

# Australia: Labor government accelerates rundown and privatisation of public housing

Will Marshall

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Public housing is one of the many areas in the campaign for this Saturday's Victorian state election where there is a stark divergence between the "spin" of all the parliamentary parties and the reality confronting working people.

Successive Labor and Liberal governments in Victoria have systematically starved public housing of funds. The most vulnerable and disadvantaged people in the state now languish on waiting lists for almost three times as long as they did when the Labor government was first elected in 1999. Even the homeless and those at risk of becoming homeless must wait an average of eight months. Those in situations deemed less urgent wait an average of seven years before being offered a tenancy.

More than 41,000 people are currently on the waiting lists—though the figure would be far higher were it not for the efforts of government agencies to discourage people from applying. After three years of federal Labor government, the corresponding national figure is 230,000.

Premier John Brumby's state government has promised what its election material describes as a "massive" new investment of 4,000 public housing units over four years. Announcing the plan on November 9, Housing Minister Richard Wynne declared that "every Victorian deserves access to safe, affordable and sustainable housing". He claimed that the 4,000 new places would "make a real difference in the lives of Victoria's most vulnerable citizens".

These bogus claims underscore the utter contempt that the Brumby government has for the working class and its indifference toward the plight of those in desperate need of housing. Labor's four-year undertaking amounts to just 10 percent of the *current* waiting list, which is growing every year.

Moreover, Labor's election announcement was accompanied by a pledge to transfer 2,600 publicly-owned properties, worth \$475 million, to privately-operated housing associations. These housing associations, while they are nominally non-profit organisations and regulated under the Housing Act, have become vehicles for the creeping privatisation of public

housing. Housing associations receive their funds from private, philanthropic and local government sources to provide "social housing"—that is, homes leased at lower than market rates for those who satisfy means tests.

Public policy at the federal and state level is geared toward promoting privately-run "social housing" projects as a means of repudiating any notion that governments are responsible for the construction and maintenance of decent public housing. The longer term agenda is that of fully privatising public housing stock, worth an estimated \$60 billion nationally. The federal Labor government issued a policy paper last April which projected that "not-for-profit-sector" housing would comprise 35 percent of public and social housing by 2014.

The national governments of prime ministers Kevin Rudd and Julia Gillard have done nothing to redress the shortfall left by the preceding Howard government, which cut some \$3 billion in funds to public housing between 1996 and 2007. Howard, in turn, only deepened the cuts launched under his Labor predecessors, Hawke and Keating. If the public housing construction rate today had remained what it was in the 1980s, an additional 200,000 units would be available across the country.

Housing associations raise private finance from the banks and corporate investors by leveraging against the assets they hold—i.e., they effectively mortgage existing social housing stock. The stated purpose of the Brumby government's handover of 2,600 public housing units is to give housing associations "more financial clout," supposedly allowing them to leverage finance to construct another 200 properties.

The government has mandated that only around 50 percent of the tenants selected by the housing associations come from the public housing waiting lists. Moreover, the associations are under no obligation to accept anyone at the top of the lists—those most in need. In fact, within the semi-privatised framework, the housing associations have clear incentives to discriminate against applicants on the lowest incomes or in the most unstable situations. That is because the associations are

continually leveraging against their asset base, and so their solvency ultimately depends on collecting sufficient rents from their tenants.

According to a recent report by the Housing for the Aged Action Group (HAAG), housing associations have in some cases imposed rents that are as high as 80 percent of market rates. HAAG also noted that the associations could charge set rents, irrespective of any changes in tenants' income. Rents for most public housing tenants, many of whom depend on pensions and welfare payments, are set at a percentage of their income.

Many new social housing developments combine social and private units. The official rationale for this "mixed tenure" is to prevent a concentration of impoverished households in one location and promote better "community integration". In reality, however, the government has encouraged property developers to reap substantial profits by taking over existing public housing.

In one current project, public housing tower blocks in the gentrified inner-Melbourne suburb of Carlton have been torn down. New apartments are under construction by private operators. No doubt in order to boost the market value of the privately owned units, the apartments allocated as public housing have been concentrated in a separate section of the building. The *Age* reported last July that a two-metre wall was to be constructed that "will block access for the public housing residents to a large open green space on the site that will be reserved for the gated private community".

In the three decades following World War II there was a considerable expansion of public housing. Entire suburbs were built—such as Broadmeadows in Melbourne's north—primarily to cater for new layers of industrial workers and their families. While always inadequate and frequently substandard, reasonably affordable public housing was one of the social concessions fought for and won by the working class in this period. Now, however, even the most vulnerable—including the mentally ill, homeless people, drug addicts, single parents, and women suffering domestic violence—are denied access to secure and decent housing.

At the same time, private housing has become increasingly unaffordable, with Melbourne and other Australian cities caught up in speculative property price bubbles. The median price of a home in the state capital skyrocketed 20 percent between 2008 and 2010, to \$480,000. Those unable to take on such huge mortgages are forced to compete against each other on the private rental market, sending rents soaring as well.

None of the parliamentary parties advance any solution. The

Greens' housing policy promises an additional 29,000 social housing units by 2014. This falls far short of what is required, and also embraces the ongoing privatisation of public housing. The promise of 29,000 more units is, moreover, one of the many policies that the Greens would not hesitate to abandon in the event that they have an opportunity to form coalition government with either Labor or Liberal after the November 27 election.

The Socialist Equality Party and our candidate for Broadmeadows, Peter Byrne, insist that decent, secure and affordable housing is a basic right for all members of society. Housing must be freed from its subordination to the profit interests of the banks, property developers and construction tycoons. The SEP demands that the running down of public housing be reversed, new high quality homes constructed, and rents and house payments reduced so that no worker or pensioner pays more than 20 percent of their income for shelter.

The resources certainly exist to implement such measures, as part of a comprehensive socialist program. What is required is the complete reorganisation of the Australian and world economy so that the wealth created by the working class can be used to satisfy the pressing social needs of all. The SEP advocates that the banks, construction and real estate giants, and other multi-billion dollar corporations be expropriated—with full compensation to small shareholders—and subjected to the genuine democratic control of the working people. The fight for this program depends on the development of a socialist and internationalist movement of the working class, directed against the profit system itself.

See the SEP's election website at [www.sep.org.au](http://www.sep.org.au)

*Authorised by Nick Beams, 113/55 Flemington Rd,  
North Melbourne 3051*



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Socialist Equality Party visit:

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