

## **The Housing We'd Choose Report Launch**

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**Transcript**

Hosted by The Wheeler Centre

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Grattan Cities Program Director Jane-Frances Kelly in conversation with John Daley on the challenges to Australian cities and governments presented in *The Housing We'd Choose*.

Ask Australians what kind of home they want, and odds are they will say a detached house on a big block. The new report from the Grattan Cities Program, *The Housing We'd Choose*, shows that when residents are asked to make real-world trade-offs between housing and location, the picture is far more varied.

The report examines both what Australians say they want from housing in their cities, and the incentives that make it difficult for new construction to meet this demand.

**Speakers:**     **Professor John Daley, CEO**  
                         **Jane-France Kelly, Program Director – Cities**

AUDIO: This is a podcast from Grattan Institute, [www.grattan.edu.au](http://www.grattan.edu.au).

JOHN: Welcome to a Grattan seminar at The Wheeler Centre. First of all we of course must thank our hosts, The Wheeler Centre, for the opportunity to use this fantastic venue now very much at the cultural heart of Melbourne. I'd also like to acknowledge the traditional owners of this land where this event is happening, and any Elders past and present.

This evening's seminar is to discuss a report recently released by the Grattan Institute called *The Housing We'd Choose*. Its author is with me here tonight, Jane-Frances Kelly. Jane-Frances has a very distinguished background ...

JANE-FRANCES:     Oh, I hate this bit.

JOHN: ... having started off her professional career all over the place really, but including having worked in the strategy unit of number 10 Downing Street in the United Kingdom, having worked for a variety of governments in Australia including for the 2020 Summit, Victorian government, the Commonwealth government, the Queensland government. She may have worked for the last New South Wales government but she refuses to talk about that in public. And most recently for Glyn Davis and also for Christine Nixon at the Victorian Police. But for the last two years she's been the Program Director of the Cities program at Grattan Institute and it's been a real privilege having her to talk about cities, a real privilege having someone who I think is bringing a genuinely fresh insight. For those of you who've been following her work, this is the third report she's issued for Grattan Institute. The first, *The Cities We Need*, looking at what sort of cities do we have and what sort of cities do we want and what sort of needs are cities there to provide for. That was followed by a report looking at how various cities around the world have succeeded or not succeeded in changing themselves and the sort of governance processes that they've used to get there. And that's been followed up by this one.

So Jane-Frances, why did you do this? Why look at housing and what's different about it from the other work that is already out there on housing?

JANE-FRANCES:     So, since I arrived in Australia seven years ago, and for anyone who hasn't heard me speak before, there's a reason that I always insert that fact into the first sentence, 'cause it sort of explains that although the accent I think will never sound Australian, I've got some experience of the place by now. I'd noticed that conversations about housing in Australia often start and end with Australians want big houses, and that it was often a very fraught conversation. But when I ... and I mean often whenever I hear something like, you know, oh well, Jane-Frances, what you have to understand about Australia is that all Australians want large detached houses on a separate block, I always get sort of suspicious that probably not 100% of Australians want that, because it's a liberal democracy and we tend not to all want the same thing and liberal democracies and that's one of the great things about liberal democracies is that we don't all have to be the same.

And so when I kind of took a look at what data there was out there on the housing preferences of Australians, and what I found was a whole series of surveys that would kind of ask people if you could have anything that you wanted, what would you like? And most people tend to answer I'd like a large detached house preferably close to the centre of the city. And my response to that often was yeah, I'd like a million dollars and a husband. And it kind of just sort of seemed that ... thank you for laughing, I did that on breakfast TV last week and Virginia Trioli didn't laugh and so I immediately just felt incredibly embarrassed. But luckily it wasn't being broadcast. Oh yeah, it was. Okay.

The ... and it just sort of seemed to me odd that all that we kind of knew was what people would choose if we could all have everything we wanted all the time because we know that that's not how life works and we know that, you know, real people know that in their every ... that in actual life as opposed to kind of fairy tales or ... and so on, we know that we don't get everything we want all the time and we make trade-offs that are a lot of competing desires that we have and we have to make choices between things. But it seemed that the question had not really been asked in that way. And it also seemed to me to be a really important question, not only to see whether people's individual choices are able to be met or not, but also because the housing we have really affects the structure of our cities and the structure of our cities really affects crucially important things like how long we might end up having to commute to work or sitting in congestion, how much as a society we might have to pay for infrastructure, you know, the risk of the continuation of the concentration of vulnerability that we see at the fringes of our cities right now. And it seems that we're at a point in the development of Australian cities where we've got really big decisions that we ought to be making. And we just thought that those decisions should be made in accordance with what Australians say they want. And so we just felt it was time someone went out and asked them.

JOHN: And I guess one of the reasons that the research to date has tended to say, you know, what do you want unconstrained, it's quite hard to design research that genuinely constrains peoples' choices, that forces them to make those sort of trade-offs. So how did you go about doing that?

JANE-FRANCES: So, there were three pieces of new primary research that we did and if my hair weren't already grey, it would be grey after this process. I have new found respect for people who do housing policy. It's just ... it's hard. And there's real blood in this report. So there's three bits of new research that we did. Two of them are quantitatives, so a sample size of 706 people in Melbourne and Sydney and we just did Melbourne and Sydney because frankly that was already more than enough to kind of bite off at any one time. But you know, the same methodology can be used for other cities. So 706 people in Melbourne and Sydney, a completely representative sample of the real population in terms of age, income, it's no poorer or richer than the population of each city, it's distributed across the ... the sample was distributed across the cities the same way as in real life and so on.

