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Fine-tuning the machine: Evaluating machinery of government for housing policy administration

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Acronyms and abbreviations used in this report

AHURI   Australian Housing and Urban Research Institute Limited

ARA   Asumisen rahoitus-ja kehittämiskeskus (Finnish National Housing Agency)

CRA   Commonwealth Rent Assistance

CSHA   Commonwealth-State Housing Agreement

GBV   Österreichischer Verband Gemeinnütziger Bauvereinigungen (Austrian Federation of Limited-Profit Housing Associations)

Glossary

A list of definitions for terms commonly used by AHURI is available on the AHURI website ahuri.edu.au/glossary.

Executive summary

Key points

- Changes to the machinery of government—the administrative structures and processes used by modern states—are an enduring aspect of democratic government. Such changes can have adverse outcomes, including disruption of services, loss of in-house expertise and policy capacity, and reduced morale of public sector staff.

- Housing policy, which is composed of a small 'core' and a wide 'periphery' of policy concerns, is especially vulnerable to machinery of government changes, both in terms of how often changes occur and how disruptive the changes can be to policy capacity and service delivery.

- Central coordination and long-term planning are essential for effective governance of housing policy. However, Australia's system of federalism, along with frequent fragmentation of housing policy responsibilities, can frustrate efforts at coordination and planning.

- The best way to achieve coordination and planning in housing policy in Australia is through formal agreements determined by a legislative framework. A central agency or department should be tasked with responsibility for all core areas of housing policy.

- When machinery of government changes for housing are required, care should be taken to preserve in-house expertise and policy capacity, cohesion of units, and morale of staff. This can be achieved in part through consultation.

- Evaluating machinery of government changes is vital for drawing lessons and planning effectively for the future. Evaluations should consider micro aspects of change and be willing to recognise that some aspects of change will be successful while others may be unsuccessful.

Key findings

Housing policy comprises a large collection of policy concerns and interventions. Some are clearly housing-specific and belong to a core group of policy concerns. Others touch on more peripheral areas such as immigration, monetary policy and urban planning. These peripheral areas are important to housing because they can affect key housing policy objectives, such as ensuring secure and appropriate shelter for all. Areas peripheral to core housing policy can be influenced by outcomes in housing as much as they can influence the outcomes themselves. Meanwhile, services are delivered by a complex multi-provider network of government and non-government participants.

This variety of policy problems, solutions and actors in the housing policy space makes organising housing policy challenging. There are numerous ways of administering housing policy, some of which have been used in Australia over the postwar decades. Likewise, there are instruments for organising housing policy that have been used in other countries but that are not currently employed in Australia.

However, little is known about the consequences of changes to machinery of government or, more specifically, about the consequences of employing particular modes of policy administration in the housing space, and the effects of making changes to these arrangements. The history of housing policy in Australia over the last 75 or so years indicates that housing has not been immune to the effects of frequent machinery of government changes. Central coordination has been missing at times and, as a consequence, in-house expertise may have suffered, leading to less-than-optimal policy outcomes.

The Investigative Panel of experts convened for this research project concluded that central coordination of policy administration, in the form of a responsible government department with a Cabinet-level Minister in charge, is the best way to advance public policy objectives for housing. The panel also concluded that in Australia, legal and financial leadership was required from the Australian Government, while the state and territory governments have a comparative advantage in service delivery.

The panel recommended a firmer legal framework be achieved between the Australian Government and the state and territory governments for a long-term national housing strategy, preferably with an approach based on a human rights perspective. The panel further recommended that private development should be steered toward delivering products that more closely align with housing policy objectives, and that the resources of the not-for-profit sector should be better leveraged to support public policy goals.

Evaluation can be an important tool for forward planning and lesson drawing, and this applies equally to machinery of government changes. Governments should be prepared to evaluate micro aspects of machinery of government changes, and instead of global assessments of success or failure, there should be wider acceptance of the possibility that some aspects of a change have failed while others may have succeeded.

Most importantly, a clear understanding of who has benefited from these changes (and who may be disadvantaged by them, and how) is essential for drawing the correct lessons from machinery of government restructuring, especially for housing policy. Housing is a particularly challenging area for program evaluation because of its long-term horizon, and because it incorporates many different policies and actors, some of whom have conflicting needs and objectives. Evaluation should take these considerations into account.

Policy development options

Central coordination and long-term strategic planning are essential for the effective governance of housing policy. Machinery of government changes for housing need to take these concerns into consideration.

Because housing policy is composed of a small core of policy concerns, but affects and is affected by a much wider collection of peripheral policy domains, it is an easy target for machinery of government restructuring. However, precisely because it connects with such a large variety of policy areas, wider holistic coordination is required to ensure that housing policy interventions achieve their overall objective of delivering secure and appropriate shelter for all.

Informed by the perspectives of our Investigative Panel of experts, this report makes the following recommendations:

- The primary objective of housing policy should be ensuring adequate and secure shelter for all. This central objective can give focus to broader housing policy goals, and help tie various interventions together.

- Governments should be more aware of the wide ecosystem of policies that affects, and is affected by, housing decisions and interventions. Better coordination is required around housing policy interventions, especially to reduce conflict and contradiction.

- Service-based housing policies and ownership support policies need to be coordinated better, to provide the maximum benefit to the most people. Policies that encourage and support home ownership have received too much attention in recent years, resulting in a residualisation of service-based housing interventions.

- A cabinet-level Department of Housing is likely the best way to focus attention on housing policy and ensure it is allocated the resources required to address pressing housing-related issues.

- The Australian Government and state and territory governments should establish a formal legislative framework for housing, including agreed obligations and responsibilities, to create some form of national coordination of housing policy.

- Any nationally-coordinated framework should be led by the Australian Government, which should provide the funding necessary to reach agreed housing policy outcomes. The states and territories should be tasked with implementing housing policy and delivering services. Strategies should have long-term objectives and be shielded from the instability of the electoral cycle.

- Governments should not rely too heavily on the private market to deliver housing supply. Private development should be steered with incentives and support to produce housing that meets policy goals. Community and not-for-profit housing organisations should be better resourced to enable them to provide more services more securely.

The study

Machinery of government changes are an enduring facet of democratic governance. Political executives restructure departments and agencies for a variety of reasons, and these changes can be unpredictable and occur at irregular intervals.

As a policy domain, housing is especially vulnerable to machinery of government changes, especially with respect to frequency and severity. Public sector agencies and departments that deal with housing have been subject to frequent restructuring. These changes can have significant and lasting impacts on the agencies involved, their staff, and the services being delivered.

This study sought to understand how machinery of government changes affect housing policy in Australia, and what can be done to mitigate some of the negative consequences of these changes. The project was guided by the following research questions (RQ):

RQ1 What outcomes can be associated with various ways of organising and administering housing policy in the public sector, and what are the consequences of making changes to these administrative arrangements?

RQ2 What lessons can be learned from international practices in housing policy administration that can augment an analysis of machinery of government in the Australian context?

RQ3 How can administrative arrangements for housing policy be evaluated?

We address these questions using three sources of information:

- We review the history of housing policy administration in Australia and seek to parse some trends in administration and policy outcomes to suggest what the trajectory in policy outcomes might have been. We complement this analysis with a consideration of some comparative international examples.

- Using theory on evaluation from the organisational management and public policy literatures, we derive a new framework for evaluating machinery of government changes in the housing policy sector that can be of practical use to policy makers and other practitioners going forward.

- Through a full-day facilitated focus group session, we solicited insights from career professionals with significant experience in housing policy administration in Australia into how machinery of government changes in housing policy can be managed. This Investigative Panel of experts was convened at Monash University in December 2023; it comprised 10 highly experienced practitioners representing several levels of government, the private sector and the not-for-profit sector.

1. Introduction

- The term 'machinery of government' refers to the administrative structures and processes that modern states use to fulfill their various government responsibilities. Changes to machinery of government are an enduring aspect of democratic government.

- There is little empirical research on the consequences of changes to machinery of government. As a result, little is known about how to evaluate changes to machinery of government in Australia.

- Housing policy comprises a small 'core' and a wide 'periphery' of policy concerns. It is especially vulnerable to machinery of government changes, both in terms of how often they happen and how disruptive these changes can be to policy capacity and service delivery.

- There are a variety of ways that housing policy can be administered; in Australia it has been reorganised many times with unexamined outcomes. Consequently, housing is an optimal policy area for investigating the impact of changes to machinery of government.

1.1   Why this research was conducted

The allocation of responsibility for areas of public policy is often called 'machinery of government' (Audit Office of NSW 2021). Policy areas, such as education, energy, or agriculture, can be governed in a wide variety of ways, from regulating private market activity, to the use of state-owned corporations, through to government departments led by a Cabinet minister. Governments restructure administrative units and implement machinery of government changes on a regular basis, with policy portfolios shifted around, divided up and distributed, or merged. Some of these restructures can lead to adverse outcomes, such as disruption of services, loss of policy capacity and expertise within government, and reduced morale of staff within the public service (Kiaos 2024).

Nonetheless, machinery of government changes are an enduring facet of democratic government. Governments make these administrative changes for a variety of reasons: an incoming government may want to make changes to establish its identity, to signal that it is doing things differently, or to set it apart from its predecessor— particularly when there is a change in political party or a shift in ideology in political leadership (Kuipers, Yesilkagit et al. 2021). Governments may restructure departments or units to address corruption or dysfunction (either real or perceived) within particular institutions. Sometimes, changes are seen as bringing about greater efficiency or better functionality in government operations.

In Australia, some portfolios, such as Treasury or Defence, have remained stable over long periods of time (Davis, Weller et al. 1999). Housing policy, on the other hand, has been governed by a variety of differently structured organisational units across the federal, state and territory governments (Milligan and Tiernan 2011; Pawson and Milligan 2024). For example, state and territory housing authorities were once major builders for owner-occupation and rental, but they have all been comprehensively reorganised (Troy 2012). Housing departments with a dedicated Cabinet Minister at the helm have been repeatedly created and abolished at the state/territory and Australian Government levels. Policy responsibility for housing has been at times centralised and at other times broken up and distributed among several portfolios (Milligan and Tiernan 2011). Meanwhile, policy instruments related to housing continue to be scattered horizontally and vertically within Australia's federal system, with limited coordination (Dodson, de Silva et al. 2017).

There is a need to understand the repercussions of machinery of government changes, particularly in housing where debates on the objectives of housing policy, and who the clients of housing services are (or ought to be) are still being contested. What impact do different machinery of government arrangements have on housing policy, on decision making within housing policy, on housing expertise in the public sector, and on outcomes for citizen service users? Why should governments choose one form of administration for housing policy and service delivery over another, and what are the consequences of making changes? How can various machinery of government arrangements be compared with one another, or evaluated on their own?

Informed by an Investigative Panel of administrative experts in housing policy, this research examines machinery of government changes in housing policy in Australia. It first sets out to define 'housing' from a government policy perspective. Various arrangements are explored, and historical trends and international lessons are investigated. Lastly, the imperatives and consequences of machinery of government changes in housing policy in Australia are considered, and a framework for evaluating these changes is proposed and developed.

1.2   Policy context

Housing is a complex multi-faceted policy issue with flexible boundaries. Under Australia's federated system, roles and responsibilities for diverse interventions in the housing system (including, for example, housing and land taxation policy, housing assistance, tenure financing and building regulation, and land and housing supply planning) have fluctuated across different tiers of government.

Likewise, responsibility for housing policy has been managed by various arrangements of organisational units, including statutory authorities, standalone housing departments, human service or infrastructure/planning agencies, and central agencies, among others. Even within single jurisdictions, administrative reforms have regularly repositioned authority for different aspects of housing policy over time. For example, Housing Commissions were established in most jurisdictions in the 1930s-40s and oversaw public housing until the 1980s, when they were replaced by departments that operated on traditional public service lines (Hayward 1996).

The advantages and disadvantages of various approaches to the administration of housing policy have not been adequately scrutinised. Substantial research has been conducted on more general changes to machinery of government, in which configurations of government departments, authorities and other organisational units have been documented and analysed (Davis, Weller et al. 1999; Kuipers, Yesilkagit et al. 2021). However, most of this research has focused on attempts by governments to enact bureaucratic reforms that weaken administrative authority, rather than on the effectiveness of policy outcomes that result from various administrative arrangements (Castellani 2018; Dickinson 2016). Moreover, there is very little application of this research agenda to the Australian housing sector (Milligan and Tiernan 2011).

At the same time, there is a burgeoning literature on success, failure and general evaluation of public policies (Luetjens, Mintrom et al. 2019; Newman and Head 2015; Schoenefeld and Jordan 2017). Numerous frameworks have been proposed for identifying success and failure, many of which recommend separating the outcomes of the policy into various categories for more precise analysis (McConnell 2010; Newman 2014). Rather than seeking to declare policies 'successful' or 'unsuccessful', these frameworks provide more nuance and practical detail by helping the analyst to understand which groups have benefited from a policy and which groups have been disadvantaged, and how (McConnell, Grealy et al. 2020). However, again, this approach has rarely been applied to the administration of housing policy in Australia (Milligan, Phibbs et al. 2007).

This project seeks to bridge this gap while simultaneously producing practical knowledge for policy makers. We ask the following principal questions:

RQ1 What outcomes can be associated with various ways of organising and administering housing policy in the public sector, and what are the consequences of making changes to these administrative arrangements?

RQ2 What lessons can be learned from international practices in housing policy administration that can augment an analysis of machinery of government in the Australian context?

RQ3 How can administrative arrangements for housing policy be evaluated?

1.3   Existing research

The term 'machinery of government' refers to the administrative structures and processes that modern governments use to fulfill their various responsibilities. Governments must distribute authority and responsibility among individuals (such as Cabinet ministers) and institutions (such as departments or ministries) in order to ensure an appropriate and manageable division of labour among top decision makers. This allows governments to organise accountability, and enables political leaders to delegate tasks to bureaucratic units for implementation (Verhoest and Bouckaert 2005). In parliamentary systems based on the Westminster model, which includes Australia, machinery of government decisions are a fundamental aspect of responsible government; they allow for individual ministers to be answerable to parliament for specific portfolio decisions (d'Ombrain 2007).

The machine analogy is a tradition of studies in public administration dating back at least as far as Max Weber, who referred to bureacracy as a 'living machine' (1994 [1918]: 158). At first glance, this analogy suggests reliability, predictability and control (Wettenhall 2016). However, the machine analogy should perhaps be seen more appropriately in terms of motion: machines have gears, wheels, engines and other moving parts. Weber employed this imagery as well, writing that government workers were 'cogs' in a 'ever-moving mechanism' (2009 [1921]: 228). The government 'machine' moves; it evolves and changes over time (Carroll, Bertels et al. 2022).

In line with this analogy, governments disassemble, reassemble and redirect their administrative machines on a regular basis. These restructures are sometimes only superficial, such as when a department is renamed or rebranded with little change in its portfolio responsibility or policy agenda. Other times, machinery of government changes can be more substantial: departments can be divided, merged or abolished, and responsibility for a particular policy area can be moved around, divided into constituent parts, linked up with other (perhaps unrelated) policy portfolios, or even delegated to non-departmental agencies, other levels of government, or the private sector. This can happen when a new government comes to office, or in the middle of an incumbent government's term, depending on the priorities of the government of the day.

Machinery of government restructuring can occur in response to shifts in social and economic landscapes, crises, changes in ministerial positions, or alterations in government leadership, particularly when there is a change in left-right political orientation (Kuipers, Yesilkagit et al. 2021; Wettenhall 2016). Changes are often claimed to 'enhance organizational efficiency by improving policy effectiveness and reducing costs' (Ryu, Moon et al. 2020: 936), but most observers acknowledge that efficiency and effectiveness are often 'secondary considerations', with political strategy taking precedence (Aucoin 1986: 4).

