



FEDERAL ELECTION 2004 Policy Analysis

The Analysis consists of 3 parts:

Part 1: The parties' housing policies.

Part 2: Analysis of party policies and responses

Part 3: Forthcoming – response to National Shelter questionnaire. A deadline of September 10 has been set. This part is not available at this time.

Part 1

The parties' policies.

National Shelter collected the party's and individuals' housing and economic/tax policies (if in existence) from the party's websites on September 1st 2004.

The parties' approaches were not dissimilar in some aspects. For example, the ALP, Democrats and Greens probably all agreed on the need for better environmental design of housing. However there were some major differences –for example, between some of the minor parties (the Greens and Democrats and the major parties (the ALP and Coalition) on the tax treatment of housing investment.

Some housing policies were much more comprehensive than others, and some were non-existent or consisted of a single paragraph in the midst of another policy.

The party policies are analysed below and presented in alphabetical order. Most policies have been quoted verbatim but some have been edited for length. An analysis of these policies follows this summary. The Independents (Andren, Murphy, Katter and Windsor) were excluded since none had housing policies.



Australian Democrats

Key points:

Australia has a housing affordability crisis. Too many Australian households spend more than a third of their income on housing, putting their families under heavy financial and social pressure.

Current personal tax settings – negative gearing and capital gains tax concessions – have driven this recent housing boom.

Poorly sited, nowhere near public transport and inadequately insulated housing causes households to overconsume water, energy and private transport.

New initiatives:

- € create a federal Portfolio for Housing, Infrastructure and Regional growth
- € devising a long-term strategy of investment of public monies, to both stimulate the supply of private rental housing affordable to people on low incomes, as well as to increase the stock of public and community housing
- € have regard to the social community, health and transport needs of lower income Australians;
- € provide strong and sustainable environmental management policies for all housing
- € work towards practical planning reform
- € the first home owners grant should be means tested and targeted
- € continued reform and regulation of tenancy databases
- € modification of negative gearing and the phased reduction of capital gains tax concessions for investment properties
- € incentives to invest in affordable housing
- € design standards that balance the need for sustainable and affordable housing with simplified planning requirements.

Costings and numbers:

None given.

Comment:

The Democrats have a comprehensive set of policies on their website.



Australian Labour Party

Key points:

Australia's housing sector is struggling with affordability. Federal funding for the Commonwealth State Housing Agreement (CSHA) has been cut dramatically.

Under Labor, the CSHA will be reinvigorated and through collaboration with the States and innovative partnerships, new affordable housing stock will be increased and waiting lists reduced. Labor's plan for housing will also deliver sustainable urban design practices and lay the foundation for building a viable third sector in affordable housing management.

New initiatives:

- € Seek State co-operation and matching funding
- € more money for the CSHA
- € a new Housing Partnerships program
- € a Housing Minister
- € a National Housing Advisory Council
- € a National Strategy for Affordable Housing within the first twelve months of assuming office
- € an expanded role for community housing with possible title transfer
- € improving energy and water use sustainability of new homes.

Costings and numbers:

CSHA: An extra \$325m over the first three years of a new four-year agreement to commence in 2005-6.

Total Commonwealth spending on the CSHA would be expected to rise to \$4.3 billion over the life of the Agreement.

11,350 new homes.

New Housing Partnerships: \$75 million will be allocated to New Housing Partnerships over the forward estimates.

This could create up to 9000 affordable rental units.

Comment:

The economic/tax policy has not been released yet.



Australian Progressive Alliance:

Key points:

Affordable, secure housing which is within reach of jobs and services is now beyond the reach of many Australians. Many find that home ownership is financially unobtainable and that renting a basic flat or house is also financially difficult. The stocks of social housing (public and community housing) are declining.

There is a strong link between increasing poverty and declining availability of affordable public and private rental properties.

The funds for social housing are diminishing and the demand is growing. Home ownership is now frequently limited to multiple income households.

New initiatives:

The Australian Progressive Alliance (APA) is committed to affordable housing for low-income earners and will work toward:

- € providing support for those who wish to own their own homes
- € increasing public housing close to employment opportunities for low income households
- € finding ways of encouraging the private rental market to cater for low income earners
- € working with local government to increase the supply of crisis and supported accommodation for people with complex needs, particularly those with mental illness
- € working with local and state government to mandate energy efficiency standards for all new housing, all major renovations
- € investigate an energy rating incentive system for existing houses
- € supporting options for frail older people, including security measures, basic maintenance and household support
- € enabling the development of urban villages in consultation with local communities that allow people to live and work in cities in harmony with the environment
- € home ownership must be affordable for those who wish to own their own homes – particularly people on low incomes
- € the availability of public housing, particularly near employment opportunities and services, must be increased innovative ways must be found to encourage the private rental market to provide housing for low income earners

- € programs that enable the construction of low cost housing, and rental housing – particularly in regional areas of high growth – must be increased
- € assistance must be given to households to make their homes more energy efficient.