So 706 of them we asked to rank various things that are important to people about housing. And we refer to that as the *What Matters Most* survey. And that was kind of fascinating because there was a combination of things that turns out to matter a lot to people. Some of it is about the house. So the most important, the thing that came out top overall was the number of bedrooms. But also very high came things like close to friends and family, and you know, sort of close to various types of amenities like shops and health services and so on. And we're actually going to publish some more on that survey in the next kind of month or so because we have those results disaggregated by demographic group which there wasn't room for in this report.

Eighty per cent of that sample then carried on to do a second quantitative survey where we asked people to trade off within their income, critically, within their budget the type of house, the size of house and location of house that they would choose. And that's the trade-off survey and was really the kind of central piece of the work. And then we rounded out that qualitative work ... quantitative work with some focus groups doing some sort of qualitative thing. That was obviously not statistically significant but it was important to kind of bring some more richness to peoples' attitudes and so on. So those three different pieces of research that we looked at.

JOHN: And what did you find? What choices do people make when they have to make a trade-off?

JANE-FRANCES: So, it turns out they don't all make the same choice. The ... essentially, people kind of make different choices and there's a real mixture of what it is that people make. So after kind of taking into account, within their income, location, type of house and size and so on, there is still a sizable proportion of people who say taking all that into account I'd like a detached home. So it's 41% in Sydney and 48% in Melbourne. But there are also sizable proportions of people choosing for a semi-detached house and choosing apartments and there's two types of apartments that we gave them the choice of: those in buildings up to three storeys high; and those in buildings four storeys and over. Although, I mean, we weren't talking about towers, we were sort of talking about kind of five to eight storeys generally.

So there was a real mixture and so that was kind of like the key message out of the thing is that we're not all the same and we want a range of different things and we'd like to be able to make different choices, different trade-offs. It's interesting, some of the coverage ... sorry, I immediately succumbed to 'flu last week after we published the report and my lung capacity is still not what it usually is which ... I'm slightly running out of breath muscles. I've got a Soother in my throat which is going on as well. The ... some of the coverage since the report was launched or released last week was ... sorry, this is the launch, it's not ... was sort of saying people are kind of forced to compromise and so on. And I'm not sure that's kind of the right way to look at it. What it kind of said to me was that type of house is not the only thing that's important to people and it doesn't dominate everybody's choice, and location in particular is also extremely important to people. And so I don't think it's sort of quite right to sort of talk about people having to compromise because people are ... like we all do in everyday life all the time, weighing up different factors and making the trade-off that they want to make.

JOHN: So when you looked at those patterns of trade-offs, did any of them surprise you?

JANE-FRANCES: Yeah, so ... somebody kind of asked me, you know, and did these results surprise you? And I was a bit kind of confused by that because we were asking people what it was that they wanted. And so I had no preconceptions about what that might be, I was waiting to see what they said about what they wanted. But I realised from their following up the question that actually what they were saying was did we design the survey to get the answers we want. And ... no, seriously. And yeah, so particularly kind of depressing view of other humans that you'd have to kind of assume that that's the case. But, I mean no, we didn't. The ... we used data that reflects the real world, real world costs, real world kind of types of housing, parts of the city and so on, and we've been in here like completely transparent about how we've done it. It didn't surprise me that it was a mixture of choices, I guess. I think that's the extent to which I'd say I wasn't surprised. I wasn't surprised that 100% of Australians kind of want a large detached home.

JOHN: So were you surprised by the number who said actually given a trade-off I'd rather have a semi-detached house, say?

JANE-FRANCES: It was ... I didn't ... yeah, surprised ... I mean I just sort of thought that's interesting. Or, you know, and important, yeah. I didn't ...

JOHN: So ...

JANE-FRANCES: I mean I literally didn't have any preconceptions about where it might come out.

JOHN: Yeah. I mean for me, that was one of the ...

JANE-FRANCES: I'm not just saying that.

JOHN: Yeah, but for me that was one of the surprises, that you know, something like 16% of the sample, I think it was in Melbourne, said I want a semi-detached house, which is not

something we've built a lot of in the last 50 years or something that clearly we built a huge amount of 100 years ago, if you kind of walk around Carlton ...

JANE-FRANCES: Yeah, there's a lot ... there's a lot of it about.

JOHN: ... that's kind of what you buy. But ... but given those preferences, is that what in fact we are supplying?

JANE-FRANCES: Well the first question ... I mean supply is kind of interesting because I realised I actually didn't answer the second part of your first question. That's going to come up in the performance review isn't it? Remember that launch seminar. So, let me go back. It's the first part of the answer to this, which is what is different about this piece of work that we've done. Most work about housing, most conversations about housing, most media coverage about housing and so on, concentrates on this year's supply, what we're building at the moment. We haven't focused on that. I mean we've taken a look at it in detail, but we were interested in kind of everybody's choices, I mean for a few reasons. One that, you know, we generally all move house kind of within a period of time, plus the fact that it affects city structure so strongly means that it affects all of us, and so our sample was representative of the whole population. If you talk about kind of this year's supply, what you're talking about are the choices of sub-group of the population, a very small one, a very important one but nevertheless a very small one. And indeed ... who are like in the market to buy something this year, or maybe next year. And indeed the sub-group of that sub-group who are in the market to buy new construction. So the thing that we kind of compared people's choices and trade-offs to was the mixture that we have in the overall housing stock is ... which is kind of ... so it's ... and supply's a part of that obviously, but sort of relatively small, so I'll talk about how it matched housing stock first and then we'll talk about supply.