If not carefully managed, machinery of government changes can destabilise service delivery, have a significant negative impact on staff, and result in poorly integrated and misaligned organisational cultures (Kiaos 2024). Accordingly, in some parts of the public sector, the term 'machinery of government' (or 'MOG') is negatively charged, as it can imply that a department or unit is being disassembled and redistributed because it is no longer a priority for the government of the day. This is often referred to as 'being mogged' (Weller 2014: 46).

Unfortunately, even after a century of awareness of the machine-like qualities of policy administration, there is little systematic scholarship on the consequences of changes to machinery of government. The vast majority of research on the subject considers machinery of government as the dependent variable—that is, asking questions about why governments undertake restructures in the first place and examining the forces that influence or motivate them to do so (Peters 1985). But even this literature is fairly equivocal, with many studies pointing to the uniqueness of specific national contexts (Boin, Kuipers et al. 2010; Diamond 2023; Kuipers, Yesilkagit et al. 2021; Parry 2016) or the idiosyncrasies of particular leaders at particular times (Aucoin 1986; Davis, Weller et al. 1999; Donadelli and Lodge 2019).

The conclusion of much of this literature is that administrative restructures are driven by context-specific political strategy, and broader patterns relating to timing, partisanship, or changes in public opinion are simply not very apparent. Moreover, changes to machinery of government seem to be unrelated to generational trends in public administration as, for instance, the long history of restructures in democratic countries does not seem to be affected much by the New Public Management reforms of the 1980s and 1990s (Du Gay 2006; Pollitt 2013).

Again, the consequences of changes to machinery of government have not been examined as extensively. For example, one fairly comprehensive report on restructures in the British Government (White and Dunleavy 2010) only briefly deals with the consequences of changes to machinery of government, focusing instead on the lack of planning and preparation that went into the reforms. Some authors decry a consistent lack of formal evaluation of machinery of government changes, arguing that no one really knows what these restructures produce, because they have never been evaluated (Nethercote 2000; Pollitt 2013). However, these same authors concede that evaluation is methodologically difficult (Nethercote 2000: 103; Pollitt 2013: 471-472) and politically fraught, because no government wants to take the risk that an evaluation will reveal negative outcomes that resulted from incumbent government's activities (Pollitt 2013: 472-474).

In Australia, as elsewhere, machinery of government restructuring has changed over time, with periods of relative stability and other periods of frenetic change (Davis, Weller et al. 1999). Changes have occurred at irregular intervals and have been largely unpredictable. However, ideology does not seem to be a factor. Governments of all major parties, respresenting various points on the spectrum of political ideology, have made dramatic changes to machinery of government, including housing, at the Commonwealth and state and territory levels.

If any aspect of machinery of government restructuring can be said to be predictable, it is the fact that governments in Australia and elsewhere will continue to reorganise their administrative machines going forward. The key is to understand the outcomes these changes might produce. For housing, where services are targeted at specific populations, some of whom are vulnerable and depend on appropriate levels of service delivery and continuity, understanding how machinery of government changes affect policy outcomes can make a tremendous difference to quality of life.

1.4   Research methods

Since formal evaluations of machinery of government changes are so elusive, there is no readily-available information on the outcomes these changes have produced in the housing policy space in Australia, either currently or historically. This project intends to address this gap in three ways:

1. We review the history of housing policy administration in Australia and seek to parse some of the trends in administration and policy outcomes to suggest what the trajectory in policy outcomes might have been. We complement this analysis with a consideration of some comparative international examples.

2. Using theory on evaluation from the organisational management and public policy literatures, we derive a new framework for evaluating machinery of government changes in the housing policy sector that can be of practical use to policy makers and other practitioners going forward.

3. Through a full-day facilitated focus group session, we solicited insights from career professionals with significant experience in housing policy administration in the public sector in Australia.

With depth more important than breadth, the number of participants in our Investigative Panel needed to be relatively small. This enabled in-depth discussion and ensured that all voices could be heard (Acocella and Cataldi 2021: 76). However, the need for a small group had to be balanced with the need for representation, particularly as there are numerous actors representing multiple jurisdictions, administrative areas and sectors in the Australian housing policy space with significant insight into the dynamics of machinery of government.

To this end, we brought together 10 senior professionals representing various levels of government, a range of departments and portfolios, multiple geographical locations, and the private and not-for-profit sectors. The group was designed as a purposive sample, intended to represent all three levels of government (Commonwealth, state and territory, and local), the private sector, the not-for-profit sector, and at least two states.

The main empirical component of this research project was a one-day Investigative Panel convened in-person at Monash University, Melbourne, in December 2023. Participants included:

- one current senior director of housing policy from the Australian Government;

- one former senior executive in housing in the Australian Government;

- one director of housing policy from the New South Wales Government;

- one senior executive from the housing sector from the Victorian Government;

- one policy officer from a local government council in Victoria;

- one chief executive of a community housing organisation in New South Wales;

- two retired academics with experience advising governments on housing policy;

- one policy adviser for a peak housing organisation in Victoria; and

- one housing policy adviser from the private financial sector.

Many participants had lengthy careers in housing spanning multiple institutions across governments, the not-for-profit sector, advocacy and the private sector (see Table 1 for a summary of participants).

In advance of the panel meeting, a discussion paper was developed and distributed to participants. The discussion paper was organised into four parts:

• Defining housing policy

• Organising housing policy

• Lessons from Australia's past and from other countries

• Evaluating machinery of government for housing.

The meeting itself was divided into four sessions along the same themes as the discussion paper, each 60 to 75 minutes in duration. Discussion was facilitated by members of the research team, through opening presentations in each session to frame the discussion, questions and comments designed to elicit feedback from participants, and concluding remarks to establish the main points put forward by the group.

The research team took notes on comments and discussion, and the entire day was audio recorded, with the recordings later transcribed. Transcriptions were reviewed and coded into themes, and used to inform the analysis that appears in the next few chapters of this report. To ensure confidentiality and to preserve the free flow of the discussion, the Chatham House rule has been applied to all comments and no participant will be directly attributed or identified in this report.

Table 1: Description of Investigative Panel participants

Sector	Jurisdiction	No. of participants
Government	Commonwealth	2
Government	New South Wales	1
Government	Victoria	1
Government	Municipal - Victoria	1
Advocacy	Municipal - Victoria	1
Not-for-profit	New South Wales	1
Academia	-	2
Private sector	National	1

2. Defining housing policy

- To discuss the public administration of a specific policy area, it is essential to establish clear definitional boundaries for what that policy area encompasses.

- Housing policy is especially difficult to encapsulate, as it can include a wide variety of policy interventions.

- There is a significant internal conflict between service-based housing policy interventions and ownership support interventions: these are distinct policy concerns, but they need to be considered holistically.

- Governments need to be more aware of the wide ecosystem of policies that affects, and is affected by, housing decisions and interventions.

- Better coordination is required around housing policy interventions, especially to reduce conflict and contradiction.

- Policies that encourage and support home ownership have received too much attention in recent years, resulting in a residualisation of service-based housing interventions.

2.1   Ring-fencing public policy

In the present public administration environment, governments are interested in evidence-based policy making, policy design, and instrumental methods of policy analysis, perhaps more than they ever have been before (Newman 2017: 119-120). This increased interest in evidence and analysis coincides, probably not by accident, with the rise of technology, particularly information technology and now artificial intelligence, as tools to enhance the bureaucratic management of policy decision making and public service delivery.

One of the fundamental difficulties of evidence-based policy design is problem definition (Head 2022: 9; John 2012: 6). Modern policy problems are complex and intersecting. Problems and policy areas have ambiguous boundaries, and policy strategies can be overlapping or even conflicting as they straddle multiple areas of decision making and service delivery. 'Climate change', for example, is a problem that intersects with agriculture, coastal management, the insurance industry, transport, energy, mining, trade, and most recently, defence.

At their core, machinery of government decisions imply that responsibility for policy decision making can be divided into neatly partitioned policy portfolios, with individual ministers in charge of discrete policy areas. Thus, there is a Minister for Defence, a Minister for Finance, and a Minister for Education, with the implication that Defence, Finance and Education are separate areas of decision making and that decisions in these areas can be delegated to different individuals. Sometimes these areas are quite narrow: in 2024, for example, Australia had a Minister for Cyber Security. Sometimes multiple policy areas are explicitly linked, for example in a single Minister for Health and Aged Care.

This is a fundamental weakness in decisions related to machinery of government. Policy areas and policy problems are cross-cutting and intersecting, but for practical purposes responsibility must be divided into discrete ministries and departments. In order to do this, governments must settle on a particular definition of a policy area and its boundaries.

2.2   What to include in 'housing policy'?

Any discussion of the administration of housing policy in the public sector will therefore need to begin with a boundary-setting exercise. Housing, like climate change, is a cross-cutting issue. It intersects with health care, aged care, poverty, economic development, urban planning, superannuation, regulation of financial investments, immigration, higher education, and a variety of other areas of policy decision making. Knowing what to include in housing policy can help focus an analysis and discussion of how it should be administered in the public sector.

Standard definitions of 'housing policy' have traditionally been rather amorphous, such as the one offered by Pawson, Milligan et al. (2020: 8-9), who define it as:

> *Government actions or policy settings that influence a) the supply of dwellings and its spatial distribution, b) the characteristics and management of housing stock, and c) who gets access to housing on what terms.*

However, 'housing' can refer to a wide variety of activities and concerns, from social services related to homelessness to the regulation of the construction industry to rules for interest rates on loans for home owners. From a government perspective, housing 'policy' can include a vast number of tools and instruments used across multiple areas of government activity. What should be included in housing? What should be excluded?

The following is an indicative list of activities that might be included in discussions of housing policy. It is not meant to be comprehensive or exhaustive, but rather it is intended to illustrate that there are many different issues, some not clearly connected to each other, with a wide range of policy considerations, that can all be considered 'housing policy'. In compiling this list, we used the Australian Government's National Housing and Homelessness Plan Discussion Paper as a starting point (Department of Social Services 2023).

Homelessness

Homelessness can refer to 'rough sleeping' (people who literally have no shelter). However, this is only a small part of a bigger population of people who have no regular, consistent or suitable residence (Spinney, Beer et al. 2020). An individual is considered to be homeless if their current living arrangement:

- is in a dwelling that is inadequate

- has no tenure, or if their initial tenure is short and not extendable, or

- does not allow them to have control of, and access to space for social relations (Australian Bureau of Statistics 2023).

Policy interventions can include operating temporary shelters and providing emergency assistance or housing first interventions, as well as preventative measures such as employment services or support for mental health and addictions.

Crisis and transitional Housing

Emergency or temporary shelter is required for people who can no longer live in their regular home, such as people escaping situations of domestic violence or modern slavery, and young people transitioning from out-of-home care (Curry and Abrams 2015). The acute and urgent nature of client needs in these situations may demand different policy interventions than would be required for people experiencing other forms of homelessness.

Aboriginal and Torres Strait Islander housing

Aboriginal and Torres Strait Islander housing includes housing owned by Aboriginal and Torres Strait Islander controlled housing organisations and Indigenous housing that is owned and/or managed by the state. In addition, Indigenous housing policy more generally can encompass a broader range of issues and objectives, including employment creation and economic development, and cultural safety and self determination (Milligan, Phillips et al. 2011). These policies require specific inclusive culturally appropriate governance.

Social housing

Social housing includes public housing and housing owned or managed by community housing providers.

Public housing includes housing assets owned by government or other public sector agencies. This can refer to single-family dwellings, as was the fashion in the decade after World War II, and also high-rise apartment buildings, such as those built in Melbourne in the 1960s and 1970s (Pawson, Milligan et al. 2020: 94-96).

It may also be important to distinguish between public housing for the purposes of general affordability and rapid supply, as in the post-WWII housing stock built in Australia for working-class families (Arthurson 2008), and housing that is intended specifically for use by people with very limited financial resources (Granath Hansson and Lundgren 2019). These forms of public housing have different policy objectives and need to be governed differently.

Housing provided specifically for people with limited financial resources does not need to be owned or managed by the state, although state ownership of these properties is common. Social housing can be provided by the private sector (Norris and Coates 2010) or, more commonly, by not-for-profit community-based organisations (Yates 2013). Social housing can also be owned by the public sector but then managed by not-for-profit community organisations. Ultimately there is a role for the state to play in regulating these various arrangements to ensure quality of service and economic viability (Gruis and Nieboer 2007).

Affordable housing and home ownership

Policy interventions can be aimed at increasing housing affordability for owner-occupiers, particularly first home buyers (Wyatt, McDonald et al. 2005), or incentivising construction for increasing housing supply (Wernstedt, Meyer et al. 2006). Rules relating to home loans, interest rates, stamp duties and taxation can have an effect on who buys and sells homes. While many of these rules are more indirectly applied to housing (as opposed to direct assistance measures), these indirect policies can have an immense impact on housing outcomes, especially in terms of asset accumulation and housing wealth, and under current settings their influence can far outweigh (and sometimes counteract) direct measures (Eslake 2013).

Private rental

Governments also make policy decisions relating to rental housing. These can target landlords (such as regulating or incentivising property investment) or tenants (such as rental assistance) or the relationship between the two (such as residential tenancies legislation).

Short-term rental (such as Airbnb) is usually governed by policies related to tourism, but there is substantial research suggesting that short-term rental activity has an impact on local housing markets (Garcia-López, Jofre-Monseny et al. 2020; Lee 2016; Shokoohyar, Sobhani et al. 2020). Consequently, some jurisdictions have imposed regulations on short-term rental with the specific intention of producing outcomes in longer term housing (Gurran and Phibbs 2023; van Holm 2020).

Planning, zoning and development

Land use planning and zoning regulations determine where houses can be built and the form that housing can take in different locations. Building standards and other regulations can also have an effect, as they will inevitably influence the cost of development. Government discretion in this area has a significant impact on land supply, housing stock, housing density and urban development, as well as flow-on effects on related areas such as traffic congestion and commercial development (Gurran and Ruming 2016).

Climate change and housing security

Climate change impacts housing through changing temperatures and disasters, such as fire and floods (Hales, Baker et al. 2007). Regulations such as thermal efficiency requirements in the National Construction Code increase climate resilience for new homes. Governments can also play a role in disaster response and in encouraging climate resilience improvements to existing properties.

Retirement and aged care

Aged care is often considered to be a separate policy area and not typically thought of as being a part of housing policy. However, government regulation of retirement facilities that are not classified as aged care would involve similar regulatory and policy dynamics as owner-occupier and rental property, but with special considerations for the needs of that particular cohort (Ball and Nanda 2013).

For example, the changing needs and incomes of pensioners as they transition into retirement adds a further consideration of housing affordability that is different from affordability for younger workers.

Supported living

People living with disability, mental health conditions, or other situations requiring special needs may live in supported living facilities. The quality of living and care can range from high end assisted living to minimum-support boarding houses (Barnes, Carson et al. 2022; Drake 2014). While there are health care policy elements involved, supported living is a kind of housing and the regulation of such facilities could be considered housing policy.

Student accommodations

In 2023, international students contributed roughly $40 billion to the Australian economy, equating to about 2.5 per cent of Gross Domestic Product (GDP) and vying with natural gas products for the country's third most valuable export (Department of Education 2024). International student housing is therefore a significant consideration for housing policy. Most recently, for example, the government of Canada instituted a cap on international student numbers in response to perturbations in the local housing market in areas where student places had been expanding.

