



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

PROOF

**NATIONAL RENTAL
AFFORDABILITY SCHEME BILL 2008**

Second Reading

SPEECH

Thursday, 23 October 2008

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Questioner
Speaker Plibersek, Tanya, MP

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Question No.

Ms PLIBERSEK (Sydney—Minister for Housing and Minister for the Status of Women) (3.57 pm)—The National Rental Affordability Scheme Bill 2008 gives legislative effect to the Australian government's National Rental Affordability Scheme. This scheme is a key element of the government's \$2.2 billion affordable housing package that was announced in the May budget. Implementation of the other parts of the government's housing agenda is well underway. In recent weeks the government has launched the first expression of interest round for the \$512 million Housing Affordability Fund. Banks have started offering new first home saver accounts—a \$1.2 billion initiative that will help aspiring homebuyers to save for their first home—and the response has been much greater than anticipated by those institutions. A Place to Call Home projects have been announced with the Victorian and Tasmanian state governments, with more states to follow soon. These are projects that will provide homes for homeless people. The government has also announced changes to the first home owners grant that will provide a \$1.5 billion stimulus to the housing market, shoring up confidence at a time of global economic turmoil.

This shows that housing is central to the Rudd government's social and economic policy agenda. Our commitment to housing did not happen by accident. We listened to builders, we listened to local government, we listened to community groups and to ordinary Australians who are doing it tough. Everybody was saying the same thing: that housing policy had been ignored at a federal level for way too long, that boosting housing supply is a crucial part of responsible economic management and that access to secure and affordable housing is fundamentally important to the everyday lives of all Australians.

This stands in stark contrast to the previous government, which believed that housing was something that should be left to the market alone. They did not believe that the Commonwealth had any role in housing, apart from allocating an ever-diminishing pool of funding to the states and territories for public housing and supported accommodation. Yet the history of Australian housing policy tells us a different story. At various times when housing has represented a challenge for the economy or for the welfare of Australians, governments of all persuasions have shown leadership.

In the 1940s Australia was faced with the need for housing for ex-servicemen and the legacy of high rates of evictions and homelessness from the 1930s. John Curtin and Ben Chifley initiated a Commonwealth role in housing that became the first Commonwealth-State Housing Agreement in 1945, providing for the first time decent housing for working people, security of tenure and affordability. From the mid-1950s the housing policy of the Menzies government was focused on homeownership. This was the era where the great Australian dream was born, a vision of a better life for families through homeownership leading to success and security. That vision was driven by national leadership.

By the 1970s urban sprawl had created new problems associated with a lack of social and economic infrastructure in our outer cities. In consequence, the Whitlam government appointed Tom Uren as the Minister for Urban and Regional Development. Tom had a mandate to look at urban design and the connection between housing and transport, between services and communities. Again, Commonwealth leadership focused resources on achieving the housing outcomes required for the day.

By the 1980s the Australian economy was open to the world and the housing market matured like any other. New programs emerged to ensure the cycles of the market supported the best outcomes for Australians and to moderate the impact of the market on those who were most vulnerable. Commonwealth rent assistance was established to support people on very low incomes. The Commonwealth-State Housing Agreement provided more funds for mortgage assistance schemes to support greater homeownership among lower income earners and to increase the supply of social housing. Perhaps most significantly the Hawke government established an entire service system to tackle homelessness with the first supported accommodation assistance program.

But Labor's reformist tradition goes well beyond housing. The Chifley Labor government created the Snowy Mountains Hydro-Electric Scheme, a massive infrastructure project that helped to drive the post-war economic boom. The Whitlam Labor government first introduced universal health care to Australia through Medibank. The

Hawke Labor government introduced compulsory superannuation. And it is the Rudd Labor government that is now showing leadership in the area of housing through housing measures totalling \$3.7 billion.

The National Rental Affordability Scheme is the first major housing intervention in over a decade. For the first time in a decade the Commonwealth is engaged in the housing market, putting forward a solution to the critical undersupply of affordable rental housing for low- and moderate-income Australians and their families. The most recent inflation figures further confirm the critical need for this scheme. The figures show that rents are a major driver of inflation. They show that rents in our capital cities increased by 8.2 per cent in the 12 months to September 2008. There are now 1.1 million Australian households in housing stress, with nearly 700,000 of these households being renters.

The situation is having an enormous impact on families, on key workers, on young people and on pensioners, and the key to rising rents is the lack of supply of affordable rental properties. The government's National Rental Affordability Scheme tackles this supply issue head on. Of course it is not an instant solution to the high cost of rents that we have seen in recent years. Nothing is an instant solution in the area of housing affordability, but this is a sensible scheme designed to draw investment into the affordable rental area and to increase supply over time.