So, essentially it wasn't a great match. So for example, I'll use it since we're in Melbourne, I'll use a Melbourne number: I mentioned earlier 48% of people in Melbourne said that taking everything into account they would choose a detached home. That's spread across the four zones of the city. That, if you compare that to the proportion of the housing stock in Melbourne that is detached, that's 72%, which is sort of quite different. And you can then kind of sort of make that comparison across the housing types and the zones, and what you end up with is what we call a mismatch between what the ... the choices we say we would like to be able to make and what we have. And then there are some maps in the report where we kind of pull out some of the ... some of the main shortages relative to the choices people say they would like to make. And as you noticed about semi-detached, some of those shortages, you know, kind of really sort of like enlarge in lots of Sydney and Melbourne, there are many fewer semi-detached and apartments relative to what people say that they would like.

So, you know, and then the kind of question is, well why is there such a big mismatch between what people say they want and the housing that we have. And you kind of suddenly remember well the housing that we have actually represents a series of choices and trade-offs that were made in many cases decades ago, because a lot of the housing stock we have has been around for a long time. And it's ... one of the other reasons why this is a really important question and why this perspective on it is so important is because once we build stuff, it sticks around.

JOHN: But given that, I mean one would expect if there's a significant unmet demand for a particular kind of house, that that's the thing that people would be building most of. You know, the lovely theory, all of our curves when we were doing economics.

JANE-FRANCES: Adam Smith.

JOHN: That'll be where there's the greatest demand, that's ...

JANE-FRANCES: Yeah.

JOHN: ... where you can hopefully push the price up high. Is that what's happening in terms of new housing?

JANE-FRANCES: No. So we kind of then took a look at well what are we building now and is that kind of helping to sort of lessen this mismatch, if you like, or sort of narrow the gap. In Sydney, I mean it's a different situation, very different in Sydney and Melbourne. In Sydney the mixture of housing types is not too bad in terms of the kind of mixture of things that people say that they want. But the volume of construction contracted really sharply about five years ago. So it's really not delivering the kind of volume, if you like. In Melbourne there was a sort of a similar absolute number of non-detached homes were built, but in Melbourne the real difference is that a very large amount of detached houses were built over the last five to 10 years, primarily in greenfield areas.

JOHN: So, given that we've got these underlying patterns of demand, real demand, and that that's neither what we have nor what is being built now, what are the incentives that developers and builders are responding to?

JANE-FRANCES: Yeah. So, I mean exactly, the question is well, why? And really kind of until now there has ... there's been I guess an assumption that demand is what's being built because that's how the market works. And you know, sort of what economists call Rivoild preferences essentially. And I think that what we've tried to do here is say it really doesn't work that way in housing. And there's a number of reasons for that. And so it is actually really important to kind of ask people what they would like to be able to choose. So yeah, why isn't it being built? You'd think there's money to be made, you know, it's how it works, it's how it's supposed to work.

So, I mean, we took a look at kind of the nature of ... we kind of sort of lifted the bonnet on the market, if you like, in both Sydney and Melbourne which is of course different 'cause they're in different states, and really said well what incentives are developers facing and how does that add up to what we see and what we don't see. So we did this through our own analysis through reading everything that's been published and also through interviews with many developers and builders and local authorities and bankers and so on. And we went right through the supply process from financing, through land issues, planning, infrastructure charges and provision, right through to construction costs. And we asked what is going on that would affect type and volume. And the answer came out is there is no one thing, it's a real kind of series of things that combine to come up with the current situation. So there's often a series of land related issues. So for example, in both cities in established areas where we're taking a look at where the shortfalls were relative to what people wanted to see, in established areas it's hard for developers to find enough land so that it's worth their while to then kind of get that land prepared and remediated is expensive and risky, banks don't like financing that kind of thing, and so on. Combining that with a, you know, sort of planning systems in each place where there's a lot of complexity and internal inconsistency and very, very strong third party appeal rights that mean the process is often very lengthy and uncertain. Now, of course it's very important that people are able to voice any concerns they have about development that's planned in an area that they live in, but the current situation I don't think really serves anybody's interest particularly well, and is just ... it's lengthy and involves a lot of lawyers.

JOHN: Well there seemed to be a particular problem in Victoria and I think you cited the evidence from COAG that something like one in 10 planning approvals, one in 10 planning applications winds up getting appealed to VCAP which, considering there are areas in Melbourne where you need a planning permit literally to paint a letterbox, seemed quite high.

JANE-FRANCES: Have you tried to ... have you needed to paint a letter box or something?

JOHN: I actually ... yes, I will confess that we did need to paint our letterbox, although we were trying to do a number of other things at the same time.

JANE-FRANCES: No, no, that's right. I mean there's a high proportion, a very high proportion of applications end up going through that process which as I say is lengthy, costly and involves a lot of lawyers. And the ... but there's also the various other things, ah, but yeah.