Costings and numbers:

None

Comment:

None



Country Liberal Party

Key points:

None

New initiatives:

None

Costings and numbers:

None

Comment:

NT-based party. No separate housing policy from Coalition.



Greens

Key points:

Around 105,000 people are homeless every night in Australia. As many as 1.7 million Australians face housing stress - when paying the rent or mortgage causes difficulties meeting other essential living expenses. Close to one in five people live in poverty when housing expenses are taken into account.

The Australian Greens believe that everyone should have appropriate, secure, affordable housing and we propose measures to achieve this goal. We also aim to ensure that new urban developments are environmentally sound, respect human scale and facilitate community interaction, and that the community is able to participate fully in urban planning and in the assessment of development proposals.

The Greens support the appointment of a minister and establishment of a Commonwealth housing department to drive the move to socially, ecologically and economically sustainable housing and community planning. The Commonwealth, in consultation with state, territory and local governments, community groups, the housing industry and unions, should develop a national housing strategy.

New initiatives:

The Australian Greens propose that:

- € public housing funding be boosted significantly by \$518 million pa, equal to the real level of 1984-85.
- € state and territory governments to be encouraged to require private developers to negotiate a portion of units in multi-dwelling projects to public or affordable housing
- € given the extent of housing stress for students, extending Commonwealth Rent Assistance to Austudy recipients immediately;
- € review CRA to improve its outcomes or to develop a better means of assisting low-income renters in the private market.
- € there be low-cost loans for energy and water efficiency improvements
- € a review of the First Home Owners Grant with means testing an option
- € a national Indigenous housing strategy
- € better housing options for people leaving crisis accommodation
- € a federal minister and department of housing
- € any future urban development be based on environmental and social planning principles

- € town centres be planned to contain a greater mix of commercial activities
- € different types of housing be available to cater for diverse social needs
- € the community's reliance on private motor vehicles be reduced
- € planning of urban developments be focused on the concept of urban villages based on environmental and social principles
- € public housing be well integrated with other types of housing
- € continued funding of community housing programs be supported
- € certificates with gradings be issued to owner-builders in remote areas so people can live in 'unfinished' houses if they choose to do so
- € mandatory provisions requiring new buildings to meet minimum standards of energy-efficiency, noise insulation and water conservation
- € encouragement of local wastewater recycling, composting toilets and rainwater collection systems
- € reductions of minimum car parking requirements for buildings
- € a system of solar access rights to facilitate the passive solar design of new residences.

Costings and numbers:

\$518 million pa extra for public housing, bringing it back to the real level it was in 1984-85.

Reversing the capital gains tax discount will generate at least \$3 billion a year
For \$100 million pa, the Commonwealth could offer a 4% tax credit that would help around 14,000 households.

Savings in expenditure from changes to negative gearing.

Comment:

None.



NATIONALS

Liberals/Nationals Coalition

Key points:

(The only mention of housing issues is in the 'Stronger Families and Communities' policy dated 2001)

The Howard Government has committed an extra \$75m over four years for remote indigenous housing.

The Howard Government increased the SAAP program by 18%.

Commonwealth Rent Assistance and Commonwealth-State Housing Agreement outlays have increased in real terms since 1997-98. This total commitment was \$2.5 billion in 1999-2000.

Other:

Committed to SAAP V.

First home owner's grant.

New initiatives:

Nothing new at this stage.

Costings and numbers:

No future projections beyond current commitments.

Comment:

No new housing policy yet. The above taken from one paragraph that is part of the Stronger Families and Communities' policy (dated 2001).



One Nation Party

Key points:

None

New initiatives:

None.

Costings and numbers:

None.

Comment:

Website being upgraded. May be a policy released.

Part 2:

General analysis of the parties' policies.

The housing and economic/tax policies of all the parties were collected (where available). This is an analysis of the parties' and Independents' housing and economic/tax policies.

Major parties

At this point, the ALP's policies are far more detailed and far closer to National Shelter's policy than the Liberal/National Coalition's policies which are outdated (2001) and minimal. However the Coalition may release new policies closer to the election date.