Housing for international and domestic interstate students is an important policy concern. Most of these students rent, and a seasonal influx of renters in any market can lead to distortions in price and supply. In addition, many of these students are looking for medium-term tenure, and are willing to share accommodations, which creates additional dimensions to housing not seen in typical renter profiles.

On the darker side, international students who are unfamiliar with local housing regulations and who may be desperate for a place to stay can be vulnerable to abuse, extortion and other rights violations that need to be safeguarded (Debets 2018). On the other side of the coin, landlords renting to international students can be vulnerable to losses if their tenants depart Australia without fulfilling all of their obligations.

Additionally, there are policy areas linked to housing that may be considered somewhat further afield. For example, decisions around immigration, monetary policy and superannuation can all have direct and indirect effects on housing.

2.3   What to include in housing policy - responses from the Investigative Panel

To gain further clarity on the areas of decision making that ought to be included in housing policy, we put this question to our Investigative Panel of expert practitioners.

Challenges in defining housing policy

Panel participants agreed that housing encompasses a wide range of policy areas, including tools as disparate as immigration policies, infrastructure management and monetary policy. This wide range of policies makes it difficult to speak precisely about what housing policy actually is.

Furthermore, according to the panel, the problem of having a wide range of policy areas that touch on housing is compounded by having a different, but equally wide, range of fundamental policy objectives in this area. For example, housing policies – that is, government interventions – could be designed to address market failures. But they could also be designed to redistribute resources even in the absence of a market failure. Housing policies could be organised around political considerations or electoral promises, as successive Labor and Coalition governments have done. This is different from other policy areas, such as education or defence, where policy objectives in a broad sense might be more clear from the outset.

In effect, according to the panel, housing encompasses a variety of policy problems, as well as a range of policy solutions, and the two sets are not always linked in a way that makes intuitive sense.

Core versus periphery

While panellists acknowledged that many policies (such as in areas relating to domestic violence, economic management, urban planning, climate change and sustainability, and employment) impact housing policy and are influenced by housing policy, they agreed that these policy areas may not necessarily count as 'housing policy' themselves. Participants converged on the notion that there may be a 'core' of housing policy that directly relates to ensuring that people have adequate shelter, and a 'periphery' of related policy areas.

Nonetheless, panellists firmly believed that in recent years policy makers have been focused too much on 'core' housing issues, and have neglected the periphery. Because these 'peripheral' issues are connected to housing, perhaps indirectly but still significantly, they cannot be ignored. As one participant put it, the issues related to housing constitute 'an ecosystem of policies', which implies that policy issues in the housing space are interconnected, and that they all have important roles to play. Panellists suggested that more attention needs to be paid by policy makers to the 'periphery' of the housing policy ecosystem and how it might be connected more strongly with the 'core'.

Services versus ownership affordability

Despite caution from some housing scholars about the perils of dividing the analysis of housing policy according to tenure (Pawson, Milligan et al. 2020: 15-16), panellists largely spoke about social housing services as being distinct from ownership affordability interventions. In other words, in general, policies aiming to address homelessness, to provide housing through publicly-owned or managed housing stock, rental subsidies of any kind, and regulations on the private rental market to protect tenants were considered by the panel to be different from policies intended to encourage or support ownership of housing, such as first home buyer grants, mortgage regulations, or negative gearing tax benefits. This distinction was apparent throughout the panel discussions.

However, although panellists were mainly in agreement about separating service-based housing policy from ownership interventions in theory, they also expressed significant conflict about how much these areas could ultimately be divided in practice. Many participants noted that service-based housing policies, such as the construction of social housing properties or rental assistance plans, were aimed at people at the lower end of the income spectrum and were intended to reduce inequality. However, policies directed at home ownership target people at higher income levels and since they provide benefits to these people, those policies actually produce greater inequality. As such, if one of the objectives is to reduce inequality, then service-based and home ownership interventions will need to be considered together so as to achieve the desired balance.

Likewise, through changes to supply and demand, interventions to improve ownership affordability affect the rental market, and interventions designed to support rents affect the price of ownership. So service-based housing interventions and ownership affordability interventions are directly linked: policies in these areas can't be separated. The Investigative Panel concluded that service-based policies and ownership affordability policies need to be considered holistically, because they affect each other. Participants felt that decision making could be more coordinated to provide the maximum benefit to the most people.

Following from this, there was broad consensus among participants that ownership affordability has attracted more attention from politicians, the media, and the general public in recent years than it perhaps deserves. In contrast, service-based housing policies have not received the resources needed to address the most pressing issues related to housing.

In general, panel participants expressed significant frustration with public policy aimed at addressing ownership affordability. According to one participant (and this analysis met with broad acceptance among the other participants), interventions designed to improve housing ownership affordability (such as first home buyer grants) have proven to be inflationary and have mainly served to reduce ownership affordability. Not only is this the opposite of what these policies were intended to do, but they have had significant further consequences in that they have also worked directly to increase inequality between the rich and poor.

Another participant noted the fundamental paradox inherent in ownership affordability policies. On the one hand, governments have an objective to make home ownership more affordable for Australians, which implies that house prices need to come down. On the other hand, a significant percentage of Australians already own their homes outright or through home loans, and for these people, the more important consideration is 'asset appreciation' (as the panellist put it), which implies that house prices need to go up. It is not possible for house prices to both fall and rise simultaneously.

This paradox is further complicated, according to another panel participant, by the relief that home asset appreciation provides to the superannuation system. As one participant put it, housing has become 'one of the pillars of our retirement policy'. People who own homes that appreciate over their lifetime can then sell these assets upon retirement and fund their post-work lives with less support from the state. Government interventions that reduce house prices will therefore have an impact on government budgets, through reduced retirement security.

In general, the panel felt that support for asset appreciation fuels a public sentiment that home ownership is fundamentally desirable. People want to 'get into' the housing market because they see home ownership as a lucrative medium-term or long-term investment and also as a means of attaining secure savings for retirement. This further entrenches the appreciation/affordability paradox: potential home owners want prices to come down so they can enter the market, but then they will also want prices to go up so they can realise a return on their investment. Again, it is not possible for both of these dynamics to happen at the same time.

Meanwhile, the notion that housing is a secure and lucrative investment for ordinary Australians places pressure on governments to act in this space or else risk losing support from voters. In contrast, policies aimed at reducing house prices have knock-on effects on the general economy through the construction industry, real estate services, renovations and related trades. As such, there is considerable resistance to these policies from industry lobby groups. According to the panel, housing—particularly housing affordability—has become a significant electoral issue in recent years.

Again, the panel was in agreement that housing ownership and affordability are now taking up too much space in the policy discourse, to the detriment of housing services. According to one participant, this has encouraged an increased 'residualisation' of serviced-based housing policy, in that housing services are seen as only required for people in states of extreme poverty or other emergencies, rather than as policy that can have more general or universal societal benefits. According to one participant:

> *Housing policy has been too narrowly defined as a welfare concern rather than as something that actually fundamentally shapes society in all sorts of ways.*

Several panellists argued that housing ought to be seen more like health care, in that universal access should be guaranteed to all, rather than focusing on a narrow set of services for marginal groups.

Defining housing policy—final thoughts from the Investigative Panel

Ultimately, the panel returned to the idea that housing is one policy area, despite the notional tensions between service-based policies and interventions aimed at ownership affordability. Panellists largely felt that 'housing policy' in a general sense refers to security of personal housing, regardless of tenure. One panel participant offered the following definition of housing policy: government intervention intended to provide secure, affordable and decent homes for all—and whatever is needed to fulfill that mandate, from rent assistance and public housing straight through to monetary policy, should be considered housing policy.

Panel members felt that, in order to meet this policy objective, governments will have to exhibit better coordination among various public interventions in housing. Better coordination can ensure that these interventions are not in conflict, and also enable all aspects of the housing policy 'continuum' (as several panellists referred to it) to receive the attention they need for full effectiveness. Panellists agreed that housing services and ownership interventions were both important aspects of housing policy but that they need to be linked more closely going forward.

Further to this point, there was broad agreement from the group that if ownership affordability were to be completely separated from housing services, for instance by being divested to a separate ministerial portfolio, then service-based housing policies would cease to be 'housing' and would just become part of general social welfare policy.

2.4 Policy implications

'Housing policy' can incorporate a great many public policy interventions, some of which affect housing outcomes directly and some more indirectly. Likewise, there are a number of policy areas, like urban planning and transport, that may not be considered housing policy but are significantly affected by housing-related decisions and interventions. Housing policy may therefore be more accurately described as an ecosystem of policies. The boundaries of this ecosystem may be flexible, porous and somewhat ambiguous. This makes housing somewhat unique among government portfolios.

Participants in this Investigative Panel made several key points:

- Housing policy, strictly speaking, refers to ensuring that everyone has adequate shelter and security of adequate shelter.

- Some policy interventions can be considered 'core' to housing policy while others, though related, lie more on the 'periphery'. However, both core and peripheral policies are integral aspects of the housing policy ecosystem, and these policies need to be coordinated.

- There is a conceptual distinction between service-based housing interventions (for example, social housing or rent assistance) and ownership interventions (such as tax rebates or grants for homebuyers). However, in practice, they need to be considered together, as two parts of the same policy objective.

- In recent decades, home ownership has been emphasised for its investment potential. This has created a political and policy environment where ownership issues have attracted much more attention than service-based housing policy, resulting in the residualisation of housing services.

These points lead to the following policy implications:

- The primary objective of housing policy should be ensuring adequate and secure shelter for all. This central objective can give focus to broader housing policy goals, and help tie various interventions together.

- Governments should be more aware of the wide ecosystem of policies that affects, and is affected by, housing decisions and interventions. Better coordination is required around housing policy interventions, especially to reduce conflict and contradiction.

- Service-based housing policies and ownership support policies need to be coordinated better, to provide the maximum benefit to the most people. Policies that encourage and support home ownership have received too much attention in recent years, resulting in a residualisation of service-based housing interventions.

- Housing policy should work to reduce inequality rather than increase it.

3. Organising housing policy

- **The flexible boundaries of housing policy and the diverse array of policy concerns that it contains result in many possible ways of organising housing policy administration.**

- **The varied nature of policies that relate to housing makes it difficult to centralise housing policy within a single agency—and yet coordination across housing policy areas is vital to positive outcomes.**

- **For effective policy outcomes in housing policy, there must be a balance between centralisation and fragmentation of responsibility, and between executive direction and delegation.**

3.1 The public administration of housing policy

As discussed in the previous chapter, the term 'housing' incorporates many different areas of public sector decision making. This policy ecosystem can be highly diverse, encompassing decision making from such distal areas as banking regulation, immigration and higher education, among others. Even within 'core' housing policy areas, policy agendas and objectives can be numerous and distinct, as in the common (but perhaps unproductive) separation of decision making around social housing from interventions to improve the affordability of home ownership.

Other portfolio areas, such as education or health, can have multiple policy concerns as well, but housing is somewhat unique in that the diversity of concerns has a wider range and is more pronounced. Consequently, in housing policy there is an increased risk of policy objectives potentially running at cross-purposes. For instance, it may be desirable to increase the number of international students studying in Australia, but a large influx of medium-term tenants will inevitably disrupt local rental markets. In housing policy, more so than in other areas, the potential for these kinds of conflicts is abundant.

To compound matters, constitutional boundaries for responsibility in housing policy are blurred. Federal, state and territory and local governments have been, and continue to be, active (and not always cooperative) players in the housing policy space.

These dynamics can create considerable uncertainty for discussions of housing policy administration. The principles of machinery of government imply that policy decision making can be neatly defined and delegated to clearly identified ministers and departments. With a wide range of areas of decision making, a large and complex ecosystem of policy concerns, copious potential for conflicting policy objectives, and ambiguous jurisdictional boundaries, machinery of government specifications for housing policy can be highly challenging. Policies that influence, and are influenced by, housing outcomes can be located in different agencies and levels of government, resulting in numerous ways for policy related to housing to be organised for decision making. Core housing policy responsibilties can be centralised, but it is difficult to encapsulate all the various policy instruments and options that relate to housing. And yet, global coordination of housing-related policies is essential for governments that want to realise the main goal of ensuring secure and adequate shelter for all.

Again, a discussion of the administration of housing policy must therefore begin with a boundary-setting exercise. What is possible for machinery of government arrangements for housing policy? What are the meaningful differences, if any, that exist among these possibilities, and can they be organised in a way that brings to light some of the implications of their use?

Below, we introduce a variety of potential administrative arrangements, noting that not all have been, or are currently being, applied to housing policy in Australia.

No dedicated public sector resource

Governments may decide that a particular area of social or economic activity is best governed by private markets.

Autonomous public sector agency

Some public sector agencies can operate with a degree of independence from ministerial decision making. These can be organised as statutory authorities, independent commissions, state-owned corporations, or other organisational forms, and can be governed by an independent board of directors or no board at all (Overman and van Thiel 2016). For example, the Victorian Building Authority is a statutory body that regulates building construction, including residential housing. It is overseen by the Minister for Planning but its regular operation is governed by an independent board of directors.

Likewise, the Productivity Commission, which provides advice on housing policy from time to time, is an independent agency that operates without regular interference from its parent department, the Department of the Treasury. When governments are dissatisfied with the operation of independent agencies, they can dissolve them and return their functions to direct government control, as New South Wales did with the Greater Cities Commission in 2023.

Housing policies can be delivered by autonomous public agencies dedicated to aspects of housing policy, such as the Victorian Housing Registrar, or by agencies with a much wider remit but with responsibility for, or influence over, areas of housing policy, such as the Australian Prudential Regulation Authority, which regulates residential mortgage lending among many other (non-housing) activities.

Public sector finance institutions

While Australian governments no longer own commercial banks, Australia had a long history prior to the 1990s of using independent state-owned banks to provide affordable finance for home ownership (Radbone 1996). Nowadays, public sector finance is still provided for some eligible owner-occupiers through various loan guarantee schemes administered by Housing Australia (formerly the National Housing Finance and Investment Corporation). In addition, monetary policy decided by the Reserve Bank of Australia influences housing affordability and supply through interest rate adjustments.

Responsibility for policy areas spread across multiple government departments

Responsibility for a single policy area—especially one as complex and multifarious as housing—can be divided across multiple government departments. Strategic policy making is often separated from operational delivery of programs and regulation. For example, in Victoria since 2021, the Department of Families, Fairness and Housing oversees affordable housing, crisis and specialised accommodation and homelessness and family violence services, the Department of Transport and Planning oversees planning, and the private rental sector is regulated by Consumer Affairs, which sits within the Department of Government Services.

Departments that include responsibility for housing policy commonly also hold responsibility for a wider portfolio of policy areas. For example, Victoria's Department of Families, Fairness and Housing also has responsibility for child protection, disability, the prevention of family violence, multicultural affairs and prevention of discrimination, in addition to housing policy.

Department of Housing with a dedicated minister

The most centralised approach is when a Cabinet-level Department of Housing is given exclusive responsibility for most or all aspects of housing policy.

Intergovernmental bodies

In Australia's federated system of government, intergovernmental bodies can be established to coordinate policy between various levels of government. An example of this in the housing sector is the Housing and Homelessness Ministerial Council, which at times has been supported by a dedicated secretariat. Recently, National Cabinet has agreed to a National Housing Accord and a National Planning Reform Blueprint.

This suggests two possible dimensions (mapped on Figure 1) for the public administration of housing policy:

1. There could be more centralisation or more fragmentation, which would indicate the degree to which decision making is concentrated in a single authority. Current conditions in Victoria, with multiple agencies responsible for various aspects of housing policy spread out across several departments and all three levels of government, would be less centralised than a scenario in which there is a single Department of Housing with a Cabinet-level Minister at the helm.