JOHN: Well, in terms of other things that were ... that act as barriers, I mean one of the things you haven't talked about which is sometimes raised is around the way that the construction industry itself works. I mean is that an issue you think?

JANE-FRANCES: Yeah, so this is interesting, there is quite a common view in industry that the commercial labour force, so these are the guys generally who build apartment buildings that are four storeys and over which is a different building code and so on, in Victoria almost 100% of that workforce is unionised. And so the argument is that that means that it's very costly. In New South Wales about half of that labour force is unionised. But it's not just the difference in labour costs, and it's very, very difficult 'cause we gave it a really good go to kind of disaggregate what of those labour costs are to do with what, and what is perfectly kind of reasonable things that are to do with sort of safety around working out how you can, and ... sorry, my Soother is threatening to escape ... but there's also a series of materials costs that are really relevant. So, buildings that are kind of higher are just inherently more expensive. They often need elevators, you might need to excavate underground for car parks. The building code currently requires anything over four storeys requires concrete which is more expensive. And because we haven't built a lot of buildings like that, or indeed buildings under three storeys as well, there's ... there are pockets of innovation that happen, but not that much and nothing compared to what you see overseas, for example. All of the innovation has been in the detached home market where Australia is just fantastic and were really, really good. That stripped a lot of cost out of the process and time and all of that kind of stuff, but we haven't seen the same level of innovation in apartment buildings, and so that makes them more expensive.

JOHN: I mean certainly for me, one of the things that I found interesting about this section of the report was that real overview of the way that different kinds of buildings in different areas of our cities actually face very different issues if you're in the business of building them.

JANE-FRANCES: Yeah.

JOHN: And I think bringing that picture all together so you could see that diversity and that this isn't just one problem in one place, this is a series of different problems in different places, I thought was very insightful.

JANE-FRANCES: Yeah.

JOHN: We've touched very briefly on the differences between Sydney and Melbourne, I mean, what else did you find that was different between these two cities, or do we actually blow up that Sydney versus Melbourne thing and in fact most of it's the same.

JANE-FRANCES: Yeah, I mean a lot of it is, you know, has sort of common themes. The ... yeah, the [unclear 26:11] Melbourne, sort of the week before kind of pre-briefing various people, you know, in sort of talking to people in government in Victoria, they kind of yeah but what's the situation in Sydney? And in Sydney they're like yeah, but look, on that kind of planning stuff they're worse than Melbourne and like that doesn't make it okay. The ... there are some differences. I mean, another example was the effect that high levels of infrastructure charge had on development in greenfield areas in Sydney, particularly of detached homes. You know, we've mentioned already there's been quite a lot of that in Melbourne, there's been very little of it in Sydney. And one of the reasons was that there were ... the councils were charging high infrastructure charges which meant that from the developers point of view the numbers just didn't add up anymore. But you know, kind of ... and the fact that the system is incredibly bad at talking to itself, as it were, so something like those high infrastructure charges, there weren't enough people who could appreciate the fact that the numbers didn't add up for developers meant that they wouldn't get built. And you know, the sort of this kind of sense of, you know, if we could just exhort people to do things, and just like well if they can't make any money out of it, then you know, it sort of seems unreasonable to expect the ... so there's that, just that, the conclusion that we kind of had on the supply side kind of talks about what all that added up to in terms of the market. And what we ended up saying was that in both New South Wales and Victoria, it's really quite a conservative market. The ... you know, there's lots of business to go around and so developers don't have to do the riskier stuff. We've ended up with a situation where we've set up the market such that what people say they want is incredibly hard to deliver

and certainly if you want to kind of make any money from it. So, yeah, it's sort of the way those incentives add up, we would really kind of need to take a look at how those incentives could be modified.

JOHN: And I think that was one of the, in a sense, analytically very satisfying things about the report, that the places where we have the greatest shortages are also the places which have some of the highest barriers, at least in the minds of the various people involved in the industry. I guess that leads to a question, well, what should we do? And the report very deliberately stops short of saying well, we should just abolish all of these barriers and everything will be terrific. Why did you stop there and what are you planning to do?

JANE-FRANCES: Yeah. So, yes, why are there no recommendations? There's a couple of reasons. One, we really wanted to focus on the nature of the problem. This is not a perspective that we've seen a lot of conversation about, or work done on. And we think it's a really important one. And in particular this is really good data about what Australians say that they want from housing and we wanted people to kind of sort of pause and notice that. One of the things about when you kind of suggest solutions or policy recommendations is that people kind of often leap immediately to the solutions and kind you know, talk about the solutions of whether they're the right ones or not. And we actually kind of wanted to, if you like, try and get more agreement on the nature of the problem first and ... rather than kind of having that sort of fight immediately as it were. The second thing is we want to work towards a solution ... to the recommendations in a very kind of engaged way. We want to be doing it with government and with industry and so on because one of the issues is that all those players are not as good as we think they ought to be at talking to each other. And ... and so we want to do that in a ... rather than us kind of going away and sitting in an office somewhere and saying oh we think X, Y and Z, you know, kind of thing, we want to actually have a ... kind of be a iterative engaged type thing.

JOHN: So the danger is that people jump to solutions and don't talk enough about the actual findings. The report was available from a week ago. What has been the response to it so far?

