

Housing Policy in Australia

By R. I. DOWNING

UNDER the Australian Constitution, the powers of the Commonwealth Government are confined to a specific set of items, which do not include housing. The Government is therefore greatly restricted in its power to tackle the housing problem directly. It can build houses within its own territories, it can probably build houses for its own employees, wherever they may be located. But the housing for practically the whole of Australia's population must depend on action by the State Governments. A referendum to give the Commonwealth Government greater powers for the period of transition from war to peace was rejected by the electorate. The Commonwealth's housing policy can therefore be put into effect only to the extent that it can persuade the State Governments to cooperate with it. Past experience has shown the extreme difficulty of persuading the State Governments to adopt and carry out an agreed economic policy. However, in this case, the popular demand for housing is so strong that State Governments will find themselves obliged to take energetic steps towards a solution of the problem. The power of the Commonwealth Government to make revenue grants to the State Governments, and its power to a large extent to control their borrowing policy, give some ground for hoping that the Commonwealth Government will be able to secure a reasonable degree of cooperation from the State Governments in putting its housing policy into effect. There is fortunately a long-established machinery of consultation between the Commonwealth and State Governments, for developing agreed economic policies, in the institution of the Premiers' Conference which meets irregularly, but usually several times a year.

The housing policy proposed for Australia is described in the Report of the Commonwealth Housing Commission.¹ The relation of this policy to the general and economic policy of the Commonwealth Government is described in that Government's statement on full employment.²

Before examining the details of housing policy, we should note that the Commonwealth Government is keenly aware of the importance of housing in its general policy for full employment and rising living standards. In the introduction to the statement of its employment policy, better housing is listed as an activity on which the community can agree as a social objective, the fulfilment of which governments can promote to the limit set by available resources. Later, having defined private capital expenditure as "by far the most critical section of total expenditure," the expansion and greater stability of which is essential to the success of its employment policy, it says:

Special plans will create new opportunities for private capital expenditure. For example, the Commonwealth and State Governments are agreed on plans for a substantial expansion of house building activity as soon as the war permits. Building is an important element of private capital expenditure, and industries associated with it should be on a firm basis for expansion for many years to come.³

In the section dealing with public capital expenditure, "housing and slum clearance, community centres" appear at the head of the list of possible objects of public capital expenditure which, it is

1. Ministry of Post-War Reconstruction: Commonwealth Housing Commission, Final Report: 25th August, 1944.

2. Full Employment in Australia. (Government Printer, Canberra, May, 1945.)

3. Full Employment in Australia, p. 7

EDITOR'S NOTE: R. F. Downing is on leave of absence from the University of Melbourne and is at present with the International Labour Office in Montreal.

anticipated, will be substantially higher than before the war.⁴

Report of the Housing Commission Building Needs

The Commission's survey of the housing position leads it to the conclusion that, by January, 1945, there will be a shortage of at least 300,000 houses, inclusive of replacement of sub-standard dwellings. (The total number of dwellings in Australia at the last census, June 1933, was 1.6 million.) It estimates annual building needs for increases of population seeking houses at 40,000 dwellings. Regular replacement of obsolete dwellings will also be required, and finally there will be at the end of the war a substantial accumulation of delayed repairs. The Commission recommends a building programme of 50,000 dwelling units erected or under construction by the end of the first post-war year, rising to 80,000 a year by the end of the third post-war year, maintained at that level until the shortage is overcome, and then tapered off to the number necessary to provide for the normal increase of population, and the replacement of obsolete dwellings. It recommends that half of these might be built by government agencies and the rest by private enterprise, and that all dwellings erected, including rural, should be of at least the standard recommended in the report. It further recommends that a substantial proportion of the government-financed homes should be available for renting, in view of the expected high cost of building and the need for large shifts of population in the early post-war period; and suggests that, at the beginning of the programme, the proportion should be 50 per cent, to be adjusted later in the light of public demand.

This programme compares with average building of about 40,000 dwellings a year in the period 1938-39 to 1940-41, of which less than 3,500 were built through government agencies. Most of this building under the auspices of gov-

ernment housing authorities was for purchase, not for rent.

The information on which the Commission makes its estimates is admitted to be unsatisfactory. The existing shortage is obviously acute enough to permit the immediate adoption of this programme, but it emphasizes the need for thorough housing surveys and censuses to be taken as soon as conditions permit, in order that well-founded and detailed plans may be developed.

