements as part of settling the new intergovernmental agreement on financial relations.

COAG also agreed to the new performance reporting framework developed by the Ministerial Council for Commonwealth-State Financial Relations to enhance the public accountability of all governments within the new funding arrangements. COAG further agreed to the expanded role of the CRC in relation to this new framework. Further details on the role of the CRC are at Attachment A.

Housing

COAG agreed that the initial priorities for the Housing Working Group were to develop service delivery improvements to reduce homelessness, and to address the level of overcrowded housing experienced by Indigenous people and improving social housing. COAG noted the potential for reform of social housing is an issue that needs further analysis and advice.