The **ALP housing policy** is far clearer and more detailed than the Coalition's, and has been revised and announced since the national housing summit was held in Canberra in June.

The ALP does commit itself to a National Housing Minister and National Housing Advisory Council, which will formulate a National Housing Strategy. This would put housing back on the Commonwealth agenda. It talks about input from peak bodies but not specifically National Shelter. The ALP has listened to National Shelter and others in regard to the need for national housing policy leadership, so this can be seen as a positive step towards bringing housing's importance up a notch.

The ALP has promised an increase in funding for the CSHA for four years, which, whilst welcomed by National Shelter, is hardly sufficient to make any real changes to the fundamentals of the current CSHA arrangements. This falls short of National Shelter Policy Platform's recommendation, which calls for the CSHA to be gradually increased in real terms to \$6 billion with a view to increasing social housing to 6% of total housing stock by 2025.

The ALP seeks to bolster, rather than significantly grow, the public housing sector. The money however will provide for more than 11,000 new homes. While, not surprisingly, the ALP does not commit itself to a social housing target of 6%, the extra money in real terms for the CSHA would be a reversal of the current situation of decline.

For its part, the ALP does not comment on the issue of broadening eligibility for public housing. However there is mention of affordable housing and even title transfer to community housing providers, which could mean the creation of a new sector of social housing and tapping private investment. However it

remains to be seen as to what vehicle the ALP has in mind for subsidising such arrangements. Community housing requires positive cash flows to attract private finance. The policy is silent on whether eligibility would be broadened after title transfer occurs. There is no mention of tenants having any say on transfers (whilst in England a yes vote from over 50% tenants prior to transfer are mandatory).

The ALP has committed new funding (\$75m) to 'New Housing Partnerships' which will be a mixture of Public-Private Partnerships and joint venture projects, levying private sector finance. The policy suggests that community housing providers may be a part of these projects. These 9000 new units look as if they will be directed towards 'key workers' and available for 'fixed periods' rather than in perpetuity. Even though extensive modelling work has been done, projects will be pilots or demonstrations.

The ALP makes commitments on planning and environmental issues, promising the progressive introduction of 5 star energy rated new homes. It also promises that the New Housing Partnerships will produce housing of a high environmental efficiency and design standard (citing the VicUrban Aurora project as a best practice example). Passive solar design, rainwater tanks and grey water systems are to be part of requirements for new homes, which is to be welcomed.

What is missing from the ALP's policies?

There is insufficient long term commitment to public housing and the CSHA.

There is no mention of tax arrangements – a major oversight given the scrutiny negative gearing and capital gains tax has come under. We don't know what the ALP tax policy is yet because it hasn't been released, but can probably assume they will leave current arrangements for negative gearing and capital gains in place. There is no mention of the suggestion that there be incentive tax subsidies similar to the US Low Income Housing Tax Credit schemes.

Fiscal settings will require surplus budgets. This will either prevent the sort of major new investment in public housing which would make it more viable over time or require the redirection of funds from programs that the ALP does not consider to be worthwhile.

The ALP steers clear of calling for mandatory affordable housing provision in new developments and planning policies (however this is a State issue).

The ALP policy is disappointing on private rental issues. There is no mention of private rental except for statistics on how many renting Australians are in housing stress. Legislative change could provide national standards for residential tenancies Acts as the Tenants Unions have suggested but there is no mention of this. Rent Assistance could be reformed as recommended by National Shelter and ACOSS.

There is no mention of homelessness issues or the SAAP program at all, which is an oversight.

There's no mention of the First Home Owners Grant which is disappointing given calls for it to be scrapped or means-tested.

While the ALP's response delivers some of what Shelter would like to see, there are quite a few gaps that need filling in especially in the tax area.

The party is prepared to enter dialogue with bodies like Shelter and does provide a limited explanation for its viewpoint. Its policy is a clear improvement from the last federal election and the commitment to the CSHA and environmentally friendly design is encouraging. However the ALP could have gone further and had a real impact on housing affordability in Australia. If they are elected, there is a real prospect of National Shelter being able to positively engage with the government on national housing policy development.

The Coalition's policies

It should be emphasised that at this stage the Coalition has not posted any new housing policy as such. The only reference to housing on their website is in two paragraphs within the 'Stronger Families and Communities' policy (dated 2001). The Coalition may yet release something new prior to the election.