2. There could be more executive direction or more delegation—that is, the degree to which decision making is concentrated at the Cabinet level. At the higher end of executive direction, a Minister of Housing would be directly responsible for all aspects of decision making. At the lower end of executive direction, governments would rely more heavily on autnomous public sector agencies, financial institutions, community providers, and the private sector for policy making and service delivery.

Figure 1: Dimensions of public administration for housing policy
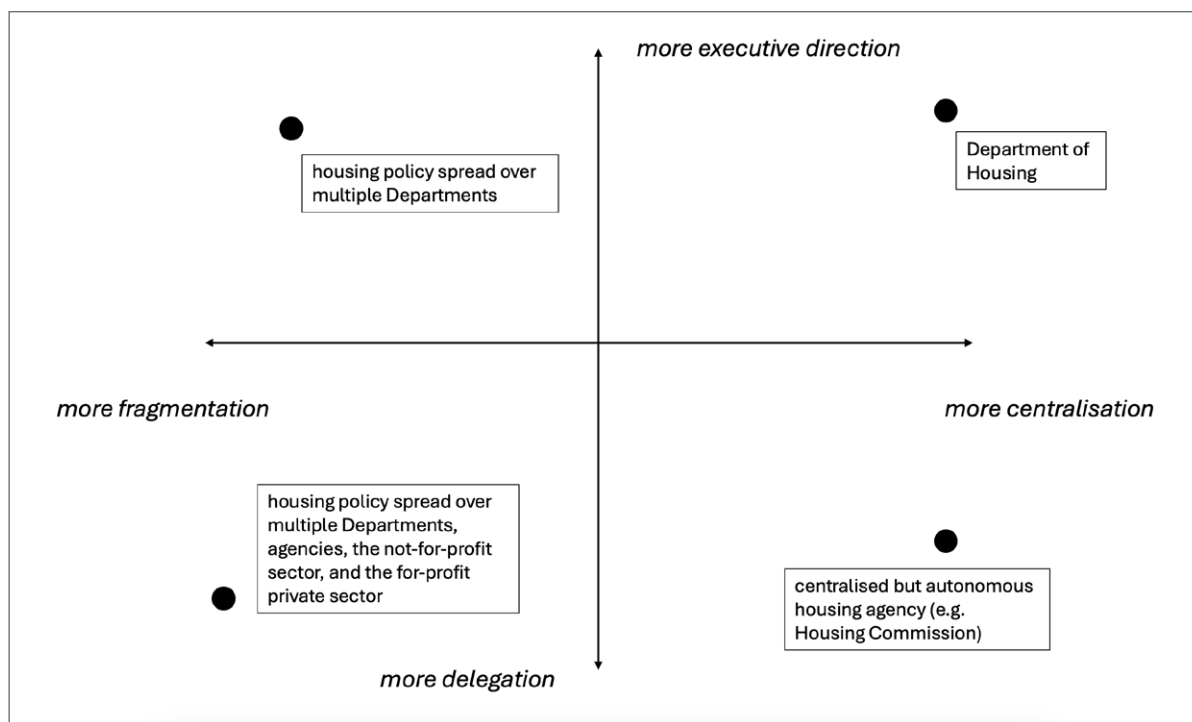
Source: Authors.

3.2   Organising housing policy - perspectives from the Investigative Panel

Centralisation/fragmentation

There was broad agreement among panel participants that housing policy in Australia is currently 'fragmented and fractured'. For example, panellists indicated in particular that Australian state and territory governments tend to manage housing assets (for example publicly-owned social housing stock) separately from other service-based housing interventions (such as rent assistance), and that better coordination was required in this regard. There was unanimous agreement that housing assets were a component of service delivery and should be treated as such.

Panellists agreed that in order to achieve positive outcomes in housing policy, better central coordination of policy strategy and service delivery is required, and that an adequate level of central coordination was not currently in place. Part of this problem, according to the panel, is that there is no statutory model or framework to indicate how housing policy in Australia should be organised or how responsibility for housing policy areas ought to be distributed among portfolios, government agencies, or between the state and territory governments and the Australian Goverment. This results in ad hoc arrangements, competition, conflict, lack of cooperation between jurisdictions, and discontinuity as responsibilities are periodically shifted between various government and non-governmental bodies.

Panellists were, in general, highly critical of changes to machinery of government in housing, which they saw as continuously (and unproductively) fragmenting housing policy rather than centralising it. One especially vexing scenario raised by several panellists was the 'permanent restructure', where changes in agency name, relocation of staff, changes to units and areas of responsibility, and portfolio redistributions happen in what feels like a continuous, neverending cycle to many internal staff. Panel participants did note that sometimes, machinery of government changes can be cosmetic, resulting in changes of name for an institution or agency, without resulting in changes in power, resources, accountability, or responsibilities. But the overwhelming sentiment among panel participants was that many machinery of government changes were significant, and often result in the breakup of units that were previously operating cohesively. This can result in loss of capacity, loss of expertise, reduced staff morale and reduced attention to housing policy issues with a concomitant reduction in resources available to address key housing-related issues.

Panel participants were particularly interested in where responsibility for housing-related policy areas might end up in a machinery of government restructure. There was considerable concern among participants that housing policy can get 'lost' when placed inside a larger policy portfolio or paired with another issue area that might garner more attention. For example, if housing policy is co-located with planning and infrastructure, bricks-and-mortar projects can receive significant attention because they produce highly visible policy outcomes with legacy effects, in which case housing units are forgotten or neglected. This is especially problematic under conditions of significant fragmentation, when the various constituent policies in the housing space are separated and distributed.

In a related concern, panellists felt that when housing policy is overshadowed by a bigger or more visible policy area, the focus in housing turns to highly residual service delivery such as homelessness services or crisis accommodation; broader policy interventions that benefit everyone are ignored. Panellists felt strongly that housing policy ought to encompass a broad range of coordinated interventions, rather than focusing on highly residual elements of the housing policy space. While housing services are vital for the vulnerable members of the community who rely on them, an exclusive focus on these services would not address the broader and underlying problems of housing insecurity and inequality.

Consequently, panellists agreed that so-called 'mega-departments', as were the fashion among governments in the 1990s, were not conducive to positive outcomes in housing policy. Although placing housing in a larger department with several other policy areas may give housing some greater visibility (especially if the word 'Housing' is in the name of the department), it is much more likely that housing will be overshadowed by other policy areas in the department. Furthermore, panel participants felt that when multiple policy areas are lumped together to form large government departments, there is usually insufficient logical justification for the groupings. This can then result in more frequent restructuring, as it did in Australia in the era of mega-departments.

Another, perhaps more important, outcome of co-locating smaller aspects of housing within larger departments was the reduced emphasis this places on specialist knowledge. In a centralised Department of Housing, for instance, individual public sector employees will have a clear career path entirely within the housing policy space. They can enter the public service with a background in housing, either through education or work experience. Then they can progress through their careers to manager, director, and so on, based on their experience and expertise in housing policy and public sector service delivery. In a centralised Department of Housing, domain expertise would be a significant advantage.

Conversely, when housing policy is fragmented and distributed, career public servants would need more generalist skills and specialist expertise would not be as highly prized. In a Department of Social Services, an employee might be expected to know a little about housing, a little about foster care, a little about disability services—but not a lot about any one policy area. Under these conditions, more generalist managerial skills would be an advantage over specialist expertise. According to one panel participant, in a big department:

…you don't need subject matter experts…my career has been hampered because I'm a housing specialist. They say, 'Oh no, no, you haven't done disability, you haven't done community services, we can't give you a higher grade. You need to be a generalist so that you can survive in this big huge humongous department.' So actually specialised knowledge is devalued.

Panel participants had a negative view of this preference for generalist skills over specialist expertise, because they felt that it results in a loss of in-house domain expertise within government, or as it is also termed, a loss of policy capacity. Without specialist knowledge, public sector organisations will lose the ability to craft high quality policy advice for decision makers, and policy and service delivery outcomes will be degraded.

Executive direction and delegation

The panel was less united on their views around the degree of executive direction in housing policy than they were on the issue of centralisation. For example, there was significant disagreement among panellists as to whether a Department of Housing with a dedicated minister would produce more effective housing policy outcomes. Some participants believed that Cabinet decisions are in part driven by the personalities of individual Cabinet Minsters, and so a dedicated but weak Minister may not successfully lobby for greater resources and may not bring leadership and cohesion to the housing portfolio. Other participants believed that the very fact that housing would be given Cabinet-level responsibility would be an indication by the government of the day that housing is an important policy priority, and the resulting attention and resources would follow automatically.

That being said, panel participants did agree that the level of executive direction in housing policy in the public sector in Australia was relatively high. Panellists were very much in agreement that at the time of the panel meeting, there were no—and perhaps have never been any—truly independent agencies in the housing policy sector in Australia, the way the Productivity Commission or the Human Rights Commission are functionally independent from their responsible minister or department. Housing Australia and Homes Victoria, for example, were seen to be units within government departments, responsible directly to the Minister and responsive to political intervention at any time. State-owned corporations in housing were understood to be budgetary vehicles used to sequester assets and liabilities, not as operationally independent or politically neutral administrative bodies.

However, and somewhat contradictorily, panellists also broadly agreed that the range of housing policy objectives, combined with the modern network mode of governance, has resulted in a complex multi-provider system for housing that spans the public, private, and not-for-profit sectors. Although executive direction is high among public sector agencies with responsibility for housing policy, the task of service delivery is delegated to a broad range of community housing providers, private for-profit housing service agencies, private developers, and the real estate services and construction industries.

As such, the feeling among panel participants was that the government shares a significant level of authority with non-government actors, and therefore no single government agency could control or organise all of housing policy on its own. Traditional command-and-control public administration strategies, as might have been used in the years after World War II, for instance, would no longer be viable.

In such an environment, coordination and information sharing would be key factors in ensuring positive outcomes are achieved in housing policy. Multiple government agencies and numerous private network providers will need to be coordinated in order to ensure positive outcomes and to maintain cohesion of policy and continuity of service. Governments that attempt to impose unilateral decisions without proper consultation of network participants risk disrupting the policy ecosystem and adversely affecting public sector staff, network partners, and ultimately, the people who are the intended targets of the policy in question.

3.3 Policy implications

Panel participants reviewed a variety of administrative arrangements for housing policy and made several key analytical points, which can be summarised as follows:

- Housing policy in Australia is highly fragmented, with responsibility for various smaller aspects of housing policy distributed among multiple departments and agencies.

- The fragmentation of housing policy has made housing vulnerable to frequent machinery of government changes, because in the absence of a legal framework for the public administration of housing policy, there is no logical justification for the arrangements that are used. Machinery of government changes in the housing policy space happen too frequently and all too often result in disruption of service and reduction in policy capacity.

- Placing responsibility for housing policy in larger portfolio departments can result in a loss of attention and resources for housing as the other policy areas take precedence.

- Larger departments incorporating many policy areas result in a preference for generalist managerial skills over specialist expertise, to the detriment of policy outcomes. However, fragmentation also reduces attention and resources dedicated to housing.

- There is insufficient coordination among the various agencies that are tasked with the multiple aspects of housing policy in Australia, resulting in a fractured and fragmented system with no global or central cohesion. Central cohesion is required for policy to effectively address the main issues in the housing policy space. However, this can be a challenge in the modern era of networked providers partnering across the public, private and not-for-profit sectors.

These points lead to the following policy implications:

- Better centralised coordination of housing policy is required, although any agency that takes on this role must acknowledge that housing is a complex multi-provider space incorporating numerous organisations operating across the public, private and not-for-profit sectors.

- Housing requires focus, attention and resources in order to be effective. This can be negatively affected by co-locating housing with other policy areas that may overshadow it. An increase in centralisation will produce better policy and service delivery outcomes.

- A Cabinet-level Department of Housing is likely the best way to focus attention on housing policy and ensure it is allocated the resources required to address pressing housing-related issues.

- Specialist expertise, institutional continuity and central coordination will produce better outcomes in housing policy than generalist managerial skills, frequent restructuring, and fragmentation of policy formulation and implementation.

4. Lessons from Australia's history of housing policy administration and international examples

- Housing policy in Australia has worked best historically when it is coordinated across state and national jurisdictions.

- A recent absence of national coordination of housing policy has resulted in instability, fragmentation and the residualisation of services.

- The perception that housing services are only for people in extreme need has undermined the ability of the government to provide housing security.

- Delegating responsibility for housing policy to non-state actors in Australia has resulted in a reduced ability of governments to achieve their housing policy objectives.

- Increased fragmentation of housing policy responsibility, concurrent with an increase in delegation of authority away from executive government, has resulted in a popular understanding of housing as a residual rather than universal service.

4.1   Australia's history of housing policy administration

What kinds of organisational arrangements for housing policy have been employed in Australia? And what have the outcomes been? While it would be difficult to capture the entire history and all aspects of Australian housing policy in this space, the following section aims to highlight some themes that have pervaded machinery of government structures, processes and changes in Australia.

In 1901, Australia's federation did not include housing as a constitutional federal power, leaving housing policy, land use planning and homelessness to be primarily managed by the states and territories. Despite this constitutional division, the Australian Government has played a significant role in housing policy (Pawson, Milligan et al. 2020). Local government has also been involved, with potential scope for a more expanded role (Morris, Beer et al. 2020).

Housing commissions and public housing in Australia

Housing Commissions were established in Victoria (1938), New South Wales (1942), Queensland (1945) and Western Australia (1946) (Hayward 1996). Ostensibly independent agencies run by appointed commissioners, in practice these Commissions were directly accountable to a Minister and operated much like government departments. South Australia established the SA Housing Trust in 1936, a statutory authority that was meant to operate at arm's length from the government, and had broader objectives than Housing Commissions, including housing infrastructure and urban development (Hayward 1996). In Tasmania, a separate housing division within the Agricultural Bank was mandated to promote home ownership.

The Housing Commissions' main function was to build, own and maintain public housing. After World War II and the end of the Great Depression, Australia (like many countries) experienced extensive economic growth driven partly by men returning to the workforce and the expansion of families. These working families needed homes to live in. Supply was short, and the private sector did not have the capacity to meet the rapidly growing demand. Public housing stock, built and governed by Housing Commissions, was intended to meet this policy objective. During this time, Commonwealth-State Housing Agreements (CSHAs) focused on Commonwealth funding or financing of state-led construction of public housing.

While governments had started to sell off public housing assets as early as the mid-1950s, net expansion of public housing eventually slowed in the 1970s, especially under the Fraser Australian Government. While the Hawke Australian Government modestly expanded public housing in the 1980s, attitudes towards publicly-owned housing had, by that time, shifted away from an objective of providing affordable homes for lower-income working families to a more residual welfare model (Australian Government 2014). The Victorian and New South Wales Housing Commissions were eventually abolished in the 1980s, with their functions absorbed by government departments. Queensland and Western Australia did the same in 2004 and 2006 respectively. The SA Housing Trust, while still in existence, had many of its activities moved to direct departmental control in a 2004 restructure.

Managerialism, the residualisation of housing services, and an increasing emphasis on individual financial support

From the 1970s on, government priorities shifted away from supply-side programs that built public and affordable housing to a demand-side focus, with an increasing share of financial assistance going to individuals. For example, while the first (small) rent assistance program was introduced in 1958, there was an overall decrease in funding for public housing, and an increase in direct support for private renters, throughout the 1970s and 1980s. This trend culminated in a significant shift in housing policy instruments in the 1990s, with the Hawke Australian Government's decision to substantially enhance rent assistance payments especially to families (to alleviate poverty through the government's poverty reduction strategy) rather than to increase CSHA allocations for expansion of public housing.