JANE-FRANCES: So, there's been really enormous interest and just before we published it, we shared some of the findings with all sorts of players in this ... with people in different governments and in industry and peak bodies, you know, and so on and there's really been enormous interest. There was sort of ... it was very busy on Monday, media coverage-wise. Everything from Life Matters to Sydney talkback radio and everything in between. The ... we made the seven o'clock news including the headlines, and the only thing that didn't work about that is that my four year old nephew and two and a half year old niece were watching it and my nephew called me afterwards and he was very disappointed that all I had done was talk to the reporter and didn't kind of look into the camera and say hi to him. So, hi Andrew. The ... so I mean it's kind of generated an enormous amount of interest, which is great, 'cause we think it's a really important question and we also nearly killed ourselves doing it. And actually, this then becomes a really important time to mention a few names. What the ... the one person who couldn't be here tonight 'cause he's taken some well-deserved leave, without whom this report would not exist, is Ben Wideman who's really gone way beyond the call of duty on it. And there's a whole series of others: Marcus Walsh, Nathan Stephens and Madeleine Tillig who were lent to us from Arup to help; Beth Barlow, Caroline Blanche who's from Harvard, a Harvard student who did part of her course to helping us on this report, which was excellent. And lots of other people back at Grattan who helped out with all sorts of logistics and things.

JOHN: Well, thank you to all of them and congratulations on a terrific report which is available from the Grattan Institute website which is [www.grattan.edu.au](http://www.grattan.edu.au). And with that, we should probably throw it open to the floor. Thank you all very much for coming and we are hoping that you can take over the work from me of asking the hard questions of Jane-Frances. So, there's a roving microphone, if you can just state very briefly your name and any relevant affiliation at the beginning of your question. If you can try and keep the questions brief and if you can try very hard to make them questions, that would be terrific. So, who would like to ask the first question? There's one up the front here, and ...

JANE-FRANCES: Two up the front.

JOHN: There's two up the front, even better. Quick, can we have our microphone over there please Marcus.

JANE-FRANCES: Marcus is being our barrel girl.

AUDIENCE: John Hogan. I'm particularly interested in what older demographic thought they wanted, like people over 65 which, you know, I'm one of the members of that group and when I read older people's magazines we all want to live in retirement villages and go and stay in five star hotels.

JANE-FRANCES: What, every last one of you? So ...

AUDIENCE: Oh, if we haven't got prostate cancer.

JANE-FRANCES: That wasn't one of the questions in our survey. But, the ... there's a couple of things to say about older people. One is when I kind of said that the sample size was completely representative, there's two things I should say about that. One is of over 18s, as we didn't ask children. And the other one was that we're slightly underrepresented in over 75s. The ... but not over 65s as well. So, the ... was one ... our ingoing hypothesis for this piece of work was that different demographic groups and household groups, different types of households would be interested in different types of housing. So one of the things that I was really fascinated by is that the fastest growing household type in Australia is single person households. But then when I took a look at the fact that 80% of what had been built in Melbourne over the last 10 years was family sized detached homes, I was sort of thinking gosh, that's interesting, you know, that ... so that was one of the first kind of sort of, you know, things that made us look at the report, look at doing this piece of work. What ... fascinatingly it turns out that there's not a huge difference between demographic groups in terms of the mixture of housing that people want. And so for each demographic there's a mixture that is not all that different from the kind of overall mixture, which I thought was really interesting and for me, I mean if there was a gratifying result for me because various people kind of say, you know, I was particularly interested that women over 55 on their own, for example, are the largest subgroup, the fastest growing subgroup of single person households, and I was sort of looking at what was being built and thinking well, you know, where are their kind of, you know, what's being aimed at them, kind of thing, if you like. And people said well, Jane-Frances, you know, all those women want to stay in their large detached houses and they don't want to move because the grandchildren will come over to visit and so on. And I mean apart from thinking that if my grandchildren ever turned up I'd be really very surprised, 'cause I don't have any kids, it just sort of sounded like, I mean again it sort of sounded like oh well you know, all those kind of 55 year old women, it was like have you spoken to every last one of them, you know, it's like there seemed to be so many myths and assumptions in the conversation that we just really wanted to kind of bring some evidence or data to the table. The other interesting thing to say about older people is that in the *What Matters Most* survey, we did find that as people got older, they tended to give less priority to aspects of the house and more priority to the immediate environment, you know, the kind of the neighbourhood that the house was in. And we thought that that was really interesting and that's something that we're kind of publishing in, you know, six weeks or so we're going to publish this working paper looking at more data.

JOHN: Well I think as you were saying, the interesting thing was that there were plenty of over 55 year old single women who did want to live in detached houses and plenty who didn't.

JANE-FRANCES: Yeah. And who didn't, exactly.

JOHN: And then the same ... same ...

JANE-FRANCES: And they don't all want the same thing.

JOHN: ... the same mix for 25 year olds with kids.

JANE-FRANCES: Yeah, no, no. So, yeah, that was really interesting.

JOHN: So.

AUDIENCE: Nick Brown, Water Industry consultant. I'm curious as to whether you think there was a difference between the preferences expressed in the survey work you did, and what's being expressed in the market in terms of prices paid for properties, because it seems to me that if the preferences are being expressed in the market, the connection would be much better than you think it is. Would you like to comment on that?

