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AUSTRALIA CAN FIX PUBLIC HOUSING SYSTEM: NEW REPORT

A major new report by [Infrastructure Partnerships Australia](http://www.infrastructure.org.au), with financial modelling by KPMG, released at the National Press Club today, outlines a plan to fix Australia's struggling public housing system by providing more money and more places for vulnerable households.

"Our model gives governments control of the single most important levers in social housing, the ability to pay for it and the structures to run it properly," said IPA Chief Executive Brendan Lyon.

"Our key message is that public housing is not a particular type of house, it is a public service that's about people and their needs and our model puts the money on the table to pay for it.

"Sustainable government funding is critical, because any government vision without resources is just a hallucination.

"The public housing system is broke and it is broken, because the community's needs have changed markedly, but the housing stock and policy approach have not."

The new model, developed by IPA and KPMG in consultation with the NSW Government and industry stakeholders, shows that existing social housing stock delivers state governments poor financial returns, is becoming more costly to maintain and no longer meets the needs of tenants.

Under the IPA model, jurisdictions around Australia would establish a Social Housing Future Fund (SHFF) - similar to the Federal Government's Future Fund - to deliver returns assumed in the modelling to be CPI plus 4.5 per cent each year; reversing the status quo where public housing drains the budget.

This improved system would allow funding for each public housing tenancy to grow to an assumed 120 per cent of market cost - and also allow the system to grow, not shrink like it is now.

The SHFF would be endowed by an audit of existing stock and progressive sell-down of outdated public housing, using the existing vacancy rate over a period of 20 years to avoid relocations for existing tenants.

"Our model uses the value of the public housing system better, to bring billions in new, sustainable government funding and allow smarter and more flexible choices for tenants and for providers.

"Our model assumes the funding goes from well below market to 120 per cent of private property market costs, funded by the investment fund meaning no change to the amount paid by tenants.

"This increased funding would allow much better housing and also allows for complex wrap around services needed by many social housing tenants.

“While there is always some discomfort at the idea of change, we know that the status quo isn’t working and is getting worse.

“A recent study found that more than half of public housing dwellings have one or more empty bedrooms, while thousands of people suffer housing stress or homelessness.

“Our model is different because it’s about how governments find the money for a high quality public housing system that enables competition, transparency and accountability and makes the system sustainable over the long-term and focused on people.

“Everyone in the country acknowledges that Australia’s social housing model is broken, but fixing it will take more than policy tweaks or nudges, it needs the changes recommended in our paper.

“Australia is rich country and we should be able to do better than leaving 250,000 Australians languishing on public housing waiting lists, a figure that will grow by 50 per cent over the coming few decades.

“Our research shows that we have the ways and the means to fix the most fundamental problems, too little housing and too little money, but only if we change what we do.”

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