Over the same time, governments across Australia began to prioritise home ownership, and developed schemes to provide financial support and incentives, especially to first home buyers. The first Australian first home buyer grant was launched in 1964, and provided up to $500 to 'married or engaged couples under the age of 36' on the basis of $1 for every $3 saved in an 'approved form' for the purchase of a home with a maximum property price of $14,000 (Eslake 2013). Since then, the Australian Government and state and territory governments have provided a variety of first home buyer grants and other financial incentives, in addition to numerous other schemes to support and encourage home ownership (Whelan, Pawson et al. 2023).

These individual-focused, finance-based policies coincided with a rise of managerialism across the public service, with increased accountability, economic rationalism and professional senior managers, rather than subject matter specialists leading housing policy units. Housing departments diversified, creating new finance instruments, forming closer ties with non-government housing providers, and 'spot' purchasing public housing throughout the suburbs rather than large-scale expansion of public housing stock (Paris 1993).

Accordingly, housing-department-based policies in this time period became highly residualised. Rather than providing universal services to a broad base of citizens, housing services became more and more targeted towards a smaller number of clients (Pawson, Milligan et al. 2020).

Fragmentation, specialisation and frequent relocation

Since the 1970s, frequent restructuring of government departments has moved responsibility for housing policy across a wide range of public sector organisational units, with changes occurring at irregular and unpredictable intervals. At the Commonwealth level alone, between 1973 and 2023 housing was moved 15 times, residing in a Department of Housing and Construction (1973—75, 1978—82 and 1983—87), the Department of Social Security (1982—83 and 1996—98), the Department of Housing and Regional Development (1994—96), and the Department of Families, Housing, Community Services and Indigenous Affairs (2007—13), just to name a few. Again, this is in contrast with the relative stability of other departments, such as Defence, Foreign Affairs, Health and Education, which have had longer tenures over the same time period.

Partisanship has certainly played a role, but it is not the only factor. While nearly every Prime Minister since Whitlam moved housing to a new department after a change of party in power, Prime Minister Keating also moved housing upon taking office with no change in partisanship, and Prime Minister Albanese did not move housing out of the Department of Social Services even with a change in partisanship. Since the turn of the millennium, the restructuring of housing policy has decelerated, with housing spending eight years in the Department of Family and Community Services (1998—2006), six years in the Department of Families, Housing, Community Services and Indigenous Affairs (2007—13), and 10 years in the Department of Social Services (2013—23). By comparison, in the 1970s and 1980s housing averaged two and half years in any single department, and in the 1990s the average was only one year and five months.

Housing policy has also experienced fragmentation. For example, since at least the John Howard era (1996—2007), the Commonwealth Treasury has been tasked with significant responsibility for housing policy, especially in areas related to housing affordability and financial incentives for ownership. Agencies such as the New South Wales Land and Housing Corporation (established in 1985), the National Housing Finance and Investment Corporation (established in 2018, now called Housing Australia), and Homes Victoria (established in 2020), have also been created and tasked with responsibility for increasingly specialised areas of housing policy.

In the academic literature, and as discussed in the previous chapter, frequent restructures with fragmentation of responsibility are associated with a variety of administrative challenges, such as loss of institutional memory, loss of in-house policy capacity, inefficiencies due to duplication, disruption in continuity of programming and decreased workforce morale, among others (Christensen, Lie et al. 2017; Verhoest and Bouckaert 2005).

The history of the public administration of housing policy in Australia reveals some important trends. First, policies that prioritise public financing, construction and ownership of housing assets are associated with more centralised administration. In the years in which public construction and ownership of assets were public policy objectives, powerful central Housing Commissions were in operation to oversee the formulation and implementation of policy. Conversely, when individual financial support was the primary objective, housing policy was more likely to be fragmented and frequently relocated and redistributed.

Secondly, and perhaps not surprisingly, the retreat of governments from housing construction and ownership functions also coincides with increased delegation. With the government stepping back from its post-war-era enthusiasm for public sector construction and ownership of housing stock, more room was created for private sector and not-for-profit actors to enter and operate. This paved the way for the multi-provider network of operators active in the housing space today.

And thirdly, a focus on individual financial support as a policy instrument has led to the increased residualisation of housing policy. Whereas in the 1940s, 1950s and 1960s placing people in homes may have been seen as a broader social objective, the use of individual financial support instruments has coincided with a view that housing support is something that is only required for those in crisis situations of extreme poverty, domestic violence, or other serious forms of housing insecurity. Unlike health care or education, which are seen as broad universal social programs, housing interventions have increasingly focused on marginal groups rather than on society as a whole.

4.2   Examples from international jurisdictions

Although housing policy is highly context specific, international examples can prompt fresh reflections on local policies. Below, we introduce three varied approaches to housing policy from three national jurisdictions: Canada, Austria and Finland. The descriptions below are brief synopses designed to draw out the elements of interest from each case for a comparison with the Australian context. Each of these cases is examined in much greater detail in Martin, Lawson et al. (2023).

This is not a representative sample. On the contrary, these three national approaches to housing policy administration were selected specifically as examples of administration strategies not currently in use in Australia, to allow for contemplation of what might be missing from contemporary Australian housing policy administration. These cases were also selected with the purpose of generating discussion within the Investigative Panel.

It should be noted that these synopses are not meant as an endorsement of any of the arrangements presented here; they are simply meant to illustrate strategies of housing policy administration not currently in use in Australia (but used successfully elsewhere).

Canada: a rights-based legal framework

The current Canadian approach to housing policy administration features a framework for housing policy that is codified in national-level legislation, with agreement and cooperation from provincial and territorial governments. The Canadian *National Housing Strategy Act (2019)* offers an approach to strategic governance that outlines clear lines of accountability, is evidence-based, involves relevant stakeholders and includes accountability arrangements.

The Canadian *National Housing Strategy Act (2019)* concerns the following items:

- designation of a Minister responsible for the housing strategy
- commitment to international treaties on the right to adequate housing
- development and maintenance of a national housing strategy
- duties of a National Housing Council
- duties of a federal Housing Advocate and Review Panels.

The Act governs the Minister of Housing, the Federal Housing Advocate, and the National Housing Council. It includes mechanisms for monitoring and reporting.

Moreover, Canada provides an illustrative example of a legal framework for housing policy that sets out rights-based principles. Section 4 of the Act contains the following 'Housing Policy Declaration':

It is declared to be the housing policy of the Government of Canada to:

> (a) recognize that the right to adequate housing is a fundamental human right affirmed in international law;
>
> (b) recognize that housing is essential to the inherent dignity and well-being of the person and to building sustainable and inclusive communities;
>
> (c) support improved housing outcomes for the people of Canada; and
>
> (d) further the progressive realization of the right to adequate housing as recognized in the International Covenant on Economic, Social and Cultural Rights.

Canada and Australia share many political, historical and legal similarities. They are both settler societies based on former British colonies. They both have federal systems with similar constitutional divisions of power, Westminster-based parliaments and common law traditions. Both Canada and Australia occupy large land masses with populations concentrated in cities on the edge of their territories. In both countries, resource extraction is an important economic driver.

However, one important difference between Canada and Australia is the constitutional protection of rights in the Canadian Charter of Rights and Freedoms. Although constitutional doctrine in Australia has for many years considered rights to be implied, because of the lack of an explicit discussion of rights in the text of the constitution this protection has been poorly defined and does not have the force it might have in countries where rights have been written into the constitution or into law (Lim 2017: 129-193). Therefore, a rights-based approach to housing policy may be an intuitive strategy in the Canadian context but may not appear naturally to Australian policy makers.

Considerations for Australia:

- Australia does not have national legislation for strategy for housing policy. There is no legal framework governing housing policy administration at the national or state and territorial levels, no principles for the regulation of the use of subsidies for housing purposes, no central strategy to manage public housing stock, and no central strategy for facilitating home ownership. Consequently, housing policy in Australia is largely ad hoc, and policy responsibilities are therefore more vulnerable to frequent and inconsistent restructuring than they would be in a jurisdiction where housing policy is governed by a central legal framework.

- Canada's approach to housing is based on principles of human rights, in which the right to housing is protected by law. The Canadian National Housing Strategy therefore includes multiple institutions designed to protect these rights, such as the National Housing Council, which oversees policy strategy, and the Federal Housing Advocate, which provides oversight and review on the government's progress in delivering just housing outcomes.

- In the absence of comparable institutions in the Australian context, Australian housing policy lacks an outcomes-based focus and is more susceptible to frequent change as short-term political considerations take precedence over long-term outcomes.

Finland: Centralised policy making

Finland has developed a fully centralised approach to housing policy administration. A central government organisation, the Housing Finance and Development Agency (Asumisenrahoitus-ja kehittämiskeskus, or ARA) was established in 1949 and has been the lead agency for housing policy formulation and implementation since that time.

Currently responsible to the Minister of the Environment, ARA has an independent board of directors appointed by the government, a CEO, and approximately 80 employees (Martin, Lawson et al. 2023: 53). It is functionally autonomous and reports directly to the Finnish parliament. ARA's operational costs are funded directly from the national budget, but its programmatic funding (for example, grants, subsidies and loan guarantees) comes from an independent account called the Housing Fund of Finland (VAR), which is replenished by repayments to ARA's own loan programs made by client recipients (Martin, Lawson et al. 2023: 53—55; United Nations 2021: 14).

ARA has a number of important functions, for which it is the lead government agency:

1. Policy: ARA is the principal government entity for housing policy in Finland. It conducts its own research, compiles statistics, sets service delivery targets and advises government on legislative changes and reforms (Kangas and Kalliomaa-Puha 2019: 7; Martin, Lawson et al. 2023: 53—55). ARA negotiates with the government to set its agenda and employs a long-term view, with strategic plans that span multiple terms of government.

2. Funding: ARA runs a variety of financial support instruments to end users to bolster housing security across the country. This includes loans, grants, loan guarantees and subsidies to support home construction, renovation and rehabilitation (Martin, Lawson et al. 2023: 53—55; United Nations 2021: 15).

3. Monitoring and regulation: ARA is the national regulator for social housing. It monitors the performance of municipal housing corporations, private developers and not-for-profit housing agencies, conducting audits and enforcing penalties as required (United Nations 2021: 15).

4. Advocacy and outreach: ARA is particularly sensitive to the needs of marginalised and vulnerable groups, including students, single parents, migrants, ex-prisoners, people with histories of substance abuse or mental illness and Indigenous Sami communities.

5. Intergovernmental collaboration: ARA is the primary interface between the national government and municipal councils for the purposes of housing policy. ARA negotiates agreements for land use and development, as well as for managing social housing properties and services. This last function is important, as municipal councils operate significant quantities of housing units. For example, the City of Helsinki's housing corporation is the largest single landord in the Helsinki metropolitan area (Martin, Lawson et al. 2023: 55).

Finland's centralised approach to housing has yielded significant results. Among Organisation for Economic Co-operation and Development (OECD) countries, Finland has markedly low rates of housing insecurity and homelessness—the latter of which is currently on the decline (Martin, Lawson et al. 2023: 53). Finland's national homelessness strategy was largely led by ARA and has resulted in a reduction in the number of homeless people from 18,000 in 1987 down to 5,400 in 2018 (Kangas and Kalliomaa-Puha 2019: 6).

Considerations for Australia:

• Finland has taken a highly centralised approach to housing policy administration, with a lead national agency and a centralised, coordinated, long-term housing policy strategy. This has resulted in significant gains in housing security and homelessness reduction.

• Conversely, responsibility for housing policy in Australia is spread across multiple organisations with no central management or strategic coordination. This has resulted in disjointed and inconsistent policy outcomes.

• There are, of course, substantive contextual differences between Finland and Australia, notably that Australia is a federation and Finland is a unitary state. However, there are also important similarities. For instance, Finland has a large sparsely-populated land mass and high rate of urbanisation, as well as a high rate of home ownership for a wealthy European jurisdiction—roughly on par with the rate in Australia (Housing Europe 2023: 52).

Austria: a highly regulated but independent network approach

Like Australia, Austria is also a constitutional federation, with powers divided among the national government and nine provinces. However, among other political and social differences between the two countries, the rate of home ownership in Austria is considerably lower than in Australia, with only approximately 50 per cent of residents living in households that own their home, as compared to 66 per cent in Australia (Housing Europe 2023: 35; National Housing Supply and Affordability Council 2024: 16). Likewise, social housing is a much greater concern in Austria, with nearly a quarter (24%) of all residents living in some form of social housing (Housing Europe 2023: 35).

As a solution to the complications of federalism, Austria has evolved a well-defined hybrid business operating model for social housing. Rather than relying on sporadic government initiatives, the Austrian model employs a highly regulated network of independent and private agencies to supply social housing. For example, the Austrian Federation of Limited-Profit Housing Associations (Österreichischer Verband Gemeinnütziger Bauvereinigungen – Revisionsverband, or GBV) has 185 members managing almost a million dwellings and producing about 15,000 new dwellings per year (OECD 2021: 33).

These limited-profit private enterprises provide social housing with support from very low interest government loans, or low interest loans from commercial banks that are guaranteed by the government. As per their governing legislation, limited-profit private housing associations charge rent on a cost recovery basis and surpluses are reinvested and then used for maintenance, renovation and rehabilitation of managed properties. Their earnings are exempt from corporate tax (Martin, Lawson et al. 2023: 52). As a result, rents are typically 23 per cent lower than market rates and units are high quality compared with social housing in other jurisdictions (OECD 2021: 33). The system is also heavily monitored: GBV is a self-funded compulsory audit organisation and undertakes in-depth audits for reporting to funders. Across the sector, the auditing association is licensed by the Minister of Finance and reviews and confirms suitable entities, submits audit reports and promotes guidelines for registered entities.

Considerations for Australia:

- Australia has a robust community housing sector, but it is not nearly as extensive nor as securely financed as the Austrian limited-profit housing association system. Strict rules designed to regulate the private operation of social housing have ensured that the Austrian system is fair, accountable, cost-effective and delivers a high quality product.

- The Austrian example demonstrates that non-government entities can be harnessed to provide social housing at scale, provided the system is carefully regulated and monitored. This system can be viable and provide positive social outcomes.

4.3 Responses from the Investigative Panel

Centralisation

The first point noted by panel participants was that Australia is a constitutional federation, and that the constitutional arrangement and division of powers in Australia poses a significant challenge for organising and coordinating housing policy in this country, especially in efforts at centralisation of policy formulation and implementation.

Jurisdiction over housing services, both de jure and de facto, is mainly in the hands of the states and territories. Panel participants felt that this fact has been demonstrated amply over the history of housing policy in Australia, in which the states and territories have had primary responsibility for implementing core housing policy and housing-related service delivery. However, the Australian Government has jurisdiction (and responsibility for service delivery) in several policy areas that directly affect housing, including monetary policy, taxation and immigration.

The net effect of this division of powers is that the states and territories must formulate and implement core housing policy and housing services under boundary conditions that they do not control, such as interest rates, tax incentives and disincentives, and population growth within their state and territory borders. The mismatch between responsibility and power is a significant constraint on the states' and territories' ability to formulate and deliver optimal housing policy.

Moreover, according to the panel, the states and territories lack the financial capacity required for a fully effective delivery of housing policies and services to their constituents. Australian states and territories do not collect their own income tax, and rely instead on transfers from the Australian Government for a significant portion of their budgetary requirements. As in many other policy areas, this has developed into a system of 'fiscal federalism', in which the Australian Government uses funding levers to incentivise the states and territories to pursue particular policy options. States and territories handle the implementation side of the policy and can use their cooperation as a bargaining chip in federal-state negotiations.