JANE-FRANCES: What, in terms of what's being built in the market? Yeah. The ... absolutely, I mean that is another way that you can sort of take a look. I mean in the absence of certain types of housing in particular areas though, when there are things that are absent, similarly then it kind of doesn't tell you what you would want to know. The other thing that we noticed which was really interesting, so I mean essentially these kind of ... this thing in the survey kind of said to us, as I mentioned before, that people ... that location is really important to people as well as type of house. Interestingly, and this comes back to the sort of, you know, women on their own over 55, and that as people get older, kind of location and the neighbourhood becomes more important. We did a kind of a quick piece of analysis that took a look at the diversity of housing type within neighbourhoods, within suburbs in Australia, and we found that there ... in a lot of places in Australia there's really no diversity of housing type. And so even if someone were interested to change the type of house that they were living in to something that might better respond to the trade-off they would like to make, there's actually no housing like that in their area. And then they don't want to move out of the area, if you know what I mean. So I mean I agree that is kind of an interesting way to do it, but in this situation where there are so many things that are simply absent from the market that people kind of say are important to them, we don't think it really works. The other thing that's interesting is we did a bunch of sensitivity analyses on these survey results and they're actually quite robust to quite big changes in prices. So if for example you were to reduce the price, like hold everything else constant and reduce the price of a detached house by like 30%, it still doesn't make all that much difference, which we thought was interesting. A very robust, good set of numbers.

JOHN: Thank you. We have a question up the back there, thank you, Angela. And then there's one behind that.

AUDIENCE: Thanks. Susan Brennan. I'm a barrister practising in town planning law, so I'm one of those maligned lawyers who's been identified as part of the problem.

JANE-FRANCES: Lawyers are very important, we just love to free you up to deal with other things.

AUDIENCE: Thank you. So I want to ask about a particular dimension of one of the problems you've identified, I should say, not on behalf of my profession, but on behalf of people who might seek our advice or representation in VCAP for example. Is it a critical distinction between the options in the greenfields urban fringe and the options in established residential neighbourhoods the question of who your stakeholders are and your stakeholders within existing residential neighbourhoods are often people who are themselves resistant to change in the shape and form of those neighbourhoods. So you're dealing with, I'd suggest, two very different sets of communities ...

JANE-FRANCES: Yeah.

AUDIENCE: ... when designing in those two ... or providing housing in those two places. Actually that's part of ...

JANE-FRANCES: Of course the current community in the greenfield areas is cows.

AUDIENCE: Sure.

JANE-FRANCES: I remember Peter Seymour from the Growth Area Authority saying to me, yes, we want to engage with current residents but there are cows. They just say moo. I

guess what I'd sort of say in answer to that is that, I mean again as I was saying earlier, I think it's incredibly important that people have a say and influence on kind of what happens in their area. I think it's unfortunate though that almost all of the conversation at the moment around that is that any change would always be for the worst. And I think that that's kind of crazy. The ... and this kind of goes back to the *Cities Who Decide* report that we did, that kind of says that for us, one of the most important things that came out of that is that there are cities in the world who faced up to some of the very difficult challenges of growth, like getting, you know, sort of population growth, and there was a subset of them, and these are the ones we think we really need to learn from who kind of faced up to those challenges in such a way that not only did they kind of increase their population, but they improved in a whole series of indicators. So they kind of ... there were sort of more people and according to all those people, it got better. So and of course the critical think there was that current residents were like closely engaged in making the decisions about the future of their neighbourhood. So they actually made the trade-offs themselves. And you know, there's sort of a process of negotiation whereby it's very clear kind of what both aspects of the change are because some change is for the better and you just never really kind of hear about that in the conversation, it's just a sort of situation whereby it's like if anything were to change, it would clearly be for the worst. I mean it's like there are some parts of Australian cities like other cities around the world, and they shall be nameless, but you know, where I don't believe that it couldn't be any better at all. And wouldn't it be incredible to kind of make it better in such a way that people are genuinely involved in making the decisions about what the future of that neighbourhood is going to be like, and that there wasn't a kind of a de facto assumption that the only good thing is no change at all.

JOHN: Do you think that that's perhaps a consequence of the planning process we have at the moment where it is, I mean as the Victorian example shows, in many ways quite adversarial ...

JANE-FRANCES: Yeah.

JOHN: ... and ... and therefore what ... the trade-off that I'm presented one is ... always seems to be as an individual resident, either you can have no change or you can have this big thing on your doorstep. And it's what you're asking for that, as it were, that canvas is a little bigger and I have to see some of the other things that are consequent on all that.

JANE-FRANCES: Yeah, that's right. I mean it's sort of ... it's done application by application as opposed to within a broader context about the neighbourhood overall and the needs of the neighbourhood and you know, what people in the neighbourhood think is important about the neighbourhood that they don't want to change even as other things do, and so on. Not all big things are bad. But the ... and some big things are bad, you know, sort of, so it's, yeah, no, I think it has to be put into a broader context, absolutely.

JOHN: Thank you. There's a question up the back, thank you.

AUDIENCE: Andrew Gunter, Planning and Local Government lawyer. Thank you for ... Susan, for taking the flak for us on the previous question. I wanted to get a sense of ...

JANE-FRANCES: I'm sorry, it's a very cheap shot on my part.

AUDIENCE: No ...

JANE-FRANCES: I don't ... as ...

