

COMMONWEALTH GRANTS COMMISSION

INDIGENOUS FUNDING INQUIRY

SUBMISSION

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Submission No.: IfI/SUB/0031

Date Received: 25/05/2000

Housing Need and Indigenous Australians:
A submission to the CGC

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Roughly as presented at University House, 14 April 2000

It is often thought that the idea of relating public expenditure to need is a simple one. It is not. It is also often thought that the idea of relating public expenditure to need is a new one. Again, it is not.

In Indigenous housing, the first Commonwealth government attempt to measure need in order to relate it to public expenditure was undertaken in the Whitlam years, through a consultancy let to WD Scott - (the report of which still bears reading). This was within five years of the Commonwealth becoming involved with Indigenous housing on a nationwide scale – which may suggest that the idea of relating public expenditure to need in a policy area is an obvious one which virtually no government can avoid.

My first engagement with attempts to define and measure Indigenous housing need was in the late 1980s (Sanders 1990). I was critical of the attempts that had been undertaken by the Commonwealth to that date because they constructed Indigenous housing need as a huge capital backlog. This, I argued, had some perverse and pernicious consequences for policy practice. Issues to do with the recurrent management and cost, or affordability, and also to do with the appropriateness of housing for Indigenous people, were marginalised in the rush to address the huge capital backlog. To some extent this still happens today. But through a long process of engagement and debate around these issues, policy practices have moved on a little – including in the area of how need is defined and measured.

In 1994, Roger Jones was commissioned by ATSIC to develop nationwide measures of Indigenous housing need using the 1991 census. He essentially developed two measures – an adequacy measure built around standards of bedroom space and an affordability measure built around the Henderson poverty line before and after housing costs.

The adequacy/ bedroom need measure was divided between that arising from homelessness and that arising from overcrowding – giving, on some accounts, three measures, but that need not concern us unduly here. Basically Jones derived two measures of Indigenous housing need from the 1991 census, Australia-wide and for geographic areas down to ATSI regions. He did so by comparing Indigenous circumstances with standards of need derived largely, if not exclusively, from non-Indigenous social circumstances. The results, in the case of the adequacy/ bedroom need measure, were the usual large capital supply backlog – roughly 30,000 additional bedrooms needed nationally. And ATSI enthusiastically went on to cost this in terms of billions of \$ required to overcome the backlog. Regionally this backlog was greatest in remote areas – though there was some need everywhere measured against this standard.

Jones' affordability analysis, on the other hand, was not greatly taken up by the allocating authorities. It was a simple, categorical, above or below the poverty line measure before and after housing costs – and it could not be costed in \$ terms in the same way as the adequacy/ bedroom need analysis. So the affordability measure tended to drop out of view in subsequent discussion and debate.

Let me switch now to some of the Indigenous politics which emerged in response to this measurement and subsequent costing of Indigenous housing need via the adequacy/bedroom need measure – which overall showed a huge capital backlog and which regionally showed a preponderance of need in rural and remote areas.

The politics which emerged was essentially of Indigenous people in southern urban areas arguing that they didn't accept the analysis as fully capturing need. 'We have housing needs which are not reflected by the adequacy/bedroom need measures', they would say. 'There are issues of affordability, discrimination and others which also give rise to need and which aren't being measured. We think we would show up as having greater need relative to rural and remote areas, if these things were measured'. I see this as an entirely plausible line of argument – and one that I was conscious of in 1998 when I teamed up with Roger Jones and Max Neutze to do the next round of Indigenous housing needs analysis in light of the 1996 census.

In the 1998 exercise, we tried to be a little more philosophical and a little less data driven. We tried to ask the question: what might a good method for measuring Indigenous housing need be in principle in order to relate it to public expenditure, and not just what can we do from the census.

We toyed with the idea of developing Indigenous specific housing standards and we toyed with the idea of looking at Indigenous housing need in different geographic areas in different ways. However, we came to the conclusion that neither of these approaches was either politically or philosophically viable. We would have to use standards drawn from the non-Indigenous social circumstances that predominate in Australia and we would have to measure Indigenous housing need in all parts of the country in the same way.