The end result is a system in which the Australian Government is required to fund a significant proportion of state and territory-led service delivery, but this spending power also gives the Australian Government policy leadership and authority. Meanwhile, coordinating policy decision making across six states and two territories, often with different brands of ideological or partisan leadership, can be extremely complex and difficult to achieve, and the presence of a central leader with financial resources (in the form of the Australian Government) can certainly facilitate this kind of coordination.

Panel participants agreed that historically, when the Australian Government has flexed its leadership muscle in the housing sector (such as through the Commonwealth-State Housing Agreements), national coordination of housing policy has been demonstrably more effective. Panellists felt that the abandonment of the CSHA led to a loss of long-term strategy, stability, leadership and overall policy coordination in the housing policy sector.

Panellists agreed that in the current environment there is insufficient national coordination of housing policy, no cohesive strategy, no unified agenda and no long-term planning. Comments from the panel on this issue were abundant. For instance, according to panellists:

> *...if you can come back and tell me what South Australia's housing strategy is, I will be very excited to hear it...[Queensland is] currently designing their housing strategy from scratch...You've got a Victorian policy statement, a housing statement, that's not a strategy and it's not linked to anything, it was an announceable that now needs a policy drafted behind it.*

> *We've built this around social and affordable housing that is delivered in the absence of a 10-year social affordable housing strategy.*

> *So what's most terrifying at the moment...is that what you are seeing is reactionary, knee-jerk, one-off announceables.*

> *Nobody owns the vision either. And so we don't know where we're going and there are so many fragments.*

Nonetheless, panel participants were unanimous in suggesting that long-term, consistent strategy is vital in the housing policy sector in order to achieve positive and lasting policy outcomes. Panellists felt that this could be— and historically has been—achieved through sufficient Australian Government funding of housing policy activities to enable state and territory-led implementation of policy, with a centralised and coordinated strategy produced across the states and territories through formally agreed long-term arrangements.

According to several panel participants, the Australian Government is especially important for leading a long-term strategy, or as one participant called it, extending the 'time horizon' of housing policy beyond the immediate concerns of the electoral cycle. According to this panellist:

> *If we want to make an impact on Australia's housing crisis, that has been at least 20 years in the making, we need to have a time horizon of at least 20, probably 30 years, 40 years into the future. And that's a challenge.*

Panel participants largely agreed that a national legislative framework would go a long way toward solving the problems of coordination, policy leadership and long-term planning. They noted that the current lack of a formal legislative framework for housing policy has led to instability and loss of coherence, and is itself a barrier to long-term strategic planning. Panel participants pointed to the Canadian model, described in the previous section, as an example from a federal parliamentary democracy where a formal legislative framework can give the system a central mission and clear objectives and boundaries.

Panellists noted that the more completely centralised Finnish model, also described in the previous section, would be difficult to implement in a federated country like Australia, which also has a much larger population, and where housing issues are less likely to attain the 'critical mass' necessary for a completely national program.

Delegation

In the absence of a legislative framework for central coordination, panellists noted that the Australian housing policy network relies too heavily on market-driven supply-side policy solutions, in which the private sector is enjoined to build both private rental housing and homes for owner-occupiers. Panellists insisted that marketised private sector development of housing supply does not, and cannot, meet the demands and affordability requirements of the population.

Panellists were particularly concerned that the private sector's primary objective is profit, whereas the goal of housing policy ought to be to provide security of housing to residents. There was considerable attention paid to the idea that private companies pursuing private profits in the housing sector would not deliver products that match with government housing policy objectives. For instance, in the current housing market, in which homes are seen as financial investments that will appreciate over time, private developers would be most interested in building single-family detached houses or blocks of single-family townhomes, which at the moment provide the most lucrative immediate sales—both to owner-occupiers and investors. Multi-unit social housing, blocks of rental units, and other products that might increase housing supply more efficiently and target at-need groups more effectively, would be a lower priority (or not of interest at all) because the dividend is lower. According to one panellist:

> *Market players are not going to do the will of government because government needs something that they can't afford. Market players are not all going to come with this idea of saying, from the bottom of my heart, what I want to do is 20 per cent of my project to not deliver in order to cover the rest of it.*

And as another participant put it:

> *…private enterprise has no incentive and no reason and shouldn't be expected to provide for people on the bottom rungs of the income ladder who can't generate a return on capital. So why would they build it? They're not going to.*

And according to a third panellist:

> *…let's not pretend that they're not actually all about themselves. Let's be frank. Because that's what it is, profit. The list of companies, long list of companies, they've got to make money.*

On a related note, panel participants were concerned that private development would put housing in the 'wrong' places, without central public sector direction to coordinate planning. This could result in social or affordable housing being located in places with inadequate transport options, or far from schools and other community needs. Private developers, according to the panel, don't care about planning needs, they are only after immediate gains and, especially, volume. Their goals are, as one participant put it, '…long-term certainty and pipeline, pipeline'.

Panellists pointed out that a reliance on private development to meet housing supply needs has resulted in a significant decline in quality of new building construction over recent decades. This is, according to the panel, a direct result of lobbying from the private construction industry, which seeks to lower costs at the expense of quality, in order to increase profit.

Panellists further agreed that the private housing development industry has more power in the current policy environment than it deserves, and this has had a negative influence on housing outcomes. More single-family detached homes are being built than needed and fewer multi-unit rental and social housing properties than required are being delivered. According to one panellist:

> I think that the increasing influence of the private sector on housing policies is disastrous. The Minister of Planning, they're wearing their hard hat with the developer's logo on it and that's in the statement with the developer on the right hand side of the premier and the policy details are provided at property council events that cost $250 to attend…the focus on the private industry is so massive…

And according to another:

> …it can be quite challenging, can I say? They're very, very powerful and they bring a perspective and it's expedient. And of course at the end of the day, the profit margin rules and frankly what they lobby for depends on the economy and what's happening, and they'll just keep delivering the same product in a buoyant market and someone will buy it, whether it's a home owner or mostly probably an investor. But governments get quite captured because they're reliant on them, they are reliant on them. They're a very important actor in the delivery of housing supply.

All panel participants agreed that the notion that market-driven supply-side policies will solve problems in the housing sector is a myth, and also that this myth is pervasive. Panellists pointed to the reduction in quality of building construction as evidence that the private development industry has become too powerful in Australia and that power is a direct result of the government's belief that private market development will meet demand for housing and thereby solve housing policy issues, which, according to panel participants, it cannot.

The kind of power attributed by the panel in this session to the private housing development industry, and the negative outcomes they associated with it, are perhaps what the Austrian model of limited-profit non-government agencies is intended to counteract. The Investigative Panel discussed the community housing sector in Australia, but concluded that Australian community housing organisations are under-funded, under-resourced, and insufficiently respected by governments to be able to address the larger issues in housing policy effectively.

In the Austrian model, limited-profit non-government agencies are not the same as community housing organisations in Australia; the Austrian agencies can have private shareholders who do earn profit. Although, as the name implies, these dividends are curtailed by legislation to a set amount. The Austrian model implies a significant and strict level of systematic regulation of profit in the private provision of social housing, which is something that does not currently exist in the Australian context.

Residualisation

The panel was deeply concerned about the historical shift away from viewing housing security as a universal public policy objective. The panel agreed that housing policy in Australia has increasingly focused on individual support rather than broader community or social benefit, and that this trend has continued for several decades. The end result, according to the panel, is the view that home ownership based on asset appreciation, provided by the private market, is the general societal goal, and security of housing for non-owners as a public policy objective should be targeted only to those in cases of extreme need.

There was a general sentiment among the panel that this residualisation of housing policy resulting from a focus on individual financial support over more direct public sector intervention does not address the bigger policy problems in housing, such as the supply of adequate homes. According to one participant:

> …a model of private choice where the state will give me money and I will find my way in the market… doesn't contribute to housing supply.

The panel further lamented the retreat of the public sector from direct intervention in the housing space through public programming, which has tailed off over recent decades. Historically, governments across Australia have funded, constructed, owned, operated and maintained housing stock. They have owned and operated social housing. They have financed non-government actors to build and operate social housing. But the current preference for individual financial support instruments has led to a general retreat of the government from direct action to improve social housing. According to one panellist:

> …we have a crumbling system that we're not investing in. We do a big build, which is a shiny thing over here, but there is no money for [the state or territory governments] to manage the housing that is 20, 30, 40 years out of date…We are not funding that, not at a Commonwealth level, not a state level. No matter how many times you say CRA [Commonwealth Rent Assistance] in a sentence in order to argue where the Commonwealth is, that is not delivering what's required in order to change your outcomes on housing in this location.

While another panellist commented that:

> …the reality is that the private sector is more and more in there because governments are more and more retreating, and in the absence of pure state policies with clear mandates, pockets of money are put on the table.

However, panellists agreed that in general, policy to address social housing is not an effective way for prospective governments to attract votes. Social housing is not a money maker:

> If I look at it as a developer of affordable housing, I'm close to paying a million dollars to develop one apartment of housing in the inner city of Sydney. And if I rent it to a very low income tenant, I get $200 a week in rent and rents barely keep up with inflation. And if I rent it to a low income worker, I might get $400 a week. I'm averaging 50 per cent of market rent in the city. The maths does not stack up. So that's why governments don't want to.

> It's an issue of politics…housing is a no-win scenario within government to be perfectly frank… It is not a vote winner for me to deliver more social housing into the marketplace and affordable housing.

> You'd have to be very heroic to say, I now own that policy space. You can never ever meet the demand.

Nonetheless, panellists agreed that security of housing was the ultimate policy goal and that governments have a moral obligation to provide this service. The common view among the Investigative Panel was that housing ought to be understood as a matter of human rights, much in the same way that health care, education, and more recently, disability support services are all currently understood. Again, comments to this effect were abundant:

> …do we need to have a rights-based approach to housing policy?…That's the starting point. If we're going to achieve on this as the vision, this needs to happen…

> …we have an understanding that health is a primary responsibility of government. We have an understanding that education is a primary responsibility of government. We don't think the same about housing.

> …the conservatives committed to disability as a right, a rights-based approach, which they didn't have to, but they did. And there's more and more things that are gradually, they're accepting as rights…And I just wonder if that might not have to be the starting point of a national housing policy, an agreement from both sides…

Meanwhile, panellists felt that the reluctance to accept housing as a universal social policy objective was perhaps exacerbated by the perception that people who make use of social housing services are 'undeserving':

> I think there's another angle here that there's a deserving poor and the undeserving poor. So the broader community and the constituency broadly see social housing, especially on the very low end of the spectrum as the undeserving who are…not working or whatever, and why should we do anything? So it is very unpopular for any state government to invest a lot for that 60,000 people on the wait list because they're not valued by the overall community.

> I had worked for some state Ministers whose biggest policy success was to say, 'I'm going to introduce greater fraud controls. Fraud controls to stop those bludgers driving BMWs living in public housing.' The narrative was so clear and unambiguous.

Panellists felt that a rights-based approach, perhaps modelled on the Canadian rights-based framework described in the previous section, would help interpretations of housing policy return to a universal understanding of housing security in Australia.

4.4   Policy implications

Three key themes, introduced in the preliminary discussion in this chapter, are apparent in the deliberations of the Investigative Panel.

First, increasing centralisation of housing policy is associated with direct public sector intervention. When governments bring responsibilities for housing policy formulation, implementation, and service delivery together under a central authority, more public sector programming is made available. Moreover, an increasing degree of centralisation is associated with increasing intervention, so even when responsibility is not fully centralised, but some central coordination is engaged, there is more intervention than when policy responsibility is fragmented, even if all the constituent parts are still there. This is evidenced by Australian governments' historical experience with housing policy, as well as in the international examples presented in this chapter.

Secondly, increasing delegation of responsibility for housing policy to non-state actors in Australia has resulted in a reduced ability of the state to achieve its housing policy objectives. The private for-profit sector will not spontaneously work to fulfil policy objectives, because many policies in the housing space that have significant public benefit and public value are not lucrative (or may even be financial loss makers). In the current market, single-family detached homes produce the most profit, and these will be the top priorities for private housing developers. Community and not-for-profit social housing agencies in Australia are currently under-funded and poorly resourced, and cannot adequately provide housing services at the level of current need.

Thirdly, increased fragmentation of housing policy responsibility, concurrent with an increase in delegation of authority away from executive government, has resulted in a popular understanding of housing as a residual rather than a universal service. When housing is viewed as a residual policy area, housing services are stigmatised, and the belief that clients of housing services are 'undeserving' becomes pervasive. This has also impeded the ability of governments to pursue and achieve long-term policy objectives for general housing security. By taking a rights-based approach to housing policy, governments may be able to reverse this negative public perception of housing services.

These points lead to the following policy implications:

- The Australian Government and state and territory governments should establish a formal legislative framework for housing, including agreed obligations and responsibilities, to create some form of national coordination of housing policy.

- A nationally-coordinated framework for housing policy should proceed from a rights-based approach, with the aim of restoring the understanding of housing as a universal societal goal in the same way that health care, education and disability support are currently understood in Australia.

- Any nationally-coordinated framework should be led by the Australian Government, which should provide the funding necessary to reach agreed housing policy outcomes. The states and territories should be tasked with implementing housing policy and delivering services. Strategies should have long-term objectives and be shielded from the instability of the electoral cycle.

- Governments should not rely too heavily on the unregulated private market to deliver housing supply. Private development should be steered with incentives and support to produce housing that meets policy goals. Community and not-for-profit housing organisations should be better resourced to enable them to provide more services more securely. More direct public sector intervention is necessary.

5. Outcomes and evaluation

- Machinery of government changes in the housing policy sector should be evaluated according to established principles of program evaluation. This requires clearly articulated objectives and interventions and a comprehensive account of outcomes.

- Housing policy has particular characteristics, such as a long-term policy trajectory, a wide network of policy actors and multiple groups of end users with potentially conflicting interests. This suggests a tailored approach to program evaluation of machinery of government is required in this area.

- Assessments of success and failure for machinery of government changes in housing policy must consider the various stakeholders involved and also recognise that administrative restructures can provide some benefits while simultaneously producing some negative outcomes.

5.1   Evaluating housing policy administration

Are some machinery of government arrangements better than others? Which one is 'best'? What 'works' for housing policy administration? How can we measure success and failure for machinery of government?

Program evaluation

Initially a product of the American bureaucratic tradition, then later refined by European, Canadian and Australian efforts, public sector program evaluation has evolved over the last 75 years into a fully developed theoretical and practical social science, the goal of which is to answer the kinds of questions posed above (Cook 1997; Davies, Newcomer et al. 2006).

Evaluation involves assessing programming in comparison to defined goals, or in order to determine unforeseen outcomes, in a way that generates policy advice or recommendations for action (Green and South 2006: 13—14). Ultimately, its central purpose is to improve public service planning and delivery such that material benefits flow to certain groups in society in order to generate a substantive improvement in people's lives. As Linfield and Posavac (2019: 13) put it, 'There is only one overall purpose for program evaluation activities: contributing to the provision of quality services to people in need.'

These lofty goals notwithstanding, interpreting the results of program evaluation can be challenging, because evaluations can never produce 'objective' results in a strict sense. For one thing, public services involve people, who interact socially rather than mechanically, and it can be difficult to obtain precise data on the results of a particular public intervention within the community. Randomised controlled trials and other experimental methods are good for determining overall or average effects, but implementing them can be costly, impractical or unethical in many social environments (Green and South 2006: 19—27). Investigations into lived experience, on the other hand, can generate important data about how specific interventions affect end users, but it can be difficult to generalise these results to a wider population (Whitmore, Guijt et al. 2006).

These difficulties make the establishment of causality—that is, evidence that the intervention actually produced the observed outcome—an even greater challenge (Green and South 2006: 16—17). And even more generally, public service interventions are highly context-specific, and unless the overarching social context is properly understood, there can be no certainty that a particular intervention that 'worked' in one jurisdiction or policy area would be effective somewhere else (Pawson and Tilley 1997).