This general programme is supported by detailed examination of and recommendations on various aspects of housing:

(a) *The Need for Government Participation*

In the immediate post-war period, shortage of resources will require continued control, as in war-time, of land transfers, prices and production of building materials, rents, issue of building permits; steps should also be taken to increase mobility of labour and to encourage entry of labour into the building industry. Moreover, since "it has been apparent, for many years, that private enterprise, the world over, has not adequately and hygienically housed the low-income group," the Commission considers it essential that Australian Governments accept responsibility for ensuring adequate housing, especially for low-income groups—it can offer more liberal terms and conditions than private enterprise, it can encourage mass production and bulk purchase of materials, components and equipment; moreover, private industry is not organized to cope with the enormity of the shortage that now exists, especially in view of the abnormally high costs in the industry as a result of the war. The Commission recommends in particular that the Commonwealth Government should supplement action by State Governments on the grounds that co-ordination of public housing policies is needed; that State Government housing agencies did not in the past deal adequately with the housing problem, particularly for low-income groups; that it is the Commonwealth Government

4. Full Employment in Australia, p. 8.

which will have to administer the controls mentioned above; that its financial resources are greater than those of the States, and that housing activity is important to the level of employment.

(b) *National, Regional and Town Planning*

Principles of planning are discussed at some length and the need for participation in planning by the people and their local governments, as well as by central governments, is particularly stressed. Co-ordination of these activities should be secured through State and Commonwealth Planning Authorities. Particular attention is paid to the problem of desirable density per acre. Subject to certain reservations, particularly that the proportion of allotment covered by building should not exceed one-third of the total area, the Commission recommends, on the basis of extensive investigations, that in an area of single dwelling units, the maximum net density should be eight dwelling units per acre; for attached dwelling units, twelve; and for multi-storey dwellings, forty. The replanning of existing towns and the training of planners is also discussed.

(c) *Land for Residential Purposes*

(i) *Land Use*: Pending the drawing up of full town plans, land use should be controlled through zoning, the declaration of housing development areas, and control of the subdivision of land. When plans are completed, they should be enforced by legislation.

(ii) *Limitation of Private Profits from Land*: The Commission considers that the only satisfactory method of dealing with the problems of land use and land values is for land to be nationalized and held thereafter as leasehold. It does not agree with the objections to nationalization as expressed, for instance, by the Uthwatt Committee, in Great Britain, and recommends the establishment of a committee to investigate land nationalization, with special reference to a basis for land valuation. It also recommends

reference to this committee of the question of an increment (betterment) tax of 75 per cent, with quinquennial valuations, to be imposed either as an interim measure prior to land nationalization, or as an alternative thereto.

(iii) *Land Acquisition*: The Commission recommends that the relevant departments or authorities should be given absolute right to resume or acquire land for specific housing purposes, and that compensation should be based on the valuation of a statutory valuing authority, which it recommends should be established by agreement between the Commonwealth and States, to pursue a uniform policy of valuation. On the problem of compensation for land acquired for slum clearance, it makes special recommendations for reducing the high cost of land acquisition in these areas.

The Supply of Housing

The Commission recommends various measures for promoting the great increase in supplies of labour and materials that will be needed, and for securing a reorganization of the building industry that will permit a reduction of costs. It recommends detailed standards for size of allotment, site coverage, accommodation and equipment, to be adopted for all government-sponsored dwellings. It recommends the immediate establishment of a government building research station. It also recommends a system of priorities for allotting dwellings while the shortage lasts.

Subsidies

Because of the great increase in building costs during the war, the Commission recognizes that the cost of housing at its recommended standard will be beyond the capacity of the basic wage earner. The Commission therefore recommends that, in the case of government-sponsored dwellings for rent, the weekly rent should be the economic rent, or one-sixth of the family income, whichever is the less. Where the economic rent is more than

one-sixth of the family income, the difference should be covered by a subsidy provided by the Commonwealth and State Governments. In the case of government-sponsored dwellings for purchase, the weekly payment for a 2-bedroom house (including interest on cost of land and dwelling, fire insurance and rates, but not maintenance) should not exceed $22\frac{1}{2}$ per cent of the weekly basic wage. The difference between the economic payment and this standard should again be covered by a subsidy to be met by the Commonwealth and State Governments in agreed proportions. The re-sale of a subsidized dwelling should be permitted only to the State Housing Authority, except in special circumstances.

No subsidy is recommended for other than government-financed housing. Some assistance would be provided to all housing by the recommendation that the sales tax on building materials be removed.

Action Taken by Governments

Certain measures have been adopted by the Australian Government which should help to expedite the building of houses, and to make them available to lower income groups.