AUDIENCE: I wanted to get a sense of whether any of the responders that you spoke to raised the question of stamp duty as a disincentive to downsize or to choose a type of housing stock that suited better their phase of life, children left home, those sorts of questions. Or was it a matter that had almost no influence on the sorts of decisions that people were making about whether to change their housing type or not.

JANE-FRANCES: Yeah, yeah. Oh, it was definitely mentioned. I mean, that is something we're going to be looking in part two in the recommendations kind of part. One of the things that we learned which we found was fascinating is that mobility is just about how often you move

house, right. Australia has one of the highest levels of housing mobility in the OECD. But among owner-occupiers it has one of the lowest levels of mobility within the OECD which means that renters, of which I'm one, or a bunch of flippertygibbets. We're not really. The ... but the ... so among owner-occupiers there's people don't move house anywhere kind of near as often as in the rest of the OECD. And I mean it's not just kind of what we're building right now that's important in terms of whether we can lessen this mismatch between what we want and what we have, but also how well we use the current housing that we have and that kind of goes back to how easy it is to move house, essentially. And so, I mean that's where kind of stamp duty comes in. Moving house is ... Australia has one of the highest kind of costs of moving house in the OECD and stamp duty will definitely be a part of that. And it means that for some people, the number ... again, the numbers just kind of don't add up.

JOHN: Thank you. Have got a question here, to the front. Thanks.

AUDIENCE: Yeah, Tony Dalton, RMIT. I'm just wondering where the very low income earners fit into the way in which you survey. We had a question before about 55, if we look at the income range then we know from all the research that housing at the bottom end of the income range, the lowest 40% are in tremendous trouble within our housing markets. So how do you then work out within your survey, expressing preferences that are in effect very constrained because of the income, particularly within the private rental market if you haven't made it into home ownership?

JANE-FRANCES: Yeah, yeah. So, when we asked people you know, kind of further ... asked people questions about their income and their assets and sort of, you know, worked out what they could afford, some people could only afford to rent. So we did two models, essentially one for renters and one for buyers. Some people choose to rent, like me, but ... and then you know, kind of the results basically combine buyers and renters according to the proportion that we have in Australia of buyers and renters. Exactly kind of what the mixture was and the kind of other stuff about the low income stuff is the kind of question that Ben Wideman could answer incredibly well if he were here. So can you leave us your card and we'll get back, because I know that we kind of have that data. It's not something that we talked about in here a lot but we'll be able to answer that.

JOHN: Thank you.

AUDIENCE: Thank you. Carol Schwartz. Jane-Frances, as a corollary to what John was saying about planning and the question that was asked about stamp duty, in an ideal world, if you could advise government as to what they have to do to help encourage perfect housing for the range of choices that people want ...

JANE-FRANCES: Yeah.

AUDIENCE: ... what would you advise them?

JANE-FRANCES: Can I answer that in two and a half months?

AUDIENCE: No.

JANE-FRANCES: That's what part two is about. I mean, that was we really deliberately kind of didn't make the recommendations and I don't know what they are yet.

JOHN: I mean one of the things around that presumably is there's a bunch of trade-offs as soon as you do, for example, start to move the planning scheme and the planning law. There's a whole pile of other considerations about what that does.

JANE-FRANCES: Yeah.

JOHN: This has identified that there's ... that it has an impact, but what you haven't yet done is said well what's the consequence of a change in policy on all of the other things, and that's what needs to be worked through.

JANE-FRANCES: Yeah, yeah. So there's a lot of stuff that needs to be worked through, and we haven't done it yet because we've been doing that. But we're ... that's what we're going to do now.

JOHN: Thank you. There's one up the back, thank you.

AUDIENCE: Hi Jane. Do you have much more data available on how transport affects people's choices? I notice that in the survey about the different factors of what matters most, it's the number of bedrooms and safety which kind of stand out as the most important factor and then there's about another eight or so which are all somewhat similar which one is transport. But I notice in one of the analyses you did was to change the price of the house and see how that affected peoples' decision. Do you ... have you done any analysis or would you be able to ...

JANE-FRANCES: No, the trade-off ...

AUDIENCE: ... on change the price of petrol.

JANE-FRANCES: Well the trade-off model, the things in there were just the type of house, the location of the house and the size of the house. I mean essentially the modelling gets too freaky if you try to put too many kind of things into it. It's where the econometrics get too difficult. The *What Matters Most* survey where we get people to rank things in order of importance, as I mentioned earlier, we're going to be publishing more detail on the results of that survey in about six weeks or so, and so there'll be more on transport in there. There were 57 different things that we got people to take into account and to rank and so there's several of them are transport related.

JOHN: Well I think one of the interesting things that certainly came through for me was the way that people ranked being close to their family and friends as more important than being close to their job, which I think is maybe a surprise.

JANE-FRANCES: Yeah. So job location, close to job didn't make it into the top ten. And rather than saying oh we've just learned something about what people actually think, a lot of the response we got was well this proves this is wrong. And it's like, okay, let's sort of think about ... and actually once you start to think about that, it's sort of really interesting. I mean, you know, sort of ... I mean again, some people will really prioritise being close to their jobs and other people won't again, you know, we're sort of not all the same. But there's some kind of aspects of jobs and households that when you start to think about them it kind of makes more sense. One is that most households where there are two adults are dual income households. So whose job are we talking about, first of all. And so it can be particularly difficult to juggle sort of being close to two jobs. The other thing is that we actually move job more often, quite a lot more often than we move house. And so when you take those two things into consideration it becomes less surprising that people have put that further down a priority list.