Perhaps more to the point, evaluation is fundamentally a values-based—and not a fact-based—exercise. Definitions of terms like 'best', 'improvement', 'benefit', or 'worth' are all subject to different interpretations depending on who is conducting the evaluation. Even quantitative data can be subject to values-based interpretation: all indicators of performance will need a values-based judgement to determine satisfactory achievement. Is a 15 per cent drop in recidivism adequate, or should it be 25 per cent? Is $500,000 saved 'value for money', or should it be $1 million? Sometimes objectives can be dramatically different depending on the perspective of the group conducting the evaluation. Owen (2006:10—12) uses the example of an evaluation of breakfast cereals to illustrate this point: if the objective is nutritional content, an evaluation would recommend whole grain cereals high in fibre and low in added sugar; if the objective is children's preferences, an evaluation would recommend Froot Loops.

To overcome these issues, many experts suggest taking a holistic, user-focused approach to evaluation. Linfield and Posavac (2019: 8), for example, recommend the 'MISSION' model:

- Does the program Meet the needs of the end users or other target populations?

- Has Implementation of the program gone according to plan?

- How have Stakeholders and other non-target groups been affected?

- What are the (possibly unexpected or unintended) Side effects of the program?

- Has there been Improvement in the delivery of services or in the lives of members of the community since the program was initiated?

- What exactly are the Outcomes of the program?

- What are the Nuances of the social, legal, and political context in which the program or intervention was delivered?

Green and South (2006: 5) add two more considerations:

- ensuring the intervention does not produce harm

- ensuring that general accountability to the public is maintained.

Putting these ideas into practice, a rigorous evaluation is usually seen to require a formal linear model describing the intentions of the program and what it might be designed to achieve, so as to establish some criteria or standards by which the program's performance can be assessed. These are variously called 'logic models' (Julian 1997) or 'theories of change' (Breuer, Lee et al. 2015)—although, Mayne (2015) notes that these are fundamentally similar concepts.

At their core, these models ask the evaluator to specify:

- Objective: what the program or intervention might have intended to achieve
- Activities: what the program or intervention actually did
- Outputs: the immediate results of the program or intervention
- Short-term outcomes: the short-term effects of the program or intervention
- Long-term outcomes: the long-term effects of the program or intervention.

Evaluations under the 'theory of change' rubric often place a higher emphasis on the element of causality, that is, providing evidence that the program's activities actually produced the observed outcomes and that these outcomes were not the result of other external factors (Mayne 2015). But either way, the purpose is to specify precise objectives against which observed ouctomes can be compared. If set out in a forward direction, these models could be used before the intervention is implemented, as a design and planning tool ('What do we want our program to do, and how do we think it should do it?'). Conversely, if the model is used after the program has already been implemented, it can be used in reverse for purposes of evaluation ('What did the program do, and does that match up with what it might have intended?'). In the case of evaluation, numerous authors recommend a 'backwards mapping' process in which outcomes are observed in the first instance, and then these are connected to activities and then ultimately to possible program objectives—whether those are known or not (Breuer, Lee et al. 2015; Bucher 2010).

The key in all instances is clarity and precision. The more clearly and precisely the objectives, activities and outcomes can be stated, the simpler it will be to conduct an evaluation. A precise definition of objectives should lead to clear indicators along which performance can be measured. For instance, if the goal of the project is to save money, then 'dollars saved' becomes a useful indicator for evaluation purposes. Of course, the targets chosen by the program's designers or implementers, or even by the evaluators, may be arbitrary (Green and South 2006: 37). However, again, evaluations are always values-based judgements (Owen 2006: 12—13), and without clear and precise objectives, no metrics can be chosen at all.

Clearly-stated objectives are even more effective for evaluation purposes when they are falsifiable, that is, they can be shown to have failed (Epstein and Klerman 2012). Green and South (2006: 162) note that integrity is also a core factor, and caution against 'pseudo-evaluations':

- evaluations that focus on superficial characteristics ('eyewashing');
- evaluations designed to cover up acknowledged failures ('whitewashing');
- the use of evaluations to undermine a program that has been deemed unworthy by political actors ('submarining');
- evaluations used to give the impression that something—anything—is being done ('posturing'); and
- evaluations used simply to delay effective action ('postponement').

But again, a clear and precise statement of objectives contributes to enhanced legitimacy in evaluation, as it can be made clear what is being assessed and why.

Success and failure

With these issues in mind, how then can an evaluator determine whether a public program has been a success or a failure? Logic models allow for a comparison of outcomes and objectives, and by specifying both the initial objectives and the activities planned for the intervention, they enable the selection of appropriate indicators that can be used to measure outcomes and compare with targets. But since 'success' and 'failure' are values judgements, logic models have a limited capacity to support that kind of assessment.

Most scholarship on success and failure in public policy recommends dividing evaluation into smaller pieces for separate and closer examination (Luetjens, Mintrom et al. 2019; McConnell 2010). The question then becomes not whether a policy was 'successful', but rather, who was it successful for, and how? Divided evaluations also allow for the possibility that a policy might succeed in some areas but fail in others at the same time.

It is understood in such evaluative frameworks that success and failure are not binary determinations, but rather, the endpoints of a continuum. Most assessments of success and failure will indicate locations in between, even when considering sub-categories rather than the policy as a whole.

There are numerous frameworks available for assessing success and failure in public policy. One such framework, used previously to evaluate transport and climate change policies (Newman 2014; Newman and Head 2015), describes four areas of assessment:

- process
- goal attainment
- distributional outcomes
- political consequences.

Process

This category focuses on the process of shepherding a policy through political and administrative procedures from idea to reality. Once the policy was decided by the executive, or once it was publicly declared, how much resistance did it encounter on its pathway to implementation? An example of a process success in Australia would be the National Disability Insurance Scheme, which was adopted and implemented mainly according to plan and with little opposition. An example of a complete process failure would be the Rudd Australian Government's attempt to initiate a carbon emissions trading market under the Carbon Pollution Reduction Scheme, which even after a long battle was never adopted.

Goal attainment

Did the policy achieve its objectives? Did it do what it was supposed to do? This is the most common form of success alluded to by analysts, but it is also fairly difficult to determine. This is mainly because policy objectives are not always publicly stated, and even when they are, they are not always clearly defined. Policies can have multiple simultaneous objectives that can sometimes conflict with one another, especially when short-term objectives are set against longer term goals. For example, highway expansion might be intended to reduce car traffic in the short-term, but it is also designed to enable suburban expansion over the long-term, which inevitably generates more traffic.

It should also be noted that an evaluation of success in goal attainment is not necessarily an endorsement of those policy goals. Successive Australian Governments' initiatives to 'stop the boats' of undocumented migrants from reaching Australian shores have been largely successful in terms of goal attainment, but not by other criteria (for example, in adhering to international human rights agreements).

Distributional outcomes

Who exactly has a policy been successful for? Who has benefited from the policy, and who has been disadvantaged, and in what ways? The challenge within this category of evaluation is attributing particular outcomes to specific policy interventions, but this is not insurmountable. In addition, distributional 'success' and 'failure' may be relative rather than absolute. For example, a policy may be better for some groups than it is for others, even when it benefits everyone to some degree. Costs can be a distributional factor as well. An 'expensive' policy may result in funding being reallocated from a different policy or service delivery area, which may have an impact on people not directly affected by the policy under evaluation.

Political consequences

Did the policy favour the party in government or the opposition? What political or policy legacies did the policy leave behind? How might the policy have affected an election? What other partisan dynamics or implications need to be considered here?

In many areas—but perhaps especially housing policy—machinery of government changes do not garner the kind of public attention that other policy decisions might attract. As a result political consequences might be difficult to judge at first glance. However, there are political and partisan effects to nearly every major policy decision, and these will be known to insiders if not to the general public, even for issues that may seem to 'fly under the radar' like machinery of government.
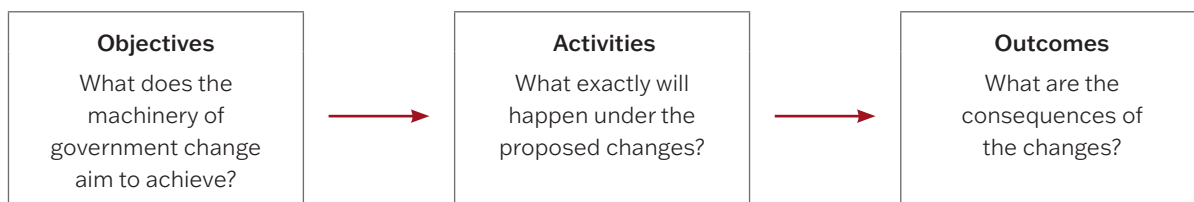
This framework is asking, 'What has the policy done?' and suggests four categories of outcomes for consideration: the process of making the policy happen, the achievement of its goals, the impact of the policy on the people affected by it, and political, electoral, or partisan consequences arising.

Success, failure and evaluation of housing policy administration

How then should machinery of government changes in the housing policy space be evaluated, and how can success or failure be determined in these instances?

The logic model for a program evaluation of a machinery of government change to housing policy is outlined below in Figure 2.

Figure 2: Logic model for evaluation of machinery of government

Objectives	Activities	Outcomes
What does the machinery of government change aim to achieve?	What exactly will happen under the proposed changes?	What are the consequences of the changes?

Source: Author research.

A 'theory of change' approach would require that these elements be linked causally. That is, that the activities of the machinery of government change would link the plan's objectives to the intended outcomes, by design.

For example, if the objective of a machinery of government change is to save costs, then some possible activities to achieve this goal might be to:

• shrink the unit and offer redundancy packages to some employees;

• relocate the core housing policy staff to another organisational group, such as planning or infrastructure, so as to reduce duplication in administrative support and management resources;

• reduce the policy responsibility of the unit by divesting assets or outsourcing to the private or not-for-profit sector; or

• invest further resources in less expensive long-term solutions (such as social housing services) to mitigate costs of more expensive short-term programming (such as homelessness intervention and crisis housing).

Outcomes in this example could be wide ranging, and do not end with the simple calculation of whether or not the plan has actually saved money. For instance, shrinking the unit could result in a loss of domain expertise, loss of housing-specific policy capacity, or deterioration of institutional memory. Over the long-term, this could reduce the unit's capability to craft effective advice for policy decision makers, reduce the unit's ability to design and implement services in the housing sector, and ultimately reduce the quality of housing services delivered to the public. Co-locating the unit within another organisational group could result in a loss of visibility for housing policy, as it may become overshadowed by a better-resourced and more expensive policy area (such as planning or infrastructure). Divesting assets or outsourcing may also result in a loss of policy capacity but could equally result in a loss of leverage over policy options as more actors enter the policy making space. Investing in long-term solutions may improve services but cost savings could take a long time to appear and may be missed in a near-term evaluation exercise. These points are summarised in Table 2.

Table 2: Example of application of a logic model for a machinery of government change

Objective	Activities	Potential outcomes
To save costs	• shrink the unit • relocate staff to reduce duplication • outsource • invest in long-term solutions	• loss of expertise • lower quality services • less attention to policy area • reduced control over policy instruments • apparent cost increases

Source: Author research.

Assessments of success or failure would then need to be determined according to categories of performance, as discussed above. Did the machinery of government change achieve its objective? A determination in this category would be facilitated by a more specific objective, for example 'cost savings of 25 per cent' rather than simply 'cost savings'. Then, a metric consisting of expenditures could be chosen, with a 25 per cent reduction specified as the target. An audit of expenditures before and after the implementation of machinery of government changes would then enable an assessment of success and failure.

Assessment within the other categories of performance would not be as straightforward, but could be accomplished nonetheless. A machinery of government change that advances with little resistance and is accomplished according to plan would clearly be more successful in terms of process than one that proceeds in starts and stops or is subject to multiple revisions in strategy. A machinery of government change that can be used to advance political or partisan strategy, such as demonstrating that a government can correct the perceived errors of its predecessor, or a restructure designed to renew organisational culture within a department or unit, could be assessed as a success in political terms. Note that political strategy is a legitimate objective of policy and can be intentionally designed into programming (Newman and Nurfaiza 2022). A machinery of government change that results in improved services or in benefits to a specific group (such as tenants or property investors) may also be seen as a political success in electoral terms.

Success and failure in distributional terms can be more difficult to assess. Again, the central tenet is that distributional success and failure will be relative, because every public intervention will benefit some groups but disadvantage others. The key question then becomes who has the policy been successful for, who has it failed, and how? This form of assessment will require a closer evaluation of the outcomes observed in the logic model exercise and determining who has benefited from them. This could include targeted end-user groups (such as social housing tenants experiencing reduced service quality due to the outsourcing of housing management services) but could also include non-target groups affected indirectly (such as international students faced with fewer housing options in a tightened rental market). It is unlikely in these assessments that an intervention could be seen to be successful as a whole in distributional terms; it is more likely that various aspects would be assessed as successful for some groups and less successful for others. The purpose of this category of assessment is to determine who has been affected by the policy and how.

Admittedly, the process of evaluation and assessment outlined above could apply to a wide range of policy areas. In the next section, we use deliberation from our Investigative Panel of experts to draw out elements of the evaluative process that are more specific to housing policy.

5.2   Responses from the Investigative Panel

Panel participants were asked to consider factors that they would deem important for assessments of success and failure in housing policy. The panel identified a number of areas of analysis that they felt were specific to machinery of government changes for housing policy administration, which provide some greater depth into how success or failure might be assessed.

Process

In the *process* category, panel participants were mainly concerned about the continuity and sustainability of service delivery over the implementation of machinery of government changes. Do machinery of government changes cause a disruption in service delivery, and if so, to what extent? Is the new organisational arrangement appropriately funded, staffed and otherwise resourced, and how sustainable is it?

The key principle here, according to our panellists, is that major changes to the national housing system would require an extremely long horizon, perhaps even as long as 30 to 40 years, as one participant described it. The general enterprise of housing policy extends over the longer term in part because of the nature of financing, building and owning expensive assets, but also because security of housing tenure for families and individuals implies a longer trajectory than might be the case in other policy areas, such as in education or public health.

So in the short-term, machinery of government changes might have specific objectives, but it is vital to consider the long-term implications of these short-term administrative restructuring endeavours. According to one panellist, when it comes to housing, 'It's not all about the here and now.'

Goal attainment

Participants were concerned about the design and intentions of machinery of government changes in housing, and especially whether or not evidence was used to produce a well-informed and instrumental re-organisation of staff and resources. What were the motivations for the machinery of government changes? Do they conform to known evidence-based strategies for improvement?

One participant noted that housing policy lends itself well to specific quantifiable targets (such as the number of people who were previously in housing stress moving into permanent secure housing; and the average price of a first home in proportion to the average wage) in a way that other policy areas (such as multiculturalism, research and development, or higher education policy) may not. The question then becomes whether the goals of a machinery of government restructure would align with the service targets of housing policy more generally. The panel suggested that it would be imperative that general service delivery goals and machinery of government restructuring goals do not conflict.

Distributional outcomes

Panellists agreed that many of the service users of housing policy can be vulnerable members of the community and so it is essential to assess how machinery of government might affect service delivery to these important end users. How do the changes affect service end users? Are some groups better off, while others are disadvantaged? Which ones, and to what degree?