In essence there are only 3 mentions of housing issues in the Liberal's policy documents:

- € The Howard Government has committed an extra \$75m over four years for remote indigenous housing.
- € The Howard Government increased the SAAP program by 18%.
- € Commonwealth Rent Assistance and Commonwealth-State Housing Agreement outlays have increase din real terms since 1997-98. This total commitment was \$2.5 billion in 1999-2000.

Presenting funding for CRA and the CSHA in a bundle masks the fact that funding for the CSHA fell by 27.6% in real terms between 1996/97 and 2003/04 and that the Coalition Government has continued to increase funding to CRA despite it being ineffective in delivering housing affordability for a third of recipients.

These 3 points do not constitute a 'housing policy' as such.

In addition we know of other initiatives such as the First Home Owner's Grant and the Coalition's commitment to the current CSHA and SAAP V.

It remains to be seen if the Coalition will develop a broader housing policy prior to the election.

What's left out of the Coalition's policies

The gaps are many. There is no housing or economic policy release as yet and it's unclear what policies will be released. We know the Coalition are committed to the current CSHA and renegotiating SAAP V, and probably maintaining the FHOG. However on the questions of affordable housing, home design and urban planning, tax reform, Rent Assistance reform, tenancy law, and other issues that National Shelter is concerned about, there is no indication that anything will change or move in a new direction.

The minor parties

After the coming election, minor parties and Independents are predicted to continue to hold the balance of power in the upper house and the Greens may gain more influence if they win lower house or more upper house seats. What they think about housing issues is therefore crucial, especially where the Labor Party and the Coalition do not combine on legislative amendment in the Senate.

The analysis will deal with the minor parties first (in order of size). The Independents have not been included since none have a housing policy.

The Greens Policy

The Greens have a housing policy which seeks to “eliminate housing-related poverty by increased provision of public housing “.Overall, they support significantly more money for public housing, redirecting some tax benefits from home owners/investors to low income renters, environmental design incentives to save water and energy, and energy, and levy developers to provide affordable housing in private developments. They support the idea of a national housing minister and department, and also, a national Indigenous housing strategy.

There is a commitment to funding public housing at a significantly higher level – an extra \$518 million p.a. which would bring funding up to 1985 levels. This is because the Greens see public housing as the most efficient way to provide affordable housing to low-income earners. However they also say that there is a role for the private sector given the unmet need.

The Greens say public housing should be more mixed in to the community, well situated and close to transport.

The Greens will review Rent Assistance to improve its outcomes or to develop a better means of assisting low-income renters in the private market.

The Greens say they will encourage state and territory governments to require private developers to negotiate a portion of units in multi-dwelling projects to public or affordable housing. A bill for such a measure has been introduced by a Green into the ACT Assembly.

The Greens are the only party to overtly support tenant participation in housing in decisions affecting them, which is a welcome gesture towards tenant democracy.

The Greens are very concerned with eco-friendly housing design and will offer loans for improvements. The loans would be available for roof, wall and floor insulation, double glazing, draught proofing, solar water heaters and installation of solar, wind or geothermal energy supply.

On urban planning issues, they seek cleaner, greener and less car-dependent urban environments. They mention cycle ways, rainwater tanks, grey water systems, use of non-toxic building materials, block alignment for social access, etc. as ways of creating healthier communities.

In terms of SAAP, the Greens say there should be better exit points. The Greens support funding for capital works for SAAP and for outreach for people leaving supported accommodation. Outreach is important for people with a mental illness, for instance, to maintain their tenancy.

The Greens recognise the aging of the population as an issue and state that governments should work cooperatively to set minimum standards for accessible and adaptable housing in all developments and to plan for changing demographics of communities.

The economic policy deals within fiscal settings and tax. The Greens allow for government deficits (provided they can be serviced) which is a significantly different position from the major parties (both require surplus budgets at all times) and to the other minor parties (who don't go into detail about fiscal matters). Given that debt can be used to finance a *significant* expansion of social housing, this is important because we are talking about spending very large amounts if the social housing sector is to be expanded to more sustainable levels.

The Greens allow for the use of government bonds and support public ownership for what they call 'natural monopolies'. They also support ethical investment (using superannuation money). These are all sources of funds and savings.

In terms of capital gains tax, the Greens will change negative gearing, reverse the capital gains tax discount, and abolish the building write-off, using the savings to invest in public housing, community housing and better targeted assistance for private rental housing.

They propose an income tax credit for landlords supplying private low cost housing. They say that for \$100 million pa, the Commonwealth could offer a 4% tax credit that would help around 14,000 households.

The Greens will review the First Home Owners Grant program. Means testing is an option.

The Greens will support community and co-housing projects.