The National Rental Affordability Scheme is a supply-side measure that will see an increase of 50,000 affordable rental properties over the next four years. If there continues to be a demand, the government will expand the scheme with an additional 50,000 incentives over the following five years, further growing our investment in Australia's affordable housing stock. This demonstrates the government's long-term commitment to affordable rental housing.

The scheme will also create a new asset class for institutional investors in affordable residential housing. It will encourage many institutional investors to enter the residential market for the first time. The incentives are intended to leverage private sector investment of up to \$13 billion over the next four years. More than 1½ million low- and moderate-income households will be eligible to rent the dwellings at a 20 per cent discount on market-rate rents. These households will include key workers such as entry-level police officers or teachers, carers, apprentices, cleaners, hospitality staff or childcare workers.

Under the scheme there is a new opportunity for all levels of government, the business sector and not-for-profit organisations to work creatively together to improve the supply of affordable rental housing. The rental incentive will be paid either as a refundable tax offset or as a direct payment. The direct payment arrangement for the not-for-profit sector reflects the government's strong support for the work of the sector. Its involvement is so important to the successful implementation of this scheme. Under the right circumstances not-for-profit groups could be tenancy managers, developers in their own right or owners of these dwellings as well as members of consortiums. Their participation is to be encouraged. The participation of both investors and the not-for-profit charitable sector and the partnership between investors and charities are crucial to this scheme's success.

The National Rental Affordability Scheme will be given effect through regulation. This arrangement gives the Commonwealth vital flexibility to address changing circumstances and to ensure the scheme continues to meet its objectives in the most efficient way. Because this is such a new approach in the Australian context—and, indeed, a new approach internationally—I expect that over time it will require some finetuning, and we will continue to talk with community housing organisations, charities, builders, developers, financial institutions and other potential investors.

I want to thank these interlocutors for their help to date. It has been a terrifically productive process bringing this National Rental Affordability Scheme into being. We have had enormous support from the housing summit group and all its members and enormous support from the staff of the Department of Families, Housing, Community Services and Indigenous Affairs. My own staff have made an enormous effort in this area as well. I want to thank each of the participants in the development of this scheme and in the finetuning of the legislation.

A draft of the proposed regulations was released 10 days ago to assist members and senators to understand the scope and operation of the scheme. The detail of these regulations directly addressed some of the points that have been raised by the many speakers that we have had on this bill. Many speakers talked about the possibilities of this scheme delivering enhanced sustainability outcomes, and indeed reducing greenhouse gas emissions and improving sustainability is a national priority for the Australian government. We have set a target to reduce Australia's greenhouse gas emissions by 60 per cent on 2000 levels by 2050. We are introducing a Carbon Pollution Reduction Scheme to commence in 2010, and we are also developing a national strategy for energy

efficiency across all governments to accelerate energy efficiency efforts. The strategy will also help households and business prepare for the introduction of the Carbon Pollution Reduction Scheme.

The National Rental Affordability Scheme is consistent with the government's policy direction on climate change and on energy efficiency. Sustainability is one of the five criteria against which all applications for incentives under the scheme will be assessed. Dwellings which have building and design features that reduce carbon emissions and reduce energy and water costs for tenants will be assessed more favourably under this scheme. The scheme also allows for the redevelopment of existing but uninhabitable stock. This could apply to many of the independent living units which have fallen into disrepair and have been uninhabitable for some time. This kind of stock, which is often well located, could be redeveloped under the scheme for use by older people and people with disabilities. It is important to point out that one of the criteria for assessing applications is whether the proposal delivers accessibility outcomes. Proposals to build new houses for rent that are appropriate for ageing Australians and people living with disabilities will also be favourably assessed under this scheme. There is nothing in the bill or the regulations to prevent small proposals of 20 dwellings or larger proposals of 100 or more dwellings. Smaller infill and brownfield developments are possible and in fact encouraged by the scheme's design.

In the great traditions of Labor governments, the National Rental Affordability Scheme is an ambitious and innovative approach to reducing the numbers of Australians living in rental stress. We will review the scheme earlier in its implementation to ensure that it continues to meet its twin objectives: to reduce rental stress and increase the supply of affordable rental housing. With these bills, the government is delivering on one of its most ambitious housing reforms: the establishment of the National Rental Affordability Scheme. The scheme will make a fundamental difference to Australians who are doing it tough in the private rental market. I commend the bill to the House.

Question put:

That the words proposed to be omitted (**Mr Morrison's** amendment) stand part of the question.