Furthermore, panel discussions revealed that housing policy is atypical in that there are multiple groups of end users whose interests can actually be in conflict. Panellists repeatedly commented that policies intended to benefit home owners can have an inflationary effect on prices in the rental market. Likewise, policies that are aimed at investors (for example, negative gearing benefits) can make owner occupation less affordable. Policies that aim to expand housing stock may make ownership more affordable to new entrants in the ownership market, but would result in a loss of wealth to established home owners through decreased property values. This is not the case in other policy areas, where there may be only a single group of end users (such as in defence) or multiple groups of end users whose needs are distinct with little potential for conflict (for example, in education, where end users may be primary school students, secondary school students, university students, or vocational training students).

In addition to target groups, panellists discussed the effects of machinery of government changes to the wider ecosystem of housing policy actors. In Australia, authority, resources, and responsiblity for housing services are distributed across numerous public, private and not-for-profit actors. Changes to administrative arrangements can affect the ability of public sector staff to consult with providers, end users and other stakeholders, and can prevent their needs from being considered when policy is formulated and implemented.

One panellist related a historical episode in which, after a restructure, community housing providers were unable to reach government contacts to resolve a client issue, because the restructure had separated property management from tenancy administration, and there was no longer a dedicated government contact that could help resolve the issue. With many actors involved in service delivery, it is important that any restructure maintain the inclusion of all relevant voices to the appropriate degree. In general, machinery of government changes to housing need to carefully consider the impact the change might have on stakeholders, network partners and the housing policy ecosystem as a whole.

Panel participants also flagged more general distributional concerns, around costs and benefits to the general public. It was noted that as housing policy has a relatively small bundle of core policy concerns, it is, as has been discussed previously, often co-located within larger departments. The panel expressed frustration at the increased bureacracy that can result from this kind of co-location, with multiple layers of management running through several different areas of policy responsibility. The concern from the panel was that machinery of government changes can reduce efficiency of function, and potentially accountability as well, as oversight can be dispersed among a wider set of managers with less attention focused on housing administration.

The panel also clearly identified internal public sector staff as important stakeholders in any machinery of government change, and expressed concern about the potential for machinery of government changes to reduce in-house expertise, diminish policy capacity, degrade the morale of staff, and interfere with the cohesion of a unit. Several panellists commented that some machinery of government changes result in the relocation of an entire unit, which may be less problematic, while other changes break up well-functioning teams of skilled individuals and can disrupt policy implementation and service delivery. One panellist commented that in more bleak cases this could result in valuable experts voluntarily leaving public sector employment as a result of job disastisfaction.

The panel agreed that housing is perhaps more vulnerable to these kinds of disruptions because, again, the core policy area is too small to achieve critical mass on its own. In addition, the varied nature of housing (which includes ownership-occupation, tenancy, investment and social service delivery) can mistakenly be seen as distinct policy areas, and can be separated and distributed to different departments.

Lastly, the panel cautioned that any evaluation should be aware of unintended distributionary consequences of machinery of government changes, which could be numerous and significant. For example, panel participants returned frequently to the problem of first home buyer grants, which are designed to ease pressure on the finances of young people by supporting them to enter the home ownership market. However, private developers often absorb the value of these grants by raising prices to match the government funding, resulting in a new market baseline. In other words, panellists argued, although first home buyer grants are intended to reduce the cost of housing for a particular group of citizen end users, they instead result in the inflation of all prices in the home ownership market.

Panellists advised that the knock-on effects of the machinery of government changes should be accounted for, and that negative unintended consequences should be minimised. Precautions should be taken to identify unintended consequences and to prevent them from happening.

Political consequences

What political consequences may have accrued to any actors involved in the restructure? This may include the ability to achieve bipartisan or multipartisan consensus on the administrative changes or on the policy changes that the restructure was meant to accomplish.

Panellists noted several possible political consequences of machinery of government changes in housing. On a positive note, panel participants noted the potential for machinery of government changes in housing to attract bipartisan agreement between governments and oppositions, and that this might be a measure of political success in this area.

In addition, panellists discussed the potential for machinery of government changes to bring political attention to housing policy, either through the appointment of a Cabinet-level Minister of Housing, or by the establishment of a department with the word 'housing' in the title. In this way, machinery of government changes could bring further visibility to housing, giving it more prominence on the political agenda.

As described in the previous section, these criteria for assessment are not intended to result in summary judgements of overall success or overall failure. Instead, they are meant to allow an evaluator to analyse more specific aspects of machinery of government changes in the housing sector in greater depth than would be possible for someone attempting to evaluate the entire endeavour as a whole. Panellists especially emphasised the need to compare before and after states within each criterion to allow for a clearer understanding of the consequences of the changes.

5.3   Policy implications

Clearly, as a policy area, housing has some particular characteristics that set it apart from other areas of policy and service delivery. These include:

- a long-term trajectory for policy strategy

- service delivery targets and other outcomes that are more easily quantified

- multiple areas of policy intervention and service delivery (such as owner occupation, investment, rental and social service delivery) that can appear to be distinct but are actually interrelated

- multiple groups of end users (such as owner occupiers, investors, private tenants and social housing tenants) whose interests may actually conflict

- groups of end users who are vulnerable members of the community

- a small group of core policy concerns, related directly and indirectly to a much wider array of important policy areas (such as immigration, monetary policy, climate change and others)

- a multi-provider network in which the public sector is just one actor among many who share responsibility and resources for service delivery

- a reliance on, and an essential need for, domain expertise, as evidenced by the history of housing policy in Australia and historic machinery of government changes

- a particular vulnerability to machinery of government restructuring, given the small size of the core policy areas and also the perception that some of these areas can be divided and separated (when in reality they need to be connected).

These points suggest that the evaluation of changes to machinery of government for housing policy should have a tailored process that is distinct from what might be employed in other policy areas. We recommend the procedure outlined in Figure 3.

Figure 3: Evaluation and assessment for machinery of government changes to housing policy

Part A: Evaluation: objectives, activities and outcomes	
Step 1 →	A clear and precise articulation of what the machinery of government change intends to accomplish, including quantified targets as appropriate.
Step 2 →	A clear and precise articulation of the actual changes being implemented.
Step 3 →	A comprehensive account of observed outcomes resulting from the machinery of government changes, with causal links identified.
Step 4 →	Comparison of the observed outcomes with articulated goals. Did the machinery of government changes generate the desired outcomes? What other outcomes, intended or unintended, resulted from these machinery of government changes?

Part B: Assessment: success and failure	
Process	Do the machinery of government changes preserve or disrupt ongoing programming and service delivery? Do the changes interfere with long-term evidence-based plans? Less disruption equates to greater success.
Goal attainment	The basic goal of housing policy in Australia is to ensure the security of suitable housing for all. Do the machinery of government changes interfere with the achievement of this basic goal? Less interference with this goal equates to greater success.
Distributional outcomes	Ultimately, who benefits from these machinery of government changes? Particular attention should be paid to: • balancing the interests of housing policy end users • maintaining ties with non-government stakeholders • safeguarding the needs of affected staff • retaining in-house domain expertise and effective policy capacity.
Political consequences	What political or electoral effects can be observed as a result of these machinery of government changes? Which political actors benefited from these outcomes, and how? In particular, did housing gain or lose visibility? Did housing gain or lose Cabinet-level representation?

Source: Authors.

6. Policy development options

Housing is a somewhat nebulous policy area in that it encompasses a diverse range of possible activities and interventions, touching on issues from immigration and higher education, through to monetary policy and urban planning. While there may be a core collection of policy considerations related specifically to ensuring that everyone has secure and appropriate shelter, there is also a wider periphery of concerns that stretch out into numerous other areas of public policy.

As such, it is difficult to contain housing policy administration in any single department of government. Nonetheless, for effective and positive policy outcomes to occur, it is essential that housing policy be given adequate resources, as well as central coordination and long-term strategic planning. The contingencies of Australian federalism present a significant challenge to this requirement.

Moreover, changes to machinery of government are a persistent by-product of democratic governance. Governments make changes for various reasons and frequently move policy portfolios around, create, restructure, and abolish departments and agencies, and divide up units and reallocate responsibility for policy and services. Over the years, central coordination and long-term strategic planning can be lost along with institutional memory, policy capacity and in-house expertise.

The history of housing policy in Australia over the last 75 or so years indicates that housing has not been immune to the effects of frequent machinery of government changes. Central coordination has at times been missing, and as a consequence, in-house expertise may have suffered, leading to less-than-optimal policy outcomes.

6.1   What factors to consider when organising the administration of housing policy?

In chapter one, we presented three primary research questions. The first two of these were:

RQ1 What outcomes can be associated with various ways of organising and administering housing policy in the public sector, and what are the consequences of making changes to these administrative arrangements?

RQ2 What lessons can be learned from international practices in housing policy administration that can augment an analysis of machinery of government in the Australian context?

The answers to these two questions are interrelated, and for analytical purposes can be effectively combined as follows.

Central coordination versus fragmentation

The Investigative Panel of administrative experts convened for this research project was largely in agreement that housing policy requires some form of central coordination in order to be effective. Their view of effective central coordination included:

- centralised policy responsibility, in a dedicated department, ideally with a Cabinet-level Minister of Housing

- horizontal coordination in the form of formal agreements across states and territories

- vertical coordination, in the form of leadership from the Australian Government, with adequate commonwealth financial support for state and territory led activities

- a holistic view of housing-related policy development, in which various policies and programs work together (rather than against each other) to support the central objective of ensuring secure and appropriate shelter for all.

Executive direction versus delegation

The panel noted that in the current policy environment, housing has attracted a high level of executive direction within the public sector, but that responsibility for service delivery has been delegated widely to non-government actors, especially the for-profit private sector. These for-profit entities, under current market conditions, are not delivering products that advance basic housing policy objectives.

Furthermore, the home ownership market is heavily focused on ownership as asset appreciation rather than housing, and this has direct consequences on housing outcomes, as well as on related policy areas like retirement and superannuation. An indirect outcome of these dynamics, according to the panel, is that the private development industry has a disproportionate level of power and influence over policy direction.

Meanwhile, not-for-profit housing organisations, which could be leveraged further to accomplish housing policy objectives in the absence of direct government intervention, are under-funded and poorly resourced.

Residualisation

The retreat of governments from direct intervention in housing service delivery over many decades, combined with a shift toward individual financial assistance as a preferred policy instrument, has led to the residualisation and stigmatisation of housing services in Australia. Ultimately, the panel felt that these dynamics have resulted in negative societal outcomes, including a reduced appetite for advancing social housing as a policy option and an increase in general housing insecurity.

The panel felt that, following from international examples, it could be possible to reframe housing security as an issue of human rights, and that this may help to reorient the public discourse in favour of increased attention to housing.

Challenges

The panel identified some principal challenges, and noted that solutions to these problems may not be easily obtained or even currently available:

- Australian federalism is a challenging environment in which to seek unity and cooperation. There are nine jurisdictions, and various political parties in power in these jurisdictions can be misaligned and experience rapid change over short election cycles. The panel suggested that some kind of formal agreement structure or legislated framework may encourage longer term cooperation across the Australian Government and state and territory governments.

- There are inherent conflicts and tensions within housing policy, as some core policy objectives may be at odds with one another. For example, policy interventions that aim to support home ownership can have a negative impact on rental affordability. Similarly, home ownership policies tend to crowd out housing service policies, and this imbalance can exacerbate inequality. The panel suggested that these two categories of intervention be coordinated holistically, and that more resources be devoted to housing services and social housing in particular.

- The 'core' areas of housing policy constitute a relatively small policy domain and so it is tempting to co-locate housing policy with other areas (such as social services, infrastructure and planning). However, this can lead to ongoing problems:

  - these other policy domains will inevitably overshadow housing, with the result that housing will lose resources and attention;

  - when housing is seen as a junior and unequal partner in a department, it is more likely to be restructured, fragmented, relocated, and redistributed to other departments and agencies;

  - frequent restructuring frustrates central coordination efforts and ultimately leads to disruption of services and loss of policy capacity.

- The panel recommended that, at the very least, the core elements of housing policy should be governed by a Department of Housing with a Cabinet-level Minister responsible.

- A complex multi-provider network mode of governance has resulted from a high level of delegation of service delivery to non-government entities. In this environment, coordination of network actors can be difficult. The panel recommended increased support for not-for-profit housing organisations, increased direct government intervention, and clearer incentives and regulations to encourage private housing industry to deliver products that advance public policy objectives.

- Australia does not have explicit constitutional protection of civil rights. While rights are protected in many ways, this could be a barrier to establishing a rights-based approach to housing in Australia.

Consequences to avoid

Due to the small size of the core policy area, and the tendency to co-locate housing with other policy domains, housing is particularly vulnerable to changes in machinery of government. However, machinery of government changes can have significant negative consequences. Panel participants were most concerned about the following:

- Frequent restructures can lead to loss of policy capacity. In-house expertise is less valuable when units are frequently moved around or subdivided, as generalist managers are preferred over specialist experts under these circumstances. In this environment, technical expertise can even be disadvantageous to an individual's career; someone with more generalist experience is considered more flexible, especially when another restructure is around the corner. The panel suggested that in-house technical expertise be given higher value by senior leaders.

- Restructures can also lead to reduced morale of staff. Machinery of government changes can divide units that were previously cohesive. Individuals who saw themselves as part of a greater team can be separated from one another. Overall, restructures can lead staff to believe that their policy area, and their own personal work, is not valued by senior management. The panel recommended that the needs and concerns of staff be considered, through appropriate consultation, when machinery of government changes are made.

6.2   Evaluation of machinery of government changes for housing policy

The third primary research question presented in chapter one was:

> **RQ3** How can administrative arrangements for housing policy be evaluated?

Established practices in program evaluation provide a solid guide to effective evaluation of machinery of government changes. In particular, a clear articulation of the objectives of the changes, and the intended interventions, paired with a comprehensive account of observed outcomes, will enable evaluators to determine whether the changes have achieved their objectives and what other outcomes may be evident. Assessments of success and failure can then be conducted based on selected criteria for success and within categories of assessment that help evaluators determine who may have benefited from the changes and how.

Additionally, housing policy has some special characteristics that suggest a more tailored approach to evaluation and assessment. In particular:

- Housing has a longer term policy trajectory than many other policy areas.
- There are multiple end user groups for housing policy, and their interests can conflict, which is not the case in most other policy areas.
- The diverse nature of housing policy creates vulnerabilities to machinery of government changes, so these may occur more frequently in housing than in other policy areas.
- Housing is a multi-provider policy network and there are many stakeholders to consider in any evaluation exercise.
- Domain expertise is especially important in this policy area, so internal public sector staff should be considered stakeholders to machinery of government changes.

Evaluation and assessment for machinery of government changes to housing policy should take these points explicitly into consideration.

6.3   Final remarks

There is a wide range of policy concerns that relate to housing, but the actual core policy interventions, such as housing policy services and ownership affordability instruments, occupy a much smaller space. This prevents housing from attaining the kind of critical mass that is found in larger policy areas such as education or health care.

Furthermore, the small core but very wide periphery leaves housing vulnerable to frequent movement, division and redistribution, and other processes that can be considered changes to 'machinery of government'. These changes can have negative consequences for staff, for end users, and for the effective governance of housing policy in general.

The Investigative Panel of experts convened for this research project were especially concerned that machinery of govenment changes to housing were occurring more frequently and with longer-lasting effects. They questioned the need for so much continual change.

Many participants held the view that housing ought to be a cornerstone policy area for government, with long-term strategic planning, central coordination, continuity of staff and expertise (inputs) and continuity of policy and services (outputs).

The consensus view to achieve the above was to have a central department or agency, responsible to a Cabinet-level Minister, as the key department for housing policy. The panel recommended that housing be centrally coordinated with leadership from the Australian Government, and coordinated horizontally across state and territorial jurisdictions. They also felt that adequate resources are necessary to ensure ongoing coordination and planning, and to demonstrate the value that housing might have to a sitting government.

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