What is missing from the Greens policy?

There is no mention of legislation pertaining to tenancies.

Although the Greens support public and community housing, this is for those who cannot provide it for themselves, i.e. the victims of so called 'market failure'. Is this an indication of a similar mindset to the major parties – that

social housing is 'residual' welfare housing rather than integral to healthy communities? However there are indications in the economic policy that the Greens will use an income tax incentive for low income housing and levies for affordable housing. They also support blending public housing in with other housing, indicating a preference for social mix.

Overall, the Greens provide a genuine social-democratic alternative to the major parties with a significantly different attitude to fiscal settings and spending. Their attitude to taxation treatment of housing investors is very similar to the Democrats (but the Greens have partially costed their proposals while the Democrats have not) and would result in more funds going to low income renters.

Nettle and Brown will continue as Senators, possibly with other new Greens after this election.

The Democrats policy

The Democrats housing and related economic policies are comprehensive and well integrated.

The Democrats mention private tenant issues, citing the statistics showing the housing stresses that many renters are living under.

They also say that house prices doubling in the last decade are not sustainable and identify negative gearing and capital gains tax concessions as part of what is driving the boom. No other party attempts to analyse the drivers of house price escalation.

Similar also to the ALP, the Democrats support the idea of a National Housing Strategy, which shows they too have picked up on the demands coming from National Shelter and others. To this end they suggest a national portfolio of housing, Infrastructure and regional growth.

Similarly to the Greens (and the ALP to some extent) they argue for better planning and urban design, with housing located closer to transport, services and jobs. However they are not as specific about what measures should be put in place in terms of environmentally friendly design.

The Democrats are, like the Greens, concerned about the aging population. They wish to assist people age in place and make sure there are enough aged care facilities. This is an important point given the changing demographics in Australia.

Unlike all the other parties reviewed, the Democrats do make mention of one issue for private tenants – the 'bad tenant' databases. They argue for regulation.

They promise to means-test the First Home Owners Grant.

They also argue for the reduction of negative gearing (and indeed have a whole separate Negative Gearing policy devoted to the issue) and capital gains tax concessions, as well as the introduction of tax incentives for investment in low income housing (i.e. tax credits).

The Democrats do mention planning (i.e. inclusionary zoning) as one way of creating more affordable housing. None of the others mention this.

What the Democrats policies leave out

There is mention of sustainable design in the housing policy, but perhaps more concrete targets or methods could have been mentioned.

Whilst the Democrats do mention that they will find ways of funding public and community housing, their fiscal settings are unclear.

The Democrats' policies are comprehensive and not too far from National Shelter's own. Senator Bartlett has been an effective advocate for the interests of our constituency in his Senate interventions. The Democrats provide a good social-democratic alternative. However it remains to be seen how much influence they will continue to have in the Senate.

The Country Liberal Party policies

The CLP has no separate housing policies. They are part of the Coalition.

The One Nation Party's policies

One Nation (represented by Len Harris) probably have policies but these are not yet available as the website is going through a 'major upgrade for the federal election'. No information is available at this time.

The Australian Progressive Alliance's policies

Meg Lees's vehicle, the APA, has a housing policy not unlike the Democrat's policy, but it is much shorter on detail and not as good. It also has a middle of the road economic policy.

The APA supports assistance for would-be home owners whose incomes may be too low to secure a mortgage from a bank. Homeownership is mentioned first, before social housing, which may indicate the APA thinks this is the most desirable tenure form.

The APA seems committed to improving public housing and expanding it and affordable housing. They say public housing must be situated near job opportunities and transport, which National Shelter agrees with.

They are also committed to sustainable development yet don't go as far as the Greens or ALP in their policies, which set definite targets. The APA suggests incentives rather than mandatory requirements.

Similar to the Greens, the APA supports village-type urban developments.

What's missing from the APA policies

Specific policy detail is absent. Whilst the APA support 'programs', 'initiatives', etc., it is unclear exactly what sort of programs would be supported and how they would be paid for.

In regards to tax, there is no mention of negative gearing or capital gains tax in the housing or economic policies – a serious oversight. There is commitment to a 'fair' tax system but it's unclear how tax would fall, at the upper end. The APA does support the raising of the tax free threshold at the lower. Presumably taxes would be used to finance the expansion of social housing but fiscal policies are unclear.

The APA - being as it is, one person – may have diminishing influence in the Senate. The policies are in essence similar to the Democrats but somewhat weaker and perhaps slightly more conservative (emphasis on home ownership, etc).