The Commonwealth Government has established a Commonwealth Department of Housing, which will be responsible for co-operating with the States in speeding up the building programme. The Australian Loan Council made provision for the spending of £2.3 m. in 1944-5 for the requisition and preparation of building sites. The Commonwealth Government established an Experimental Building Station. The Sales Tax on building materials has been repealed. The Commonwealth Government has approached the State Governments with a view to the enactment of regional and town planning legislation, the acquisition and preparation of land for building, and the establishment of a Commonwealth Planning Authority in the field of housing, working in collaboration with State Planning Authorities.

The most notable achievement has however been the agreement reached by the Commonwealth and State Governments, in August 1944, to build 30,000 Government-sponsored dwellings in the first post-war year, and to assist building societies, other existing home-purchase organizations, and private individuals to build an additional 20,000 homes in this period. The Commonwealth Government is planning the production and allocation of materials, and the training and allocation of manpower to fulfil the programme. The Minister for Post-War Reconstruction said: "As in all Commonwealth proposals affecting the States, housing plans were based on the use of existing organizations in the States, but provided for planning and action on a national scale."

A formal Housing Agreement has been concluded between the Commonwealth and State Governments, dealing with post-war housing policy. The most significant provisions are:

The States are required to provide adequate legislation for the control of rental housing projects and for slum clearance and town planning. They have to establish minimum and maximum standards, and shall give due consideration to any modifications thereto suggested by the Commonwealth. The State Governments have to coordinate the administration of housing projects by various agencies and to allocate dwellings between metropolitan and country areas on a basis agreed on by the Commonwealth and State Treasurers.

The Commonwealth shall advance to the States the moneys required to carry out the housing projects. Repayment shall be on the basis of an amortization period of 53 years, and interest rates as currently payable on Commonwealth public loans. The Commonwealth shall use its best endeavours to enable the States to obtain the building materials and labour required for their housing projects.

Provision is made for the calcula-

tion of the economic rent and of the family income of tenants. A rental rebate is to be granted on application by tenants on the basis of the relation between the economic rent and the family income. If family income is equal to the basic wage,⁵ the rebate shall be the amount by which the economic rent exceeds one-fifth of the family income. If family income is less than the basic wage, this rebate is increased by one-quarter of the amount by which the family income is less than the basic wage. If family income exceeds the basic wage, this rebate is decreased by one-third of the amount by which the family income exceeds the basic wage. Family income and eligibility for rental rebate is to be reviewed every six months. Dwellings erected by States may be sold but, except with the written consent of the Commonwealth Treasurer, the price shall be not less than the capital cost. Losses on housing projects (including the net cost of rental rebates) shall be allocated as to three-fifths to the Commonwealth and as to two-fifths to the States.

5. In Australia, the basic wage is determined by government agencies, as a minimum reasonable living wage for the unskilled worker. It is much nearer to the actual average wage than is the minimum wage in other countries.

It will be noticed that the rental rebate scheme adopted is considerably less generous than that recommended by the Housing Commission; and that no subsidy whatever is proposed for government-sponsored dwellings that are sold.

Actual progress achieved in housing since the war has of course been disappointing, as it has been throughout the world, due to shortages of labour and materials. During the year 1944-5, 10,000 houses were commenced, of which 5,600 were completed. In June 1945, the Federal Cabinet set, as a target for the year 1945-6, 24,000 houses, for 1946-7, 50,000 houses, for 1947-8, 70,000 houses, and thereafter stable at that rate, until the shortage is overcome. It was hoped that about half would be constructed through government agencies, and half through private enterprise. On January 15, 1946, the Commonwealth Minister for Housing announced that, under the government-sponsored programme, 1992 houses were commenced in the September quarter and 2316 in the December quarter. These figures suggest that it might be possible for the target of 12,000 houses to be reached. However, industrial disturbances at the end of 1945 disrupted the flow of materials and the rate of progress may be slowed down.

Problems of Nova Scotian Fisheries

By S. A. BEATTY

THE ground fishery is so important to the economy of Nova Scotia that the future prospects of this industry should be gauged with as much accuracy as is possible in this uncertain world. It is especially worthwhile to estimate the most probable trends to be expected during the present period of readjustment following the war. There seems to be enough evidence to outline the direction in which the industry will

move, but the actual timing of these moves is very difficult to forecast with any degree of accuracy.

To simplify our problem let us divide the industry into two parts: (a) the production and processing, and (b) the distribution or marketing, although the two phases in the industry are so closely related and so interdependent that in a discussion of one division, the other should be kept in mind.

One of the most important problems in relation to production is the supply

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