But we were cognisant of the possibility that Indigenous people in particular parts of the country might value and utilise housing in *very* different ways from the norms embodied in some of the standards being drawn from non-Indigenous social circumstances.

Our solution to this philosophical and political problem was to adopt a multi-measure approach to housing need. In a sense, as I see it, we were accepting the arguments of Indigenous people in southern urban areas that there may be aspects of housing need which were not being picked up by the adequacy/ bedroom need measure. We set out to develop a number of different measures of housing need in the hope and anticipation that some of them might pick up on some of these thus far unmeasured aspects.

We developed in principle seven measures of housing need relating to:

- Homelessness bedroom need
- Overcrowding bedroom need
- Condition and services
- Repair and maintenance
- Affordability
- Cultural appropriateness of design
- Security of tenure.

We anticipated that different ones of these measures might pick up on different aspects of Indigenous housing need in different geographic areas and thus bear out some of the arguments of people in southern urban areas – so that they and others might be more willing to ultimately accept the method of measuring Indigenous housing need for public allocation purposes.

Having enunciated seven measures of housing need in principle, we then came back to the question of how to measure them from available data in practice – and realised that Australia-wide, across housing tenures, we could only really do so for three - or in some ways two; ie the two/three that Jones measured in 1994.

This may sound like we had got nowhere further than Jones in 1994. But I think we had in fact done two things that Jones in 1994 had not.

First, we had articulated a philosophical argument for a multi-measure approach which took account of the legitimate Indigenous politics that had emerged in the wake of the Jones 1994 exercise.

Second, and perhaps more importantly, with Max's economic skills we had worked out a way to cost an affordability measure as well as an adequacy/bedroom need measure.

This would hopefully mean that the affordability measure wouldn't get passed over and drop out of view, when the inevitable political process of costing these measures took over. Need hopefully wouldn't be constructed just in terms of a capital supply backlog, and there would at least be some recognition of recurrent aspects of housing need in the costing and analysis.

It was at this point that Roger, with his data analysis skills, took over and wrote up the second and third of three consultancy reports – detailing the regional, state/ territory and tenure breakdowns of these measures. This data analysis gets pretty detailed. But just recently we have tried to bring the whole process back together in a reasonably simple accessible product, in the form of a CAEPR Discussion Paper – a late draft of which has been appended to Max Neutze's submission to the CGC.

There is not time to go through the findings of even this simple paper here. But suffice to say that the results do show a very different geographic distribution of the adequacy/bedroom need and the affordability measures of Indigenous housing need. The former is much more prevalent in rural and remote areas, while the latter is much more evenly spread over urban, rural and remote areas. So the arguments of Indigenous people in southern urban areas in response to the 1994 exercise were very much vindicated and substantiated. I would encourage those Indigenous people in southern urban areas to continue to argue their point – with the added advantage of some hard data with which to make it now.

Some other important findings that came out of the most recent exercise were, I think:

- A clear sense of the different tenure incidence of the two measures and
- A sense of the possible interaction of the two measures over time.

When we analysed the costs of the adequacy/ bedroom need measure to make it comparable with the affordability measure, we found that while adequacy/ bedroom need had gone down between 1991 and 1996, affordability appeared to have gone up. This is in fact not surprising. If government policy and programs add to the supply of Indigenous housing, while all other things, including Indigenous income, remain unchanged, then there is going to be more call on that Indigenous income from ongoing housing costs. So housing affordability need among Indigenous people is likely to go up as adequacy need is going down.

This suggests, somewhat counter-intuitively, that policy intervention can in fact push up certain measures of need, rather than always push them down. It also suggests that we have now moved away from conceiving and measuring Indigenous housing need simply as a capital backlog. We have now clearly recognised recurrent aspects of Indigenous housing need.