JOHN: So perhaps choosing a job close to your house is in fact quite important.

JANE-FRANCES: Oh, you know. Who knows. Yeah. And so that's why, as I said to John, that's why I came to work at Grattan is 'cause it's on the tram line from my house. It was the only thing I took into account. And it's still on a tram line from my house, which is why I stay.

JOHN: I'm not planning to move Grattan Institute. Thank you.

AUDIENCE: I'm Melanie Starr from Northcote Rental Housing Cooperative. It's interesting that you said before that most people who are home owners stay in their home and don't move. My rental housing cooperative barely has any vacancies and we put that down to the fact that there's security of tenure available to our residents that they could stay there for as long as they like. They never own their home but they can continue to rent it and raise a family and stay in the same area that they've always wanted to live in. Did you pick anything ... did any of your research pick anything up in regards to secure tenure? And were you going to look at tenure

and the longevity of it as part of the solutions part of your work? I'm just interested to see whether or not that would make a difference in people even wanting to own a home if they knew they could stay in a house in a suburb where they could rent it for 10 years and plan their lives around that.

JOHN: Thank you.

JANE-FRANCES: So, just first off, it's not that, you know, people who own their house never move, the other thing we found was, and this is the OECD data, this wasn't us who said that among owner-occupiers, Australia has one of the lowest housing mobility in the OECD. It just means it's kind of, you know, relatively speaking, people move less often. The ... one of the really fascinating things about tenure that came through was in the focus groups, very strong views about the connection of owning your own home to kind of autonomy, inflexibility and so on and it became clear that title is really important to people for a range of reasons. Another thing that came through and was particularly fascinating for me given that I am currently a renter, was the strength of the assumptions about renters, and as one called them, problematic renters, the ... you know, that kind of ... that renters sort of don't care about either the house or the neighbourhood and all that kind of stuff. So I'm sort of sitting there watching this through the observer's wall, they were getting slightly close to renters ...

JOHN: Into rage.

JANE-FRANCES: ... particularly ... renter rage, yeah, particularly people who rent apartments were responsible for the downfall of civilisation. And I'm sitting there going, oh! I've been renting the same place for seven years, and intend to continue. Anyway, so there's a couple ... oh and then the other thing that was interesting that came out of it is that people hate the idea of body corporates. Body corporates are a really kind of big turn off for a lot of people because they just think they sound like an absolute nightmare. They ... so, a couple of the things that we're going to take a look at in the second part is whether ... is how buildings are managed in other countries. I mean I've lived in the States for a few years, I've lived in Britain obviously, and a couple of other places and I haven't heard as much kind of just, oh, you know, it's a nightmare, this body corporate kind of thing. So we're kind of wondering whether we've managed to get into a kind of a situation in Australia that's the worst of all possible worlds and whether there might be another way to do it. So ... and then we're ... so yes, I mean that is one of the things that we'll take a look at, basically.

JOHN: Thank you. Question just here. Thank you.

AUDIENCE: Janet Rice. I'm interested in your questioning, whether you explored people's experience of different housing types in how ... what their preferences were, whether their preferences were based on experience or their presumptions of what different housing types were going to be?

JANE-FRANCES: Yeah. So, again the three different pieces of work did slightly different things. The one where we asked them to actually state a preference for a type of house and location was the trade-off survey. We did ask people what type of house they lived in at the moment. And I think we also asked them what type of house they grew up in. That's data that we haven't mined yet, essentially. And so, yes, it will be interesting to see what that says when we have time to look at it.

JOHN: Very good. If we have time for one last question, who would like ... surely. Well, you've had ...

AUDIENCE: One thing I noticed in your report [unclear – distant from mic 58:23].

JOHN: Sorry, can you just wait a second.

JANE-FRANCES: Hold on, we'll just wait for the microphone just because it's recording. We have you all on tape.

AUDIENCE: One thing that did come to my mind when you asked ... the lady asked this question over there, in ... certainly in Victoria if you rent a property you usually have a 12 month lease. That's the standard, that's the standard product. Now, I know that would give a lot of renters concern that their lease will not be renewed and there's also a 60 day clause where the landlord can resume the property if they want to occupy it or give you 60 days' notice that you ... the lease won't be renewed.

JANE-FRANCES: Yeah.

AUDIENCE: And the price is negotiable every 12 months. Now I think, from what I understand from overseas, it's very common to get long-term leases for renters which would give them a lot of comfort. I think the lady from the Northcote Cooperative was saying essentially because her clients had a security of tenure, they weren't so concerned about being a renter as opposed to a property owner.

JOHN: Okay, thank you for that. In view of the time and the fact that we promised to let everybody out by seven o'clock or at least very close to, we should probably wind things up there. Can I thank everybody very, very much for coming.

JANE-FRANCES: Yes, thank you.

JOHN: Can I thank The Wheeler Centre for their hospitality and this terrific venue. Can I thank the team from Grattan Institute both who've organised the event this evening and those who've been involved in putting out the report. And Jane-Frances, thank you very, very much for your insights and congratulations on a terrific piece of work.

JANE-FRANCES: